

INNOVATION IN BRAZILIAN BREWERIES: a multiple case study based on an institutional logic approach

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1 Introduction

Created about eight thousand years ago, beer is the most consumed alcoholic beverage in the world. Brazil is highlighted as the third biggest beer producer; however, concerning consumption, there is still some potential to be explored (Cervieri Junior, 2014; CervBrasil, 2016). The brewery sector has national relevance due to its socioeconomic contribution by the productive chain movement, since agribusiness to the small retail (CervBrasil, 2016). In addition, there is a high concentration of its market share in huge breweries such as Ambev, Petrópolis and Heineken which, together, compute about 98% of the market (Cervieri Junior, 2014), while the remaining 2% are made by more than one thousand registered breweries, according to an Agriculture, Livestock and Supply Ministry (MAPA) poll in 2019.

Though the small market share from microbreweries, the number of breweries is growing exponentially due to consumer behaviour changes, who are looking for new tastes and are more demanding concerning the beer quality (Morado, 2009). The microbreweries are highly concentrated in the south and southeast regions of the country (Müller & Marcusso, 2018). The increasing number of small breweries in Brazil follows a behaviour trend noticed all over the world, once the intake of conventional beer from big breweries is stagnated or in decreasing, while craft beer segment keeps growing (Barth-Haas, 2018). For example, according to Brewers Association (2019), although the overall U.S. beer volume sales were down 1% in 2018, craft brewer sales continued to grow at a rate of 4% by volume.

Craft beers are produced in small-scale, which allows the creation of unique flavour beers that aim to please the taste of more demanding consumers. In contrast to big breweries, the focus is not in volume or efficiency, but in taste, balance and quality, as in the final product or in the material used in the process. (Gonçalves, 2010; McGrath & O'Tootle, 2013; Brewers Association, 2019). The craft breweries, which are classified as microbreweries, have played an important role to the high-quality beer segment expansion (Stefenon, 2012).

By identifying such changes in Brazilian beer market, this paper uses the institutional logic approach in order to understand the changes that have been happening in this organizational field from the craft microbreweries point of view and their associations. The institutional logic's perspective helps in the phenomenon conception, understanding the institutional logics that are present in the organizational field, and explains the context transformation through them, taking into consideration both the individual's action capability and the institutions' restrictive practice (Thornton, Ocasio & Lounsbury, 2012).

The institutional logic that underlies big breweries is not the same logic seen in microbreweries in order to compete in the sector. The current multinationals logic moves through financial resources abundance, geographical mobility and territorial distribution covering, as well as by the productivity profit and efficiency by scale production and also by fusion and acquisition strategies as means to increase their market participation (Freitas, 2015) and the launching of premium products with a price lower than the ones the microbreweries can do (Giorgi, 2017). Concerning the activities or the innovation managing, big breweries have bigger investments in research and development, researchers, research laboratories interactions, sector to develop new products. Ambev brewery, for example, have recently created, in Brazil, CIT (Centre of Beer Innovation and Technology) which is the sixth innovation AB-Inbev centre in the world (Beer Art, 2018).

From another perspective, microbreweries functional dynamics shows a different logic, since microbreweries are characterised as micro or small enterprises and these

companies tend to have limited resources. This way, microbreweries aim to overcome competition from mass productions making their products unique by quality, organising themselves to innovate also through cooperation to target consumers with more sophisticated taste. In addition, microbreweries are different from big breweries since they create a connexion with the context they are located, once they are able to work with local ingredients to produce sophisticated beer and relate its production to the local culture as well.

Since the first microbreweries in Brazil, they tend to be innovative in several aspects, as well as in their visual identity, through creative labels and bottles, by developing subscribing clubs, or even by brewery-gastronomic meetings in order to develop a new meaning to brewery culture of high-quality production. The fact that they bet on unusual ingredients combination, in order to bring more quality to their products and some changing in the consumption habit, is a new aspect to be considered in microbreweries (Giorgi, 2017). These innovative aspects of microbreweries are already paying off, since some Brazilian microbreweries have been awarded in internationally renowned beer festivals in the last few years.

Furthermore, several breakthroughs that come up from microbreweries context come from the cooperation between similar companies, like the development of collaborative labels, the rising of a manifold of local and national beer associations in the country, as well as beer festivals which are organised by many microbreweries working together.

This way, through logic institutional perspective, the present study aims to answer how the innovation is set in Brazil's craft beer producers' institutional logics. To do this, the goal is (i) identify the institutional logics present in the sector, (ii) compare their differences and (iii) understand how the innovation is presented in these logics.

This study is justified since it addresses innovation from the institutional logic perspective. From the mentioned approach, it is possible to explicit the transformation processes the brewery field is going through, since it was a established field, with defined actors in the Brazilian market. However, due to the rising of microbreweries, which are recovering the craft beer as a high value product, the brewery sector undergoes important changes, that can be captured from the institutional logic perspective.

2 Institutional Logic

The institutional logic has taken place as a dominant perspective in the organisational institutionalism and promotes a theoretical lens that allows the integration between the institutions and agency capability. This approach provides an integrative lens to analyse the inter-relationship between the institutions, individuals and organizations behaviour that occurs in several levels of analysis (Micelotta, Lounsbury & Greenwood, 2017).

This perspective provides a critical theoretical approach of the institutional theory, since it shares sociological new institutionalists view when it focuses on how the cultural rules and cognitive strategies forge the organizational structures but keeps a distance from them by tracing some critics on the isomorphism and organizing a higher capability of agency (Thornton & Ocasio, 2008). Under the institutional logic view, the multiple institutional logics that are present in the environment allow a new way of understanding how this agency can be, simultaneously, restricted and facilitated (Waldorff, Reay & Goodrick, 2013).

The definition of institution itself has been debated and undergone changes as time passed by, as Cloutier and Langley (2013) state that the institutional theory has changed its focus of isomorphism and organizations routine, as well as human behaviour, which was taken for granted (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) for a more recursive view of institutions, recognising its flow (Thornton et al., 2012).

The term institutional logic was introduced by Alford and Friedland (1985) when they described the contradictory practices and beliefs intrinsic to modern society institutions. Further, Friedland and Alford (1991) developed this institutional logic concept exploring the inter-relationship between individuals, organizations and society. The authors see the institutions as supra-organised patterns of rooted activities as a group of practical material and symbolic constructions, in which individuals and organizations produce and reproduce their material lives and make their experiences meaningful (Thornton & Ocasio, 2008).

In this study, we understand the institutional logic as the multiple logics present in the institutions of society where the individuals and organizations behaviour is modelled and restricted at the same time that they allow agency of this reality through the contradictions found in different conflictive logics (Friedland & Alford, 1991; Goodrick & Salanick, 1996; Goodrick & Reay, 2011; Thornton et al., 2012).

Therefore, this logic can be understood as a system of symbols and practices that provide guidelines about how to interpret and act in social situations. These guidelines can formally be specified, like when a company defines the proper clothes to the working place, or can be implicit (Jarvis, 2017). To Zilber (2008), the symbols are introduced in the structures and practices while they affect the meaning of the symbols. Moreover, the author adds that the symbols are not stable, that is, it is not possible to consider their meaning as fixed, since they are able to transpose the context, taking distinguished connotations.

Thornton and Ocasio (2008), at their turn, add that one of the main presuppositions of institutional logic is that each institutional order in society carries cultural and material characteristics within itself. However, the most recent literature about institutional logic recognizes that there are multiple logics that often coexist, as in a period of accommodation or during a transition from a previous to a new one (Lounsbury, 2007; Cloutier & Langley, 2013; Greve & Zhang, 2017). From these multiple institutional logics coexisting in a given context, where each one has a cultural and material set of its own, potentially contradictory with each other, the institutions end up creating heterogeneity, stability and changing between social actors (Thornton & Ocasio, 2008; Thornton, Jones & Kury, 2005).

The efforts in literature to understand how this social transformation occurs through institutional logic have been conceptualised in several ways, in which the institutional changing process happens through the social structures that triggers the changing or through the agency ability in provoking the social transformation (Micelotta et al., 2017). Nonetheless, more recent field researches have given attention to social actors through concept of institutional entrepreneur and the processes in which they make the institutional changes happen (Thornton & Ocasio, 2008; Lawrence, Suddaby & Leca, 2009).

This study embraces the social changing perspective from Thornton and Ocasio's definition (2008) who suggest that the social transformation can occur throughout three mechanisms, which are (i) the institutional entrepreneur, in which this entrepreneur can act a critical role perceiving the fragmentations and controversies in the current logics and make use of these opportunities to offer an institutional changing; (ii) the structural overlap happens when the individual roles and the organizational structures and functions, which were once unlike, are forced to unite, as in the case of fusions and acquisitions, and (iii) the sequence of events that is defined as the temporal and sequential unfolding of unique events that transform the interpretation and meaning of cultural symbols and social structures, as in the case of emerging new sources of power or even caused by changes in the available resources.

3 Innovation and Institutions

The theory of innovation has been greatly influenced by Joseph Alois Schumpeter, who is remarkable in literature until nowadays. In his 1942's work, the Theory of Economic

Development, Schumpeter presents the technological improvement, the entrepreneur and the credit as major elements to economic development in capitalist economies, that is guided by innovation, concept that the author uses to refer to novelties that can be included in the economy and change the relationship between producers and consumers, in a way that the innovation is a basic element to economic development.

This dynamic process, in which new technologies replace the old ones in the market, is called by Schumpeter as “creative destruction”. This process of creative destruction is an essential factor to capitalism in Schumpeterian theory, as the entrepreneur, like an agent of changing, brakes the circular flux of the static economy when develops new matches (Hagedoorn, 1996).

Unlike the neoclassic economic theory, that was based in price and believed that the value was generated from the relationship of changing in the market, Schumpeter changed the focus of static capitalism to a more dynamic idea, in which the business and the innovation are responsible for the added value and abundance. From Schumpeter’s theory, a new line of economic thinking called Neo-Schumpeterian or evolutionary, in which these Neo-Schumpeterian writers share Schumpeter’s premise that the technological change is the capitalist development driving force and the business is where the innovative entrepreneur acts and develops innovations (Oslo Manual, 2005).

Schumpeter’s contributions were the foundation to future studies that followed his way of thinking the capitalist economic development from innovation. The innovation turned to be perceived not as an isolated act, but as a non-linear and cumulative learning process (Cassiolato & Lastres, 2003). Therefore, the evolutionist approach sees innovation as a path dependence process, in which knowledge and technology are developed through distinct actors’ interaction that affects the future course of economic change.

The Organisation for Economic Co-operation and Development (OECD) (2005), worried about consolidating innovation concepts and allow the creation of comparative indicators between several countries about the theme, created Oslo Manual in 1992.

This study defines innovation according to Oslo Manual (2005) that considers innovation as the implementation of a new or significantly improved product (goods or services), or process, or a new marketing method, or a new organisational method in business practices, in the working place organisation or in external relationships.

This broader definition comprehends a wider set of possible innovations. However, the minimal feature to categorise a novelty is that the product, marketing process or organisational method should be new or significantly improved to the enterprise (Oslo Manual, 2005).

Besides the kinds of innovation classification, there are different degrees of novelty in relation to innovations that go from minor incremental improvements to radical changes, which transform the way we see or use things (Tidd & Bessant, 2015). According to Oslo Manual (2005, p. 70), the radical innovation “causes a significant impact on a market and on the economic activities of the businesses in this market” while the incremental innovation continues the changing process, that is, impacts in a way to add improvements in something that still exists, but does not break parameters and its impact on market, therefore, is lower than the ones in radical innovations.

However, every innovation occurs inside an institutional context, since the institutions shape the behaviour by building a set of acceptable interpretations and available actions to them (Friedland & Alford, 1991), the innovation only happen if its process is understood and accepted by institutional processes of current logics.

Garud, Hardy and Maguire (2007) highlight it is unlikely that the innovations set by entrepreneurs and enterprises are immediately accepted, once the field actors are committed to the current symbols and practice. In other words, for an innovation to be successful, it is

necessary that it obtains legitimacy inside this context, that is, the more heterogeneous the actors in the field are, the more complex the innovation legitimation process will be in this environment.

Hargadon and Douglas (2001) point to a strategy to legitimate innovations in a certain field. To these authors, it is necessary that the entrepreneur shows how worth the innovations are, including their new features, using a language that is familiar to the actors in the field, to give them an aspect of familiar ideas. Otherwise, without calling existing understandings, the innovations can never be comprehended or adopted. The innovations which are too different from existing institutions, for example, are liable to blind spots in public understanding and acceptance, particularly those ones known as radical.

4 Method

The present study is designed under an exploratory and qualitative approach, which allows a larger comprehension of the object (Santos, 2005) since it aims to accurately justify and explain the phenomenon dynamics (Vieira, 2006).

Since the institutional logic has a set of cultural symbols and material practices socially built, where the actors produce and reproduce their lives, making meaning to their daily basis (Thornton et al., 2012), the qualitative study is more suitable in order to understand the institutional logic nuances and, this way, explain how innovation performs in brewery field from the institutional logic perspective.

The adopted research procedure was the multiple case study. The microbreweries selected to join the study show distinct profiles and they are: Brewery A, that is a gypsy brewery that has produced craft beer for two years and its target public is mostly bars and pubs. Brewery B is also a gypsy brewery, but has a headquarter, is part of a female brewery collective and promotes open air events. The third case is Brewery C, which owns a brewpub with two other breweries and is well-established in the Porto Alegre's industrial district, which has developed as a brewery cluster. Besides the three microbrewery cases, the founder of a Brazilian forerunner microbrewery was interviewed, in order to understand the development context of the sector and the brewery culture itself, as well as two important associations that help promoting knowledge among the microbreweries. To bigger breweries, secondary data were utilized, in addition to information from the interviews, to the institutional logic analysis of big brewery groups.

Deeper interviews with a semi structured questionnaire, hold with microbreweries' stockholders and association directors, was the data collection technique used in this paper, as well as companies' document, sector reports from reliable sources, sites and important magazines about craft beer were analysed.

The interviews were recorded and transcribed and the analysis was developed from Bardin's (2011) content analysis. To Bardin (2011), the content analysis is about a set of techniques of communication analysis, aiming systematic procedures of content description which allow the inference of knowledge related to the phenomenon being studied.

5 Data Presentation and Discussion

Brazilian beer production market is one of the most important in the world, being the third largest producer. In 2017, the national beer production was 14.000 million litres, only behind China (44.015 million litres) and the United States (21.775 million litres), first and second places respectively (Barth-Haas, 2018).

Since the expansion brewery movement has started in Brazil, in the 90's, the number of breweries keeps on growing until today. Specifically, from 2010, the growing number of

MAPA registered breweries moved from about 100 breweries to more than one thousand computed in 2019 until now (Müller & Marcusso, 2019).

However, it is relevant to state that although the number of registered breweries is increasing fast in Brazil, the craft beer's market share has not followed this evolution, remaining at a rate of 2%. For this reason, we can assert that competition in craft beer market is growing higher, which turns cooperation in this sector even more intriguing.

The beer sector is one of the most relevant in Brazilian economy, excelling in hiring more than 2,2 million people along its productive chain. Besides this, it is responsible by 1.6% of GDP and 14% of the national processing industry (CervBrasil, 2016).

5.1 Participating microbreweries

Interviewee 1 is Brewery A's shareholder. It was conceived from five friends' idea of opening a brewery during college years. The brewery was founded in 2014 and had a home-made production, selling to friends and some local bars. In 2016, the brewery established itself as gypsy, started outsourcing its production and set up its business strategy to supply nearby bars.

Brewery B is a female gypsy brewery, founded in 2016, to work with its own craft beer in open air events. From the events, the brewery started retaining its public; it realized the opportunity to open its own headquarter and associate craft beer to gastronomy. It intends to keep the gypsy model as business, to produce beer locally and to increase the beer culture in their own environment.

Interviewees 3 and 4 belong to Brewery C, that is a brewpub conceived from a partnership among three microbreweries, where they develop collaborative flavours, connect craft beer to gastronomy and aim to improve domestic consumption and beer culture. Having this, these breweries are responsible for creating the first beer tour in Porto Alegre, in concert with the city hall, to have visits to the regional beer hub.

5.2 Institutional logics in the beer field

The institutional logics present in the beer field have some differentiate elements and are composed by a set of symbolic material and practices, in which their agents produce and reproduce their daily basis. Since the beer field in Brazil is under some transformation, because of some beer culture movement redemption in the past few years and the considerable increasing number of microbreweries that produce craft beer, there is a set of practices and symbols that surround this environment which are different from the ones in larger breweries.

To Acerva Gaúcha, a brewer association in the South of the country which acts besides microbreweries since 2004 and is focused in promoting the beer culture, the Brazilian beer movement of transformations is similar to what happened in the United States in the 60's, since the microbreweries growth called larger brewer groups attention, which started buying them and enter this consume niche raised by craft beer.

Therefore, if microbreweries are highlighted for raising a small-scale production movement, focusing in unique flavours, employing quality products and domestic consumption, on the other hand, larger breweries, who have dominated the market through territorial range strategies, economy of scale and breweries acquisition, are realising that craft beer is an added value niche e start buying the microbreweries who show a spotlight in market, such as Eisenbahn, Baden Baden, Colorado, among others.

However, in this process which microbreweries are purchased by larger brewer groups, the so called in literature structural overlap happens. It is a kind of institutional transformation that occurs when there is a fusion or acquisition process between two

enterprises that have different logics and, consequently, their structures, individual roles and even the organizational culture are mixed, and a new organizational way emerges (Thornton & Ocasio, 2008). This way, when microbreweries start being part of a larger brewer group, its production processes are altered, its managing focus on high production in order to get the economy of scale, the beer becomes necessarily pasteurised in order to be sold all over Brazil. Given this, they also change the final features of flavour and aroma, as well as the domestic consumptions purpose and a greater connection to the environment where beer is placed.

We follow the American school that defines craft beer as the one that, firstly, cannot be controlled by any other larger brewer, focus on quality product not on mass market or similar things. If it has shareholding control or any participation of a larger brewer, it is not craft beer so far. (Interviewee 3).

Concerning the development of a beer culture favourable environment, not only Acerva Gaúcha but also Interviewee 2 agree that the access to unique quality products built a positive ecosystem to craft beer growth, since a higher number of people had access to a larger variety of products and could produce their beers, even for self-consumption, as in the homebrewers case or the microbreweries as well, as seen in the speech below.

The access to input trigger this willing of having our own brewery and most people follow the traditional way, make beer at home, buy equipment, boost these equipment and assemble a brewery. (Interviewee 2).

Consequently, as well as breweries and specialised input suppliers, all interviewees arouse the homebrewer as one of the main institutional actors who take part in the beer culture promotion. In the institutional logic perspective, Thornton and Ocasio (2008) place the institutional entrepreneur as another important source of social transformation, since it recognises ruptures in current institutional logics and can legitimate new practices and symbols inside its context.

I believe that the homebrewer is really relevant in this context, like what happened in USA. They initiated the craft beer revolution and our local market is a mirror of the American market. Many things that happen there, after a couple of years, ended up happening here. I believe that the homebrewer who were able to give craft beer a stronger spotlight, they bloomed this market, because they have a greater knowledge about beer (...). (Interviewee 1).

Following the institutional entrepreneur concept, it is noticed that Brazil's craft beer movement advent occurred through people who had access to other cultures; therefore, they could explore a beer range that was not available in the Brazilian scenario at that moment. The access to information is also an important engine that has to highlight to Brazil's beer movement popularity, since it democratizes new actors' entrance and allow people to start producing without technical courses.

The contact with other cultures, (...) many people started going out, making exchanging, got in contact with other beers and realised that what we had was not enough, the mass beer, and it was a great stimulus. Internet (played an important role) too, because it allows an exponential growth to everything. (Interviewee 1).

This way, the internet is another important Brazilian beer culture development factor, since by the net it is possible to search for beer knowledge which are being developed in other countries and adapt then to our context. Interviewee 4 pinpoints the build of craft beer

knowledge through different beer actor's cooperation that culminated in craft beer popularisation.

Without the internet we would not have access on how to produce craft beer (...) nowadays there are millions of online forums that discuss this. So, search for knowledge (online) is easier. (Interviewee 4).

Among the microbreweries analysed for this search, there is an important difference in Brazilian market concerning microbreweries which is the gypsy breweries case, that is, breweries that do not have an industrial plant. It can be considered, at the same time, an intermediate step between homebrewer and microbrewery industry, or a new business model, which is Brewery B's situation that has a focus on producing beer but intends to keep its production outsourced.

We did not have any draft of an industry. Nothing. For us, we would like to make beer, no matter where. (Interviewee 2).

However, the current values in craft beer production do not rely on own production or outsourcing, but are connected to the use of quality products to get beer with different flavours, following styling guides such as BJCP (Beer Judge Certification Program) or BA (Brewers Association), and keeping a closer relationship to its public, besides allowing a new experience to its consumers.

Associate beer to friendship, the question of having a larger proximity, the issue about quality products, do not use preserving, do not have those classic preserving that are used to allow beer staying out of refrigeration and pasteurised beer, the living beer. (Interviewee 2).

Besides this, respecting the production process time is part of microbreweries culture that aim quality craft beer, since they do not use speed-up process ingredients as larger brewers. It show a distinct behaviour between microbreweries and larger breweries, once the production logic is inverted; while craft beer is concerned about following procedures to get beer with more flavour and quality, larger breweries logic is high production and flavour standardisation, because of this they use enzymes to speed-up the fermentation process and grant beer standards.

Craft beer has a special feature, from ingredients selection to the time beer needs to be ready. Something larger industries do is using lots of enzymes that speed-up the process and end up altering the final result and the beer gets completely different to what it should be. (Interviewee 1).

Brewers' logic is different regarding sector emphasis, because craft breweries are concerned with quality and making their beer known as unique, while larger breweries have geographical range as something impossible to defeat. Because of this, the microbreweries find several ways to spread their quality through competitions, participation in specialised beer apps, audience proximity, and, more recently, beer and gastronomy harmonisation has been a trend in this field.

We cannot compete with large-scale beer because they own the whole (productive) chain, from suppliers to distributors. So, we focus on quality and to be distinguished because of this, we win medals; we are well ranked in beer apps, Untappd. This information are paramount for us. (Interviewee 1).

Furthermore, the authority source, in a larger brewery, is to be able to generate competitiveness, market knowledge. According to this perspective, the businessman does not

necessarily need to have knowledge about beer since it has knowledge about the market it is in. For craft beer, knowing the product, the beer itself, brings visibility to the brewery, emerging another logic. This individual's reputation is related to the quality of the beer it produces, not in the quantity it produces or sells.

As seen in the literature, microbreweries' concern in manufacturing unique products that focus on quality (Stefenon, 2012) meets what is reported by the microbreweries interviewed, that emphasise their passion in producing beer, so, they want to deliver quality using fine and diverse input to please a demanding audience.

Making beer should be our mission (...). The mission is to make beer with quality, using local products, but it is not focused in producing beer to supply the whole world. (Interviewee 2).

Craft breweries strategic foundation is linked to where they are located; then, its concern does not lie on production capability, but in how the relationship with the local community, where beer is produced and sold, is.

What makes craft beer unique, in my point of view, is mainly the target public issue. We do not have marketing power, nor the aim to reach several audiences like they do, diffusing. So, ours is much more connected to personal issues. Craft is linked to local, is local rooted and you know the place, you know the people. (Interviewee 2).

On the other hand, larger breweries logic implies financial resources abundance, geographical range and productivity profit. From this logic, larger breweries, aiming to take advantage of the craft movement influence and its expansion in Brazil, purchase microbreweries to enter craft beer niche (Laurindo, 2017) and also launch premium products with lower prices than the ones in the microbreweries (Giorgi, 2017).

The corporative management mechanisms utilised by microbreweries run through beer culture promotion, combined with several other movements such as gastronomy, domestic consumption, beer hub development where the actors are able to exchange information and develop their niche. To larger breweries, on the other hand, market share maintenance is paramount to keep national presence; therefore, their corporative management mechanisms are lined to their strategies, like launching premium beer with lower price besides purchasing microbreweries to be incorporated in the craft beer logic. In Table 1, there is a summary of these two beer sector logics, highlighting the differences in their practices and motivations.

Table 1
Logic differences in beer sector

Features	Craft beer logic	Larger breweries logic
Identity sources	Unique beer; Local production and consumption	Standardised beer; National range; Fusion process of microbreweries acquisition
Expert source	Master brewer; Knowledge about beer; Beers associations	Businessman; Knowledge about market
Entitlement source	Quality of materials; Follow style guides BJCP and American Home Brewer for their production; Home-made brewers Awarded beers	Production cost; Have their own production pattern; Brands known internationally

Mission	Focus on quality and unique beer; Beer culture promotion	Focus on results and market range
Strategic foundation	Domestic distribution; Added value	Large range distribution
Corporate management mechanisms	Small businesses – simple structures with intensive use of informal cooperation, founded on trust and partners’ reputation; Local culture insertion; Open air events; Gastronomy; Beer teaching institutions; Beer hubs	Hierarchy – vertical structures; Microbrewery fusion and purchasing; Premium beers; Market share increasing
Institutional transformations	<i>Institutional entrepreneurs:</i> Beer associations; Home brewers <i>Sequence of events:</i> Arise of beer associations; Brazilian commercial opening	<i>Institutional entrepreneurs:</i> Ambev, Petrópolis and Heineken

Source: Designed by the authors.

5.3 Innovation in the beer field from institutional logic perspective

Once we understand the differences in institutional logics between microbreweries and larger breweries, we realise that innovation happens in several ways in the beer sector. In larger breweries, innovation is linked to standardisation ability and production processes improvement, in order to reduce costs, new labels and flavours standardisation. With its research and development structures, the innovation management is held by an inner staff, that aim to increase profit, so, explores distinguished niches by labels that target a variety of audiences, from more popular products, to meet the society basis, to premium products, that focus on the same microbreweries’ public, once this last one aims more quality and flavour to the detriment of price.

As an example, Ambev launched CIT (Beer Innovation and Technology Centre) this year, which was conceived to develop new beers, recipes, packs and other beverages. In this center, Skol Hops was created, awarded in the World Beer Awards 2018 as the best national Hop Pilsner (Beer Art, 2018).

Microbreweries count on governmental institutions that foster knowledge among participants, such as Sebrae (Brazilian Micro and Small Business Support Service), that holds a microbreweries collective project in which the innovation culture in Micro and Small Businesses is developed, as well as sectoral associations that foster companies’ management and innovation, with the goal of strengthen the sector, enhance competitiveness and develop local economy.

To microbreweries, because they do not have Research and Development structure and have a staff, innovation is a process of minor improvements done on their daily basis, or even adjustments on what is being doing. Then, they understand innovation, mostly, as incremental, as seen in Interviewee 2’s speech.

I think it is nicer to think about innovation as a reinterpretation itself. Nothing disruptive, nothing like this. Adjustments both in processes and in products. At least, we have much more to innovate in products, like the issue about using fruit, input. (Interviewee 2).

Despite this fact, it is paramount considering that the beer culture promotion has allowed a changing in beer consumer behaviour, due to since the exponential growth of microbreweries in Brazil in the past years, new ways of selling beer emerged, such as

subscription groups that regularly send craft beers and relevant content to their subscribers, as well as the rising of beer sommeliers, who combine the most consumed alcoholic beverage in the country to gastronomy. Apart from this changing in promotion, consumers started understanding more about beer features, different kinds and flavours. This changed came up with the microbreweries and have been used by larger breweries too.

Innovation process in microbreweries also happens due to necessity. Because of financial resources shortage, brewers need to solve production problems and, so, they adapt new technologies to their own realities. It can lead to innovations in productive process, that lead to results both in the final product and the simplification of who operates the brewery daily bases, as said by Interviewee 2.

Beyond innovations in the process, microbreweries are highlighted for innovation in flavour, including distinguished products and creating new recipes; microbreweries also have a routine of creating collaborative recipes, with more than one microbrewery taking part, launching new flavours, labels and formats. One of the most recent innovations to microbreweries is the craft beer in cans which is, at the same time, an innovation in the productive process, since microbreweries outsourced the filling, and an innovation in the final product, because it allows new exploratory ways of craft beer selling.

Microbreweries are canning, filling, doing it with more accuracy, so this is a really important process innovation, the filling, having a can of beer is cool. There is also the marketing issue, folks who can afford it are high investing in a marketing department, there is a bunch of people with a strong commercial department. I think people are becoming professionals, because we had an initial impression that everybody was amateur, you see, like ourselves. (Interviewee 2).

Acerva Gaúcha reported that one of the problems faced by Brazilian microbreweries lies on distribution, since breweries keep their focus on product but still need to think about how to distribute their production to farther locations. Some breweries, as Brewery C, found a solution sharing their commercial sector with other breweries that do not sell the same kind of brewer in order to have a workforce in selling at the same time that they decrease internal costs.

We assembled a distributing company comprising the three breweries. One single distributing company for everybody, the same seller makes the route. (Interviewee 4).

In contrast to microbreweries' innovations, larger breweries have a formalised Research and Development department where they can structure their innovation processes, what leads to a possible long-term planning for new products launching, a deeper understanding of the market and opportunities to be explored. In this way, the innovation process of larger breweries is more advanced than the ones in microbreweries, so they can map the market needs beforehand, while microbreweries innovate from their needs.

Microbreweries innovation is also connected to information exchange with other actors from the sector that can be suppliers or even direct competitors. Since they do not have an internal Research and Development Department, an important source of knowledge to microbreweries is by exchanging with other actors in the beer field. From this collaboration, new collaborative recipes, events, beer festivals and gastronomic partnerships come up to enhance the business of all people involved.

Cooperation and knowledge exchange seem to be a way microbrewery found to overcome limitations to innovate. To make it happen, it is necessary that the breweries are open to sharing with other breweries, what builds a relation of cooptation.

I believe that breweries, even because they create collaborative recipes, have lots of information sharing, I believe that most of the innovations come with this exchange between breweries. (Interviewee 1).

Among the barriers brought by microbreweries, access to financial resources and adapted technologies is what causes most impact in developing innovations, once it restricts the capability of launching new products and can delay when innovations should enter the market. Sometimes, the company sees that public is receptive to some innovations but cannot put them into practice due to lack of technology or money.

As discussed in the literature, in order to overcome difficulties in innovations and grow in the beer field, microbreweries choose to collaborate with other actors to compensate disadvantages due to their sizes (Sforzi, 2003). Then, innovation in microbreweries also happens through adding efforts from several actors so they are able to make some difference in such a competitive market.

Table 2 sum up different innovations found in the beer field divided by its logics. The four kinds of innovation follow the definition established on Oslo Manual (2005).

Table 2

Different institutional logics' innovation in beer sector

Types of innovation	Craft beer logic	Larger breweries logic
Product	Beers with many flavours and different fermentation process; New recipes of beers; Beer subscribing clubs; Growlers	Premium beers; “Craft” beers from breweries acquired by big breweries
Process	Productive process adjusts due to lack of resources; Using can filling machines to produce craft beer can; Development of collaborative recipes with other breweries	High technology; Standardisation of brewing process
Organizational	Participation in programs to learn about innovation culture and cooperation in microbreweries developed by Sebrae; Partnerships; Sharing knowledge with other microbreweries	Consolidated R&D; CIT (Centre of Beer Innovation and Technology) launched by Ambev.
Marketing	Engaging with local communities; Use of social media; Open air events; Harmonizing beer and food	Premium beers competing with craft beers; Point of sale marketing strategies; Focus on low price

Source: Designed by the authors.

6 Conclusions

Innovation seems to be a key element, but it has different formats when we analyse the beer field institutional logics. To microbreweries, as being structure and set as Micro or Small Businesses, there is not a formalised innovation process nor a Research and Development department, so, it counts on internal and external ideas to develop company’s innovation, getting closer to the open innovation model in which there is an external input channel of ideas and innovation output. As they have shortage of resources, collaboration with other actors is paramount for microbreweries’ innovation, both in new products design, in productive processes and even in promotion and final selling. Despite not having a formalised innovation management process, microbreweries have been broadening their place in Brazilian market and make a change in beer consumption in specific niches that give

preference to quality in relation to quantity. Larger breweries have innovation management process, have their own staff to do it and are based on market information to innovate. Their technology centers aim to increase productive efficiency and create new products and recipes to ensure their market participation growth.

Two institutional logics were identified in the beer sector: microbreweries institutional logic, that manufacture craft beer and promote beer culture putting emphasis in product quality and domestic consumption; and the larger breweries logic, that have a national range due to distribution and are responsible for more than 90% of the market share. From larger breweries' logic, we can notice some fusion and purchasing movements in order to compete in the craft beer niche as well. By identifying these two logics, they were compared to show their differences and organizational formats. Finally, the innovation process inside the beer field institutional logics was described, highlighting microbreweries process.

Although microbreweries institutional logic has still need to evolve its innovative process in order to become more competitive, through this paper we can notice that microbreweries' innovation practices are transforming the beer field and the larger breweries are paying attention to these movements in order to absorb knowledge and apply it internally. This shows us that even if microbreweries actions are seen as "disorganised", they can change contexts held as stable. Thus, it may be seen as a theoretical contribution to institutional logic approach where we are evidencing the capacity of agency to transform the field in a stable context.

The main purpose of understanding how innovation is set in Brazil's craft beer producers institutional logic was reached since, through multiple cases and secondary source of data, it was possible to clarify the innovation process and the differences found between larger breweries and microbreweries institutional logics.

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