



# The Emergence of Italian Craft Breweries and the Development of Their Local Identity

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## Abstract

The entry of craft breweries has transformed the Italian beer industry. In 1988, a massive flow of craft breweries started to compete with mass producers. The craft's nature and the local orientation of craft brewers are the key aspects of their success. First, the sentiment and attachment to the concept of a "craft" gave to craft beer a meaning that goes beyond the beer itself. Second, the ability of craft brewers to form connections to local places creates a sense of distinctiveness that satisfies the desire of consumers to re-establish connection to local places, communities, and economies, tending toward neolocalism. These attributes differentiate their products from mass-produced beer, giving a strong identity to craft breweries. Craft brewers have developed strategies to strengthen such attributes by using local ingredients such as fruits in beer and by intertwining the worlds of wine and beer.

## Introduction

Italy has always been a Mediterranean country oriented toward wine production and consumption. However, Italy is among the regions that display the most remarkable changes in alcohol consumption in the last decades. In particular, the consumption and production of wine have been sharply declining, while beer consumption and production have been gradually increasing.

Notwithstanding the increase in the consumption and production of beer, the number of large factories declined from 35 in 1975 to 14 in 2015. However, from the late 1980s, the craft beer revolution has transformed the industry.

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A massive entry of new, small craft breweries occurred throughout the 1990s and the 2000s. Nowadays, Italy is among the countries with the highest number of breweries per capita worldwide (Garavaglia and Swinnen 2018a).

This chapter investigates the birth and diffusion of craft breweries, focusing on the nature of their craft and their local orientation. We argue that the sentiment and passion attached to the notion of a "craft" gives craft beer a meaning that goes beyond the beer itself. Moreover, the ability of craft brewers to create connections to local places creates a sense of distinctiveness and uniqueness that gives strong identity to craft breweries. The diffusion of craft breweries manifests the attitude of neolocalism that has developed in the last decades, affording craft breweries increasing success in Italy. This success might be interpreted as a reaction to the competition between craft versus industrialization and between local versus global. Craft breweries have developed strategies to sustain their image of "craft and local." One of these strategies concerns the use of local ingredients in brewing beer. The peculiarity of Italian craft brewers relates to their ability to create links to the world of wine. As such, an investigation of the intertwining of the beer and wine spheres is one of the main contributions of this chapter.

This study is based on different sources of data. There are no official statistics on the craft beer market in Italy. The most detailed source of data and information is the website [www.microbirrifici.org](http://www.microbirrifici.org), which constantly registers and updates the number of new openings and closures, with the collaboration of many beer enthusiasts. We matched the data provided by this website with the data of the Slow Food beer guides, the *Annuario della Birra* and the *Assobirra* reports. In case of missing data or mismatches, we obtained data from craft breweries' websites, Facebook pages, emails, or made telephone calls. In addition, we conducted personal interviews with craft brewers, particularly the first entrants. The resulting data and information were first used to examine the temporal changes in the number of craft breweries (microbreweries and brewpubs) from 1988 to 2015. Second, we

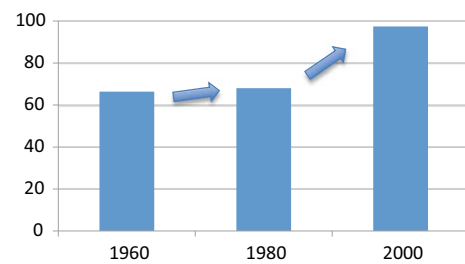
mapped the location of each craft beer producer to display the spatial distribution of establishments over time. Finally, the interviews and publicly available information were used to identify the most relevant styles and products in the Italian craft beer market.

The chapter is structured as follows: in section “[Industrial Dynamics and the Evolution of the Italian Brewing Industry](#)” we briefly present the dynamics of the Italian beer industry, while section “[Craft Brewing in Italy: From International Connections to the Development of Local Ties](#)” discusses the emergence and diffusion of craft brewing in Italy, analyzing international connections and the development of local ties. Section “[Glocal](#)” Competition discusses the strategic responses of mass producers to the success of craft beer, while section “[Conclusion](#)” presents the conclusions.

## Industrial Dynamics and the Evolution of the Italian Brewing Industry

The Italian beer industry displays similar evolutionary dynamics as many other industries in most of the industrialized countries. Many industries display an evolutionary pattern that goes through stages characterized by a fragmented structure to a more concentrated one as the industry ages (e.g., television, automobiles, tires, and radio producers in the United States) as explained by the industry life cycle model (Klepper 1996, 1997). Economies of scale in production and marketing, together with mergers and acquisitions, have been considered the main determinants of the domestic consolidation of breweries (Garavaglia and Swinnen 2018a). After World War II, national leaders emerged and the degree of industry concentration significantly increased in almost all countries. Some of these leaders soon became international in their scope. A gradual process of globalization characterized the evolution of the beer industry in the last decades. Recent data attribute to the world’s top four leading firms more than 50% of the market share (Howard 2014; Madsen and Wu 2016).

The evolution of the Italian beer industry conforms to the evolutionary dynamics discussed above. After World War II, bigger domestic firms emerged and dominated the market, acquiring smaller producers and exploiting economies of scale in production and marketing. Subsequently, during the 1980s and 1990s, foreign multinationals massively entered the Italian market, taking further steps toward increased concentration. Figure 1 shows the increase in industry concentration from 1950 to 2010 based on the C4 index. The consequences were a gradual decrease in the number of producers and the



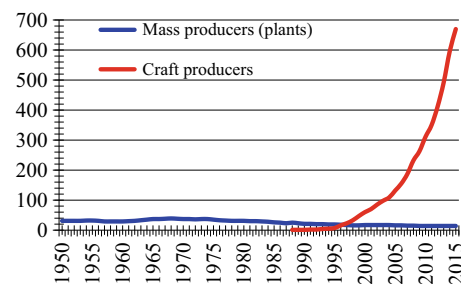
**Fig. 1** C4 index (%), 1950–2000. *Source* Author’s computations and Colli (1998). Imports share excluded

homogenization of beer. All the top-selling brands in the mid-1990s were standardized and homogeneous lager beer (Garavaglia 2018).

While the industry was dominated by a few multinationals, in the late 1980s to the beginning of the 1990s, a wave of small craft producers started to enter the market, thus causing the number of producers to increase once more (Fig. 2). Garavaglia (2018) analyzes the causes behind the entry of craft breweries in Italy. Among other causes, two factors have been credited with craft breweries’ success against globalization and in countering industrialization and mass production, including the reawakening of the spirit of craftsmanship on the one hand, and the recent rediscovery of the importance of a sense of place and connection with the local communities, on the other hand. These factors created a fertile ground for the entry of new, small, and local craft firms.

The process of globalization in advanced economies eroded the importance attached to the distinctiveness of local economies and spaces, causing products and economic environments to become more and more standardized. Shortridge (1996) was among the first to recognize a remarkable move in the opposite direction in the United States. This is called “neolocalism.”

New, small firms are often considered as practicing a “craft”, as opposed to the functioning, view, and mission of large factories (Inkson 1987; Johnson 2009; Sennett 2008;



**Fig. 2** Number of breweries (mass producers plants and craft breweries), 1950–2015. *Source* Author’s computations

Crawford 2009; Micelli 2011). While the industrial production has evolved toward customization and de-personification of goods, the “craftsman” has put himself in continuous relation to the customers, increasingly exploiting exclusive products and expressing sentiments as passion and emotions in the craft.

Craft breweries are able to embody the characteristics of craft and local. In conclusion, the advent of the craft producers has revolutionized the beer market in Italy, as in many other countries (Garavaglia and Swinnen 2018b).

## Craft Brewing in Italy: From International Connections to the Development of Local Ties

### The International Geographical Connections

The first attempts of craft brewing in Italy started in the late 1980s to the beginning of the 1990s. During these decades, there were gradual social, cultural, and economic changes in the industrialized societies, which also played a key role in determining changes in the consumption of food and beverages. The consumption and production of beer are part of this broader narrative.

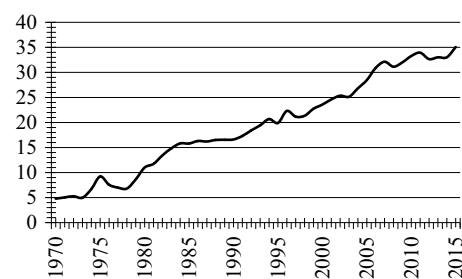
Among these changes, the 1980s and the 1990s were crucial decades in terms of the international integration of people and economic relationships. In 1985, Belgium, France, Germany, Luxembourg, and the Netherlands signed the Schengen Agreement, documenting these states’ agreement to progressively remove controls at their common borders and to introduce freedom of movement for all citizens. The Schengen Agreement has been extended over time. Italy signed it in 1990, although it did not go into effect until several years later. In addition, the mid-1980s marked the beginning of the process of the European air transport’s liberalization, with the gradual implementation of measures that established different stages of deregulation between 1983 and 1992 (Arrigo and Giuricin 2006). This facilitated the movement of people in Europe and made it less expensive, in addition to the development of low-cost airline services. For example, these airlines transported <3 million passengers in 1994, but this figure rose to 14.8 million in 1999, 40 million in 2002, and more than 150 million passengers in 2007 (Cepollina and Parola 2008). According to Istat, during the 1980s, tourism, for the first time, began to play a socially relevant role. The types of holidays changed, and the number of citizens visiting foreign countries constantly increased over the years. During the 1980s to the 1990s, the internationalization of people and the forms of communication expanded consumers’ knowledge about goods and food products, including beer. Besides the standard lager beer, Italian consumers became progressively

aware of new varieties, like the English ales, Irish stouts, Belgian Trappist, and Abbey beer. The feasibility of beer production on a small scale, with the distribution of beer at the local level, has always been a tradition in other countries like Germany, Belgium, and Great Britain. However, this was a “new” discovery for Italian consumers, whose travels provided an opportunity for them to increase their knowledge of the drinking habits abroad.

Moreover, during those times, new models of consumption were diffused, together with the spread of a new form of distribution that was in contrast to the traditional Italian osterie and Caffè bars. Specifically, pubs proliferated during the late 1980s and the 1990s, further broadening the culture and knowledge of beer. Irish pubs, English pubs, French- and Belgian-style brasseries, and German taverns were typical examples of the new models of consumption during those years. Patterns of consumption gradually changed; young people, in particular, started to discover and try new varieties of beer.

The dynamics of the import of beer in Italy from the 1970s to the 1990s was in line with this trend. Beer imports registered a dramatic increase during this period as shown in Fig. 3. This reveals, on the one hand, the increasing economic integration among countries and, on the other hand, the increasing penetration of differentiated types of beer into the Italian beer market, where the standard lager prevailed. In other words, the foreign influence gradually exerted its impact on the Italian beer market, and the Italian demand progressively expressed preferences for a greater variety in beer products.

Moreover, the stories of pioneer firms reveal international connections. For instance, the stories of the first entrepreneurs show how the pioneers of craft brewing in Italy were directly or indirectly influenced by the foreign beer culture, through their travels to traditional beer-oriented regions, where they were intrigued by the foreign experience of the existing microbreweries and where they came into contact with people working in the beer industry.



**Fig. 3** Import share (%) in the Italian beer market from 1970 to 2015. Source Author’s computations of Assobirra data (various years)

## The International Influence on the Pioneer Brewers

Nine craft breweries entered the Italian beer market between 1988 and 1995. The first interesting aspect related to how international influence provided stimulus to the pioneer entrepreneurs. Most of these entrepreneurs reported influence or inspiration from foreign examples of craft brewing. In what follows, we present the results of the interviews with the founders of the first Italian craft breweries.

The pioneer was the brewpub *SensoUnico* in Torbole (TN) on Lake Garda in 1988, which produced the beer *Orabräu*. The brewpub was founded by Gianfranco Oradini and his brothers in collaboration with the famous Bavarian *Luitpold*, which supplied the production equipment and know-how of brewing beer (Monarca 1991).

In January 1991, Peppiniello Esposito opened the microbrewery *St. Josef* in Sorrento (NA) after working for several years in Bavaria, Germany (Nasini 1991), where he was inspired by the German culture and quality of beer.

The third entrant was the microbrewery *Aramini Brauerei*, opened in 1992 by Renzo Aramini, a former bartender, near Asti (Bearzatto 1993).

*Industrie Birre Speciali (I.B.S.)* was founded in 1993 in Capoterra (CA) in Sardinia by Adis Scopel, a brewmaster who had worked in some breweries in Germany and for several years at the historic plant of the Italian beer *Ichnusa*.

In 1994, two other craft brewers entered the market. Modesto Bottone founded the *Brew Mood Ale House* microbrewery in Sant'Angelo in Formis of Capua (CE). He used to visit his brother in the United States, where he came in contact with many homebrewers, particularly with the *Northampton Brewery* in Massachusetts, where he had the opportunity to acquire some training. When he came back to Italy, he decided to start his business in beer brewing on a very small scale. Bruno Ioan founded the *Mastro Birraio* brewpub in San Giovanni al Natisone (UD). The founder used to travel frequently for commercial reasons before founding the brewpub and declared that he was inspired by some microbreweries in Budapest, Hungary. In fact, the first brewmaster he employed came from Hungary.

The other three craft breweries were *Mastro Birraio Lind Beer* in Argelato (BO), *Turbacci* in Mentana (Rome), and *Greiter* in Merano (BZ), which opened in 1995.

Many of the first craft breweries started producing a lager-style beer, different from the mass-produced lager, as it was unfiltered and/or unpasteurized. This tendency showed that the influence from foreign traditions still existed, particularly that of Germany. The differentiation attached to the early craft breweries was both because of the novelty of this

phenomenon and because of the intrinsic diversities of their beer with respect to the pasteurized and micro-filtered mass-produced lager. However, this degree of differentiation between craft and mass-produced beer was less significant than what developed a few years later, when Italian craft brewers were able to break away from the constraints of the foreign traditions and jump into a more creative and free setting.

The localization of the first craft breweries did not follow any particular criterion, mostly being based on the personal residence of the entrepreneurs. Therefore, the spread of the first craft breweries was quite dispersed, as shown in the first map in Fig. 4.

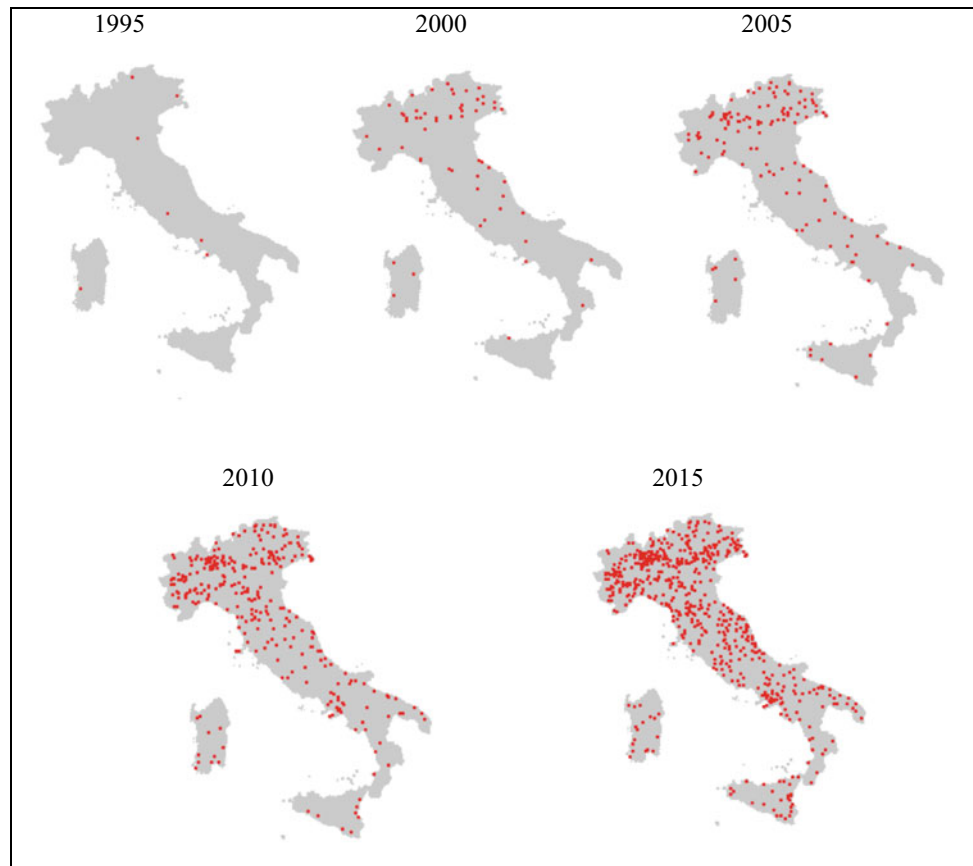
## Diffusion and Localization of Craft Breweries

The role of the pioneering firms was crucial in establishing a new, viable path. The followers defined and refined what the pioneers had created and explored. Thus, the role of the first followers became as important as the first entrants in shaping the path of the diffusion of the new organizational form (i.e., craft brewing).

The first manifestation of a new organizational form lacks legitimization, suffering from the “liability of newness” effect. As the organizational form proliferated, its legitimacy rose. Firms established during periods of rising legitimization found it easier to attract capital and customers and identify proper suppliers and employees. Moreover, they faced fewer institutional impediments (Carroll 1997). While the legitimization effect increased, further opportunities associated with this organizational form opened up. The first wave of craft beer producers needed time to convince an increasing number of customers about the quality of their products and also to refine their products. Moreover, many of them suffered because of a lack of legislation concerning the production of beer on a small scale, such that small artisanal firms were subjected to the same finance laws and authorization requirements as large national firms. Gradually, craft brewers gained success, and the number of craft breweries continuously increased.

The number of craft producers registered a dramatic increase after 2005, as shown in Fig. 2. The largest part of craft beer producers consisted of microbreweries. In 2015, there were 518 active microbreweries and 152 brewpubs, with an estimated total market share of the craft beer at 3.3% (Ravelli and Pedrini 2015). The localization of the first craft breweries was geographically dispersed, while the successive diffusion concentrated more in the northern regions. Figure 4 shows the towns where at least one craft beer

**Fig. 4** Localization of craft breweries, 1995–2015



producer existed. These data demonstrate both the geographical diffusion of craft breweries from 1995 to 2015 and the increasing concentration in the northern part of the country. It is clear from the maps that the exponential increase in the number of craft breweries occurred after 2005, as also shown in Fig. 2. Figure 5 shows the localization of craft beer producers among the 20 Italian regions, with Lombardy and Piedmont regions having the highest number of producers at 109 (16.26%) and 74 (11.04%), respectively. These results are not a surprise since Northern Italy has always been the most advanced area of the country, as well as the territory where the consumption of beer has been historically more diffused.

### The Development of Local Identity

If the influence of the foreign examples of craft brewing and the traditions of foreign countries served as inspiration and stimulus for knowledge creation, both among Italian pioneers of craft beer production and consumers, we argue that at the heart of the craft beer's success in Italy is the ability to create a truly innovative environment and a deep sentiment around craft beer production and consumption. On the one hand, the lack of a deep-rooted tradition could imply scarce

availability of skills and knowledge about beer production. On the other hand, this could generate an environment free of constraints and more open to exploration and experimentation. Taking inspiration from the foreign beer culture, combined with the creativity of the Italian food culture, craft brewers gradually produced the conditions for developing a distinct identity for the Italian craft beer movement.

There are three crucial factors for understanding the success of the craft beer phenomenon in Italy: the rediscovery of the meaning of the craft and its emotional dimensions, the novelty of the products supplied, and the people's desire to revitalize a sentiment of community linked to local places.

First, the craft beer producers contributed to the rediscovery of the concept of "craft." The notion of craft evokes sentiment and passion. Beer craftsmanship has been a means through which a new generation of young beer enthusiasts started to relate to their own work with embodied and affective engagement, revealing meaning, and personal identity (Sennett 2008). Thurnell-Read (2014) claims that a "craft" is emotive and embodied. In a paper about the diffusion of craft brewing in the United Kingdom, Thurnell-Read (2014) concludes that the notion of craft served as a means of addressing the personification of skills, as well as emotions, such as passion and satisfaction, at work

**Fig. 5** The distribution of the number of craft breweries in Italian regions, 2015



in the brewery. In craft production, the goods are seen as manifestations of the maker's identity. Craft products represent the combination of cognitive and physical skills of the maker with the materiality of ingredients and equipment of production, as well as the identity of the local places: *"knowledge and skills are sensed and displayed through the tangible process (the smell and sight of the fermentation vessels during brewing) and outcome (the taste and appreciation of the final beer) at work in the brewery setting,"* (Thurnell-Read 2014). A large part of the first entrepreneurs and brewers in the Italian craft beer segment were young people "in love with" the idea of producing something new for the Italian scene. Craft brewers expressed themselves in their products, demonstrating passion and creativity (Fastigi and Cavanaugh 2017). They were producing something that they personally enjoyed.

Second, the early craft beer producers were firstly consumers in search of something new. The natural consequence was that, after decades of consolidation of breweries and homogenization of the product that led to the prevalence of very similar types of lager beer (according to their organoleptic characteristics), these early producers started to

produce something different, with more distinctive flavors than the lager produced by the mass producers thus satisfying the preferences of a new wave of consumers. The brewers Giampaolo Sangiorni (Birrifcio Lambrate) and Agostino Arioli (Birrifcio Italiano) claim that pubs during the 1980s contributed toward communicating to young people that there were interesting types of beer worldwide. Nicola Gabrielli (Arte Birraia) believes that the 1980s to the 1990s were the first years when young people started traveling internationally and experiencing the traditions of the foreign beer and pubs. According to Guido Taraschi (founder of the Centrale della Birra craft brewery and the first President of the Italian Association of Craft Brewers, Unionbirrai), *"In those years, people were ready for something new and different; people were tired of the standard products."* The absence of linkages to any tradition helped the brewers express their identity and creativity in production, shaping the "new variety" of beer. Scott Morton and Podolny (2002) emphasize how producers' preferences contribute in shaping the selection of products in the market as well as consumer preferences, creating variety and a high degree of differentiation among products. If nowadays beer

consumers have familiarity about the styles Indian Pale Ale (IPA), American Pale Ale (APA), Porter, Imperial Russian stout, saison, Vienna, Koelsch, gose, and others, it is due to the great availability of these types of beer supplied by craft brewers. Only a small percentage of the total beer supplied by Italian craft breweries belongs to the pale lager-style (13%, according to Savastano et al. 2009). Moreover, most craft breweries have gradually enlarged their portfolios of beer, introducing new beers characterized by different styles every year. If we consider the totality of craft beer available in the market, we could refer to the hyper-differentiation defined by Clemons et al. (2003) as the increased importance of being truly different. Hyper-differentiation can be described as “*the art of reducing the importance of price as the principal determinant of customers’ selection among alternative goods and services.*” Beer is a highly differentiable product. In a study on craft beer in the United States, Clemons et al. (2006) claim that the move toward hyper-differentiation increases product diversity, which ultimately increases prices and consumer satisfaction. The authors conclude that in markets that are responsive to hyper-differentiation strategies “*it may be particularly important to design a product that at least some consumers love, rather than developing a middle-of-the-road product that consumers neither love nor hate.*” This can be described as a strategy of resonance marketing, according to which, when a product provides a unique degree of customer resonance it can be sold at extremely attractive margins (Clemons et al. 2006). This contributes to the increase of the supply of different varieties in the market. This result clearly contrasts with the strategy of the mass producers whose products aim to appeal to a large set of consumers.

Third, the increase in the variety of the beer supplied happened mainly with an orientation to local markets. Like in other cases, Italian craft breweries frequently invoke geography and specific places in their brand names, thus highlighting their connection to these places. This strategy is part of what is known as “neolocalism.” Guido Taraschi (Centrale della Birra) believes that the Italian beer market was flat, and the new, unique ideas of success were related to a franchising Irish or English pub. This stimulated the first wave of entrants to make something different but local. The current Italian beer scene is plenty of examples of beer linked to some local identities. We identify at least three dimensions of linkages between beer and spaces: the use of a dialect in the name of the beer, the name of the geographical places in the name of the firm/brand, and local ingredients in beer production. While the first two dimensions represent a clear “marriage” between beer and places, the latter is the most interesting because of its additional impact on the intrinsic characteristics of the beer. With a craft beer, consumers are not drinking a brand but an idea; this idea is often the connection to a place (Khermouch 1995) and the

connection to the identity of people who employ their craft knowledge in production.

Year by year, craft brewing increasingly attracted the attention of consumers to craft beer. Consumer interest in the beer culture, the story of these products, the ingredients used, the connection to local communities, and the stories of Italian craft producers themselves was piqued. Consumers started to participate in local cultural associations and engage on blogs and websites about craft beer, discovering more new stories, new varieties of beer, and new producers. There was active attention, far beyond the pleasure of consuming a good product, which gave the consumers a crucial role in contributing to the diffusion and maintenance of the craft beer segment in Italy, similar to what happened in the 1970s in the United Kingdom with the CAMRA consumer movement (Mason and McNally 1997; Danson et al. 2015).

### **Connection to a Place and the Use of Local Ingredients in Beer Production**

The use of beer names and images that reflect the places where they are produced to create local identities and attachment to places has been employed by many craft breweries in various countries. Schnell and Reese (2003) and Schnell (2013) analyze the practice of the American craft breweries of using historical figures, local characters, landmarks, historical and climatic events, nostalgic images of yesteryear, historical lifeways, and images of nature in their names and the artwork on their labels to consciously create a process of neolocalism. Locally rooted names and images create a sense of belonging to a unique place for people who live there and also a chance to share with other people one’s pride for the place’s distinctiveness.

Italian craft brewers have followed these strategies. Given the smaller geographical extension of Italy compared with the United States, our discussion enriches the investigation of Schnell and Reese (2003) and Schnell (2013), pushing even further the potential of using local images, characters, and histories to create local loyalty and identity.

Furthermore, our analysis goes beyond the scope of Schnell and Reese (2003) and Schnell (2013) because we emphasize another strategy of craft breweries to actively create a connection to places, thus fostering neolocalism: the use of local ingredients in beer brewing.

Schnell (2013) points out that breweries and wineries construct localness in different ways: “*While wineries generally ascribe their rootedness to the very soil and climate their grapes are produced in (though some import grapes from elsewhere to carry out their craft) , brewers usually draw their raw ingredients from elsewhere; barley and especially hops, are grown in geographically concentrated areas, and hops are said to similarly gain a large part of*



**Fig. 6** Examples of the utilization of chestnuts and fruits in the artwork of the labels; Birra Amiata, Montegioco, and Loverbeer breweries

their character from their terroir. Beer brewers thus rely on different means to evoke localness: the art of brewing itself, and the narratives of a place they employ in their marketing.” By contrast, we describe how the availability of a wide array of typical agricultural products in Italy and the Italian biodiversity have provided Italians, who are known for their creativity in food production, the opportunity to conduct various experimentations in beer brewing to enable creating a sense of localness and attachment to a place. The most relevant cases relate to the use of chestnuts, the use of fruits, and the links to wine in beer production. In addition, we acknowledge the diffusion of agricultural breweries as a way of connection to local spaces.

The use of chestnuts is of course not new in beer production. However, the Italian case is particularly interesting because of the varieties and differentiation of the chestnuts (Castellotti and Grassi 2011). Some of these have been identified, according to the European legislation (EEC Regulation 2081/92, replaced by EC Reg. 510/2006), as protected designation of origin (PDO) and protected geographical indication (PGI) products to tie the characteristics of the chestnuts to a place. These European certifications guarantee that the quality of the products is based on their link to a particular territory. Craft brewers extensively use chestnuts to enrich and characterize the flavor of their beer. A significant example is the beer *Bastarda Rossa* produced by Birra Amiata brewery in Tuscany, which uses the PGI chestnut “Castagna del Monte Amiata.” The label in Fig. 6a clearly evokes the use of chestnuts.

The use of fruit in beer refers to a well-known Belgian practice. Italian craft brewers seem to have enjoyed this field of experimentation. The use of fruit in the Italian craft beer has been vast, including cherries, cassis, peaches, pears, apples, apricots, blueberries, plums, raspberries, blackberries, currant, passion fruit, strawberries, figs, pomegranate juice, pineapple, mango, and maracuja (Camaschella 2017).

The ways by which the fruit is used in production and the styles of the beer are also disparate. One of the most relevant examples is given by the Montegioco brewery, a small producer strongly linked to its territory, which has largely used fruit in its beer. The Quarta Runa beer is one of the most well-known in this category, produced with the PDO peaches of Volpedo (Volpedo is a small village near Montegioco) (Fig. 6b). The Loverbeer brewery is also engaged in the use of fruit: the beer *Saison de l'Ouvrier Griotta* is a spontaneous fermentation type of beer that uses cherries (Fig. 6c). Other notable producers are Birrificio Italiano with their beer *Scirès*, which is probably the first relevant beer produced with the adjunct of fruit (it uses the famous cherries from Vignola), and the Birrificio Lariano with their various experimentations, such as *Marèn*, *Berries*, and *Fambrus*, which are aged in wooden barrels.

As stated above, the most interesting case refers to the links between beer and wine. The innovativeness of Italian brewers in this field has been recognized by the famous Beer Judge Certification Program–2015 Style Guidelines (BJCP), which included the first Italian beer style, that is, the Italian Grape Ale (IGA). IGA is defined as “a communion between beer and wine promoted to the large local availability of different varieties of grapes across the country. They can be an expression of territory, biodiversity, and creativity of the brewer.”

Italy can benefit from an immense heterogeneity of grapes. Each cultivar destined for winemaking has very specific characteristics. This natural richness allows brewers to create various characteristics for their beer. In addition, the production techniques vary. Brewers can choose to use grapes or wine must, which can be normal, partially fermented, concentrated, or cooked; and select its percentage for use in the brewing process. The fermentation may also significantly vary: using yeast for beer, yeast for wine, or without yeast, as in the lambic style. The variability of



organoleptic characteristics that originate from these combinations is vast. The strategic aspects related to IGA beer are the extraordinary possibilities of product hyper-differentiation and the creation of a strong link with the territory (Turco 2017).

Some of the very first and relevant examples of IGA beer are made by the Barley craft brewery in Sardinia. For example, the beer *BB10* is an imperial stout produced with the cooked wine must of *Cannonau*, a typical wine of the Sardinia region. The beer *BBevò* is a barley wine, enriched by the cooked must of *Nasco*, an autochthonous vine of the area near Cagliari, where the brewery is settled. *BB7* is an IGA beer produced with the addition of the fresh flower must (flower produced is considered the finest part of grape juice) of local aromatic white grapes. Then, it is concentrated by vacuum evaporation at low temperature. The Italian Association of Craft Brewers, Unionbirrai, organizes the annual beer competition “Birra dell’Anno” (Beer of the Year) to recognize the best Italian beer in various categories. In the last three editions, the winner in the IGA category was La Fenice craft brewery. In 2017, the winner was the *Ira Brut*, produced using must of the famous wine of the area Franciacorta, where La Fenice brewery is located. In 2018, the IGA category was divided into two: the White IGA and Red IGA categories. La Fenice brewery won in the former in 2018 with the beer *Brewine Riserva 2016* and won in the latter in 2019 with the beer *Brewine Rosé*.

The IGA style is not the only example of the intertwining of beer and wine. Italian brewers have increasingly experimented on the use of wooden barrels for the maturation of beer due to the availability of barrels previously used for wine. This is a salient interesting aspect because the beer takes organoleptic flavors not only from the wood of the barrels but also from the wine that was in those barrels.

The most well-known experimentations in this field have been made by one of the oldest Italian craft breweries, Baladin. The founder of Baladin, Teo Musso, has always paid attention to its territory. Baladin is in the heart of one of the most important areas of wine production in Italy, the Langhe, where among others there are important producers of Barolo and Barbaresco wine. Teo Musso has taken inspiration from the world of wine in some of his beer. In the brewery, it is possible to find a cellar totally dedicated to beer in wooden barrels, named “Cantina Baladin.” Here, beer age in barrels previously used for great Italian white and red wine, called *Lune* and *Terre*, respectively. The strategy to challenge wine consumers as well is evident both from the characteristics of the beer and the packaging (Fig. 7a, b). Another experimental beer of Baladin is called *Metodo Classico*, shown in Fig. 7c. This beer is produced according to the wine production process for sparkling wine, *méthode champenoise*. This method requires a secondary fermentation in the bottle, during which the wine (beer in the case of

Baladin) is left on the yeast for months. The yeast acts on the sugar, thereby creating carbon dioxide and high pressure in the bottle. At the end of this process, the cap is removed to eliminate the excess yeast, and then replaced. This method permitted Baladin to create a sparkling beer and to provide the sensation of drinking sparkling wine but with the flavors of malt and spices used in the production of beer wort.

Some other notable examples are *Ultima Luna* beer, aged for 48 months in Amarone wine barrels by Birrificio Ducato, *Bang Bretta* by Birrificio Italiano, *Barley Wine* of Gjulja brewery, and the single batch productions of Stradaregina brewery.

Finally, a typology of craft brewery is termed “agricultural brewery” if the production is connected with the provision of raw materials through agricultural activity. In 2010, the Italian Government in the Ministerial Decree 5 August 2010 included beer for the first time among the agricultural products. The tendency to cultivate barley and hops in-house has gained attention both from brewers and farmers, such that this type of organization has significantly diffused, mainly promoting further entries by the existing farmers and also stimulating some existing craft breweries to devote effort to becoming an agricultural brewery. Agricultural brewery, by definition, develops a very strong connection to local economies and communities, very similar to the sentiment toward the production of local farmers. The Confederation of farms, Copagri, has been very active in supporting the production of agricultural beer. Copagri promoted the creation of the Consortium of firms COBI in 2003 (Consorzio Italiano di Produttori dell’Orzo e della Birra). COBI runs a malt house in Ancona in which members of COBI give their barley to the malt house (where the barley is malted) and get back the malt to produce beer. Thus, craft breweries do not need to develop a malt house internally. The functioning of this system requires the malt that breweries receive be obtained using barley provided by the members of the Consortium. This addresses problems related to the treatment of limited quantities and excess of variability across years owing to a common sowing plan, decided and managed by the Consortium. This system however, loses the ideal link of the breweries with their own local territories through the use of their own barley. Moreover, in 2011 Copagri registered the collective trademark “Birragricola” that can be used by the associates (Fig. 8): the image clearly highlights the barley, and the name birragricola italiana signals the links to both agriculture and the territory.

Another interesting aspect relates to hops growing in Italy. The growing of hops parallels some features of the growing of grapes because of the importance of the genetic varieties of land and climatic conditions on the characteristics and quality of the final product. The idea of using locally grown hops can create further strategic opportunities to establish local ties with the territories. In 2016, the Italian Ministry of Agricultural, Food, and Forestry Policies



**Fig. 7** Some examples of beer connected to wine, as produced by Baladin brewery. The size of the bottles is 50 cl for *Lune* and *Terre* and 75 cl for *Metodo Classico*



**Fig. 8** Logo of Birragricola

financed the research project “Luppolo.it.” This project is coordinated by the Council for Agricultural Research and Economics (CREA) and represents the first national research study on hops growing in Italy. The goal of the project is to improve the sustainability and competitiveness of Italian beer via the qualitative improvement of the raw materials, with the aim of producing 100% made in Italy craft beer (Carbone 2019). The estimated surface area dedicated to hops growing is 56 hectares (Amoriello 2019). Between 2006 and 2017, 88 firms started hops cultivation; 71% of these started in the last 5 years.

To conclude, the ability of many Italian craft brewers to create a connection to places and local identities has followed—and is following—the strategy of using local ingredients in beer brewing. The most remarkable aspect is the links between beer production and wine, which has given birth to a new style: the IGA. This is a clear confirmation of the increasing role played by Italian craft beer producers in the world.

Our discussion provides evidence that we are now a step forward with respect to Schell’s (2013) argument, as expressed in the beginning of the paragraph. Italian craft brewers have proven so far to go beyond marketing itself as a means to evoke localness: particularly the use of local ingredients, the connections to grapes and wine, the increasing attitude to grow (and use) local hops, and create a concrete way of localness linked to the *terroir*.

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### “Glocal” Competition

Italian craft breweries have evolved since their first appearance in the market in 1988. They gradually developed strategies to increase the variety of beer styles produced, strengthening the perception of product differentiation as opposed to the homogeneous mass-produced lagers. Moreover, they created connections and ties to the local places and communities. The success of craft breweries and their local vocation has been considered a geography-related reaction to industrialization and globalization. The future of

the craft beer movement depends on the ability of breweries to maintain these passionate sentiments and attachment to craftsmanship and to localness.

Mass producers also have a key role in the dynamics of the beer industry and the craft beer segment. Initially, the mass producers did not believe that craft breweries could be a real threat. Hence, they did not react seriously. However, craft breweries continued to gain larger market share and attain success among consumers. Therefore, the mass producers have started to take strategic action.

First, big breweries introduced craft-style beer in the market. The recent reaction of the Italian market leader, Heineken Italia, is evident. Heineken owns (among others) the traditional national brands Moretti and Ichnusa. In 2015, Moretti launched new types of beer called “regionals.” These are types of lager beer flavored with some local ingredients, for example, barley and spelt from Tuscany for the Moretti *alla Toscana*, blueberry and rice from Piedmont for the Moretti *alla Piemontese*, apples from Friuli Venezia Giulia for the Moretti *alla Friulana*, and flowers blossom from Sicily for the Moretti *alla Siciliana*. Previously, in 1999, Heineken, through the Ichnusa brand, produced *Spiritu*, a flavored beer with myrtle, and in 2006 *Jennas*, an unpasteurized lager (Garavaglia 2010). These are manifest attempts of the management of Heineken to create a local connection to their Italian brands and directly compete with the craft beer. The more recent reactions have been more resolute. The Italian Parliament<sup>1</sup> defined the requisites of craft beer, requiring that the beer does not undergo pasteurization and micro-filtration during the production process. In 2017, Heineken Italia launched a new version of its brand Ichnusa, named Ichnusa Non Filtrata, an unfiltered lager. In addition, Heineken Italia started to produce new styles, never produced before: under the Moretti brand they launched a Weisse beer, La Bianca, in 2016 and an IPA in 2018 (named Italian Pale Ale).

Another mass producer, Carlsberg Italia, has reacted gradually, returning its positioning in the market. In the last few years, the company has reshaped the image of its Italian brand Poretti that has been advertised and named with a more “craft” and local image than it had before. Specifically, the name was changed from “Industrie Poretti” to “Birrificio Angelo Poretti,” using the name of the founder to recall the Italian tradition, and using “Birrificio” instead of “Industrie,”

thus, giving a craft-like sentiment. Moreover, under the Poretti brand, new typologies of beer have been launched lately, such as an IPA, a Blanche, pale ale, and honey beer.

The second-largest producer in Italy is Peroni, which is now owned by Asahi. In 2017, they introduced a new beer called *Peroni Cruda*, an unpasteurized lager. In 2017, a new unfiltered beer (called *Prime Brew*) was launched under the premium brand Nastro Azzurro. Peroni also started to produce varieties never produced before, like the *Peroni Gran Riserva La Bianca*, a Weisse-style beer in 2018.

Moreover, multinationals have recently started to emphasize the role of some ingredients to underline the importance of the intrinsic characteristics of their beer. For instance, Peroni reports “100% Italian malt” in its labels, caps, and boxes. A similar communication that emphasizes the use of Italian malt has been employed by the brand Moretti (owned by Heineken). It is interesting to interpret this strategy of multinationals as a way to create a sense of place and place attachment in beer brewing in Italy, similar to the sentiment expressed by craft breweries. However, craft breweries evoke small local traits and communities in their beer, brands, and use of ingredients, while the concept of “local” for the multinationals relates to the regional or national (Italian) identity.

Carlsberg also started to emphasize the role of ingredients in particular hops. Two types of Poretti beer—Poretti and Splügen—were renamed in 2007 with a number and the name “Luppoli” (i.e., hops), thus conveying the increasing use of hops in the beer. This change emphasizes the ingredient, intending to give more importance to the organoleptic characteristics and to highlight the quality of the product. Carlsberg commissioned a research team to Astra Ricerche to assess consumer feedback on the choice to emphasize the hops. According to 94.5% of the respondents, hops are a fundamental ingredient for producing good beer.

Meanwhile, most craft breweries have gradually enlarged their portfolio of beer, introducing every year a new type or style of beer, pursuing a hyper-differentiation strategy (Clemons et al. 2006). Following this route, craft breweries foster the increased importance of being truly different in a highly competitive market, reducing the importance of price as the principal determinant of customers’ selection among products. Hops give an opportunity to further characterize the beer due to their aromatic and flavorful impact. We contend that the rising use of locally produced hops may help craft brewers increase product differentiation in the future.

An alternative reaction of the mass producers has been the strategy to move directly into the craft beer market through acquisitions. This strategy has been widely pursued in many countries by almost all big multinationals. The initial acquisitions had a national scope, and recently, they have become international. In Italy, some well-known craft brewers have already been acquired. The first and surprising

<sup>1</sup>See Collegato Agricoltura, DDL (Disegno di Legge) n. 1328-B available at: <http://www.senato.it/japp/bgt/showdoc/17/DDLPRES/965677/index.html>. The definition is: craft breweries are small (i.e., the annual production does not exceed 200,000 hectoliters), having independent (i.e., a brewery that is legally, economically, and physically independent of any other brewery and does not operate under license) producers whose beer does not undergo pasteurization and micro-filtration during the production process.

acquisition was that of Birra del Borgo by AB-Inbev in 2016. Afterward, other well-known craft breweries were acquired. For instance, Molson Coors acquired Birradamare; Duvel Moorgat bought a 35% stake of Birificio del Ducato; Dibeveit, (Heineken group) acquired Hibu craft brewery; and the Belgian Caulier merged with the Italian Toccalmatto. Some critics consider the strategies of the macro producers as a signal of weakness, given the increase in the craft beer's market share, such that if they cannot be beaten, buying them becomes the easiest strategic response.

The aspect of independent ownership is crucial for the craft beer philosophy: the prerequisite of independence is the most common requirement acknowledged across countries (and probably the only one) in the definition of what a craft brewery is (see Garavaglia and Swinnen 2018a, for a discussion on the definition of craft brewery in various countries). The loss of this prerequisite is tantamount to losing the nature of the craft brewery. The most inflexible consumers of craft beer have harshly criticized these acquisitions and consider them a betrayal of the craft beer's origin. Garavaglia and Swinnen (2018b) name the acquired craft breweries "ex-craft." After the announcement of the acquisitions, some publicans have decided to withdraw the "ex-craft" beer from their taps. Many consumers stopped consuming these types of beer. Many craft brewers criticized colleagues who have become their "ex-friends." For example, when Birra del Borgo was acquired by AB-Inbev, Teo Musso (Teo Musso is the founder of the Baladin craft brewery, who is considered a leader among the visionary entrepreneurs of craft beer in Italy) declared that he would never sell the Birra del Borgo brand again in his pubs. Jean Van Roy, owner of the Brasserie Cantillon, also no longer invited Birra del Borgo to the well-known beer festival Quintessence in Bruxelles after the announcement of the acquisition.<sup>2</sup> The beer writer Stephen Beaumont<sup>3</sup> claims that the impact of these acquisitions is physical, emotional, and intellectual: physical for the probable change of taste, emotional because of the change of personal relationship between consumers and owners, and intellectual because of the so-called "locavore" behavior,<sup>4</sup> which is incompatible with the idea of spending money that gives profits to multinationals. As a consequence, consumers choose not to support the acquired brewery but rather move their patronage to another craft brewery.

The current reaction of Unionbirrai is clear and inflexible, inviting the independent craft breweries to stop participating

in events attended by "ex-craft" breweries or macro breweries, thus emphasizing the differentiation and invoking the importance of their independence.<sup>5</sup>

Sam Calagione, the founder of US craft brewery Dogfish Head, sharply underlines the importance of the independence of craft breweries, arguing that "*true craft brewers are brewers first, business people second,*" whereas mass producers are "*run by nothing but business people*" (Allyn 2015). We claim that the words of Calagione represent a clear exemplification of what we discussed in section "**Conclusion**": craft beer means much more than beer; craft beer embodies the personal identities and stories of the brewers; craft beer is an idea that recalls people and local places. We believe that these aspects embody the strategic points that craft brewers must continue to uphold to continue growing and keep mass producers away from direct competition and "craftwashing" (Howard 2018).

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## Conclusion

The advent of craft brewing has revolutionized the competition in the beer industry in almost all industrialized countries (Garavaglia and Swinnen 2018a). This chapter investigates the origin and diffusion of craft breweries in Italy. These aspects are examined through the lens of geographical connections, both in terms of the dynamics of the origin phase and the development phase of craft brewing in Italy. This is an original contribution of this study. In particular, the discourse describes the initial international connections and then analyzes the success of craft breweries and their strategy of establishing local ties with the territories. The use of local ingredients represents the most widely used strategy to develop a rooted local identity with the territory. Surely, the creation of a new style of beer, the IGA, represents an affirmation of the creativeness and quality of Italian craft breweries in the international scene. The use of wine must and grapes gives both distinctiveness and localness to the brews, thus representing an important strategic leverage for craft brewers. Moreover, using wooden barrels (previously used for wine) for the maturation of beer has also enlarged the opportunities to interlink beer and wine. This extends the strategy of creating craft beer with a distinct and local character. The chapter presents agricultural breweries and the increase in hops cultivation as two other strategies that influence the competition in the beer market. Again, both these choices seem to benefit from a connection to the territory. The connection with the

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<sup>2</sup><http://www.gamberorosso.it/it/vini/1024660-birra-artigianale-revolution-cosa-sta-succedendo>.

<sup>3</sup>[https://www.beverfood.com/documenti/potenti-multinazionali-innamorano-birrifici-artigianali\\_zwd\\_80922/](https://www.beverfood.com/documenti/potenti-multinazionali-innamorano-birrifici-artigianali_zwd_80922/).

<sup>4</sup>According to the Cambridge Dictionary, locavore refers to people who only eat food that is grown or produced in their local area.

<sup>5</sup><http://www.startingfinance.com/la-birra-artigianale-italiana-sfide-successi/>.

territory has been reawakened also by the large breweries, which disregarded for decades the links with the local communities to focus instead on multinational brands and strategies. Nowadays, these large breweries are implementing tactics to compete with craft breweries, specifically by launching new types of beer with a crafty image and by acquiring craft breweries, thus adding interesting dynamics to the competition in the beer industry.

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