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SELLING YOUR SOUL TO THE DEVIL? THE IMPORTANCE OF INDEPENDENT OWNERSHIP TO IDENTITY DISTINCTIVENESS FOR OPPOSITIONAL CATEGORIES

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ABSTRACT

Research Summary

Oppositional categories emerge in direct ideological opposition to incumbent mass producers. In doing so, these oppositional categories, especially craft-based ones, emphasize their size (small), ownership (independence), and production methods (traditional) as important identity codes—critical for maintaining their distinctiveness from the incumbent category. However, we lack theoretical insights into how oppositional category members respond as (former) members defect by joining the incumbent category they challenge and ideologically oppose. Therefore, taking an identity lens, our study explores the following research question: *As members sell to incumbents, how do the remaining members of the oppositional category attempt to maintain the distinctiveness of the collective identity?* Our findings reveal incumbents' acquisitions of oppositional members open the opportunity to elevate the importance of ownership (independence) as a distinctive identity code.

Managerial Summary

Craft categories often emerge by opposing large, dominant corporations. This David versus Goliath mentality helps establish distinct differences between the two groups of firms. However, as owners of the craft organizations grow and sell (to the opposition), this can erode the core attributes that originally made the craft category distinct. We find that as craft brewers sold their breweries to mass producers it did just that—led to considerable confusion in what constitutes a “craft brewery.” However, the craft brewing collective rallied together to identify “independence” as the core feature of craft brewers—one that cannot be bought or copied by the opposition—in hopes they can maintain their distinctiveness from mass producers.

INTRODUCTION

In many industries, the goal of the small is to get bought out by the big. When I think of the entrepreneurs behind craft brewing companies, this goal is antithetical to their personal credos and is of no interest. Paul Gatz, The New Brewer

An extensive body of research emphasizes the importance of a distinctive identity in emergent market categories (see Durand & Khaire, 2017; Vergne & Wry, 2014). Collective identity—a shared understanding of “who we are” and “what we do” among members—is instrumental to new market categories, helping them to differentiate themselves from existing categories and to attain legitimacy (Navis & Glynn, 2010; Wry, Lounsbury, & Glynn, 2011). Through the establishment of inclusion criteria or identity codes, market categories demarcate rules of conduct for members of the category to which they must conform (cf. McKendrick & Carroll, 2001; Verhaal, Hoskins, & Lundmark, 2017). Identity codes help establish distinctiveness for categories and can be based on characteristics of producers, products, or a combination of both (Hannan, Polos, & Carroll, 2007). The distinctiveness of the collective identity is particularly relevant to oppositional categories, or those categories formed in direct ideological opposition to the

existing dominant logic embodied by incumbents (Hsu & Grodal, 2020; McKendrick & Hannan, 2014; Verhaal, Khessina, & Dobrev, 2015).

Oppositional categories have become increasingly prevalent in today's economy, such as in the energy (Sine, Haveman, & Tolbert, 2005), food (Durand, Rao, & Monin, 2017; Weber, Heinze, & DeSoucey, 2008), and beverage (Frake, 2017; McKendrick & Hannan, 2014) industries. In such categories, the category's distinctive collective identity—an oppositional identity—forms around authenticity claims and hinges to counter-mainstream codes that challenge incumbent practices (Carroll & Swaminathan, 2000; Rao, 2009). Oppositional market categories rely on an ideological differentiation between groups—through claims challengers make against specific, alleged ill-doing incumbents (Verhaal et al., 2015). In doing so, emergent oppositional categories often use discourse to establish their identity codes, thereby framing the incumbent category as a common enemy they collectively contest, such as with a “David” versus “Goliath” narrative (Liu & Wezel, 2015; Pozner & Rao, 2006).

As a result of this sharp ideological distinction, current theory posits “a strong oppositional identity ought to slow the flow of defections and stabilize the coexistence of the two [categories] interpretations” (Negro, Hannan, & Rao, 2011, p. 1454). However, members of numerous oppositional categories have defied these expectations as they defected by selling to conglomerate incumbents, including food (e.g., Ben and Jerry's sale to Unilever), personal care (e.g., Burt's Bees to Clorox), and hygiene (e.g., Tom's of Maine to Colgate-Palmolive). These acquisitions conflict with existing explanations of defections and oppositional categories. Indeed, so far, scholars have primarily focused on the incumbent category responding to a successful oppositional category by borrowing or copying codes that drive their success (Rao, Monin, & Durand, 2005). Yet, these imitation strategies only involve incumbents (i.e., outsiders), which are deemed inauthentic imposters as they lack the distinctive oppositional identity and thus pose little long-term threat to the oppositional category (Carroll & Swaminathan, 2000; Pólos, Hannan, & Carroll, 2002).

In contrast to imitations, oppositional category members selling to incumbents challenge the continued existence of the oppositional category. This is because these actions are aided by internal forces—they involve prior members of the oppositional category (i.e., insiders)—and can endanger the distinctiveness of the oppositional identity. Maintaining a distinctive collective identity vis-à-vis the incumbent category is critical to prevent confusion among audiences and thus to protect the durability of the oppositional category (Lo, Fiss, Rhee, & Kennedy, 2020). However, we lack theoretical insights into how oppositional category members respond as (former) members defect by joining the incumbent category they challenge and ideologically oppose. Therefore, taking an identity lens, our study explores the following research question: *As members sell to incumbents, how do the remaining members of the oppositional category attempt to maintain the distinctiveness of the collective identity?*

We address this question through an inductive, longitudinal field study of the U.S. brewing industry. We chose the craft brewing industry because despite being known to possess a strong oppositional identity (Mathias, Huyghe, Frid, & Galloway, 2018; Verhaal et al., 2015), craft brewers (oppositional category members) have engaged in a flurry of defections by selling to the mega breweries (incumbents)—largely initiated by Goose Island's 2011 sale to AB InBev. These actions are particularly problematic in the craft brewing category, since the category centers around three oppositional identity codes—size (smallness), ownership (independence), and production methods (traditional)—that stand in direct contrast to incumbents (Carroll & Swaminathan, 2000; Mathias et al., 2018; Verhaal et al., 2017). In addition, a study investigating post-acquisition responses of audiences substantiated that these events ought to be a vital concern for the craft brewing category (Frake, 2017).

Our work shows that an increasing number of oppositional category members selling to incumbents led to two characteristic and entwined processes. First, incumbent buyouts did not alter the oppositional identity

codes, but prompted shifts in the code centrality, or relative importance of the identity codes. Specifically, the oppositional category shifted from an emphasis on the product-based codes (i.e., craft beer) to the producer-based codes (i.e., craft brewer) over time as they recognized that members selling to incumbents raised the importance of underscoring their independence—rendering ownership the most central (i.e., important) identity code of the oppositional category. Interestingly, whereas Lee, Hiatt, and Lounsbury (2017) show that the meaning of “organic” shifted from producer to product, we uncover the opposite for “craft” and theorize why this occurs. Second, we extend identity research as it relates to market categories by introducing the notion of co-opting. Co-opting denotes the actions taken by outsiders to an oppositional category to adopt identity codes of that category for their own advantage. We find that in contrast to imitation strategies—driven by external forces only—acquisitions of oppositional category members represent an effective strategy to co-opt oppositional identity codes—as internal forces assist in these efforts. Consequently, oppositional categories can attempt to maintain identity distinctiveness by increasing the centrality of those codes that cannot be co-opted and decreasing the centrality of those that can.

Our theorizing makes a number of important contributions. First, whereas previous research widely examines how market categories emerge by distinguishing themselves from incumbents, we explore a component of market evolution that has received less attention, specifically, how movements of “insiders” can ultimately alter the centrality of oppositional identity codes. We theorize that oppositional category members' growth and selling to incumbents will undermine product quality claims, rendering independent ownership of the producers a defining identity code. Second, we extend recent research on ownership-based identities (Syakhroza, Paoletta, & Munir, 2019) and the notion of categories as judgment devices (Arjaliès & Durand, 2019; Paoletta & Durand, 2016). Specifically, our work reveals that producer-based oppositional codes are superior in corroborating authenticity as incumbents cannot co-opt them. Third, our study provides a more fine-grained understanding of intercategory dynamics, and the on-going ideological tensions between oppositional and incumbent categories (Durand & Thornton, 2018). We theorize why and how oppositional and incumbent categories can start to converge—and attempt to again diverge—over time. In doing so, we respond to Durand and Paoletta's (2013) call to enlarge our knowledge of market categories' temporal dynamics.

THEORETICAL CONTEXT

Identities and Growth of Oppositional Categories

A substantial body of research underscores the pivotal role of collective identities in market category emergence, in general (e.g., Fiol & Romanelli, 2012) and for oppositional market categories, in particular (e.g., McKendrick & Hannan, 2014). Oppositional categories are defined as categories which form through ideological opposition vis-à-vis incumbent categories (Verhaal et al., 2015). Scholars have examined such categories across numerous industries and contexts, such as craft brewers opposing mass producers (Frake, 2017), modernism opposing traditionalism in winemaking (Negro et al., 2011), green energy opposing brown energy (Sine et al., 2005), organic agriculture opposing conventional agriculture (Lee et al., 2017; Weber et al., 2008), and nouvelle cuisine opposing classical cuisine (Rao, Monin, & Durand, 2003), among others.

Oppositional categories do not necessarily provide objectively superior offerings compared to the existing ones, but they rely on ideological and identity-based differences to differentiate themselves from current market players (Verhaal et al., 2015; Verhaal et al., 2017). That is, their members cohere around a belief system about how the world should work that opposes the dominant market practices (Rao, 2009)—their oppositional ideology. Akin to social movements, this shared ideological belief system shapes oppositional category members' understanding of “who we are (not)” as a collective—their oppositional identity—and spurs collective action (Pozner & Rao, 2006). Therefore, oppositional categories do not simply challenge

mainstream categories with new or different products, but their ideological belief system fundamentally opposes incumbent categories and their corporate logic.

Existing literature further indicates that oppositional categories exist in markets where authenticity is salient, especially craft-based categories (e.g., Frake, 2017; McKendrick & Hannan, 2014; Verhaal et al., 2015; Weber et al., 2008). By craft-based categories, we refer to those categories comprised of members that produce and sell products or services which possess a distinct artistic value resulting from a high degree of manual input (Pret & Cogan, 2019). These firms emphasize craft production techniques and methods, such as noting they draw heavily on tradition (Dacin, Dacin, & Kent, 2019; Kroezen & Heugens, 2019) as they create “handcrafted,” “high-quality,” and “artisanal” products (Beverland, 2005; Weber et al., 2008). Besides tradition as a key product characteristic, they also emphasize size as they engage in “small batch” production (Verhaal et al., 2017). Craft-based categories contrast these codes to the incumbent category they ideologically oppose, such as by highlighting how incumbents focus on mass-production, automation, and homogenous product offerings (Sasaki, Ravasi, & Dacin, 2019).

Recent studies emphasize this increasing “moralization” of new, value-laden categories that use codes to imply judgments for what is good (or desirable) and what is bad (or undesirable) (Arjaliès & Durand, 2019; Durand & Thornton, 2018; Vergne, 2012). In essence, craft-based categories insist on oppositional codes to invoke moral judgments about mass producers and mass production, such as small over large, hand-crafted over automated, high-quality over efficient, and local over conglomerate (Sasaki et al., 2019). Thus, craft-based categories represent a type oppositional category that is value-laden, and their members compete collectively to grow their respective craft-based categories relative to the opposition (David, Sine, & Haveman, 2013; Mathias et al., 2018).

Generally, growth of a category and its respective members represents a focal indicator of category legitimation (Navis & Glynn, 2010; Wry et al., 2011). As firms are successful and grow, they can attract attention from larger, more-established firms in their industry, which can lead to acquisitions. These events (e.g., Google’s purchase of a tech start-up) can confer benefits to target firms in terms of reputation, brand recognition, and legitimacy (Drori & Honig, 2013; Lockett & Wild, 2013). For oppositional categories, however, particularly those that are craftbased, both growing and selling stand in stark contrast to their oppositional identity. First, small-scale production constitutes an inherent part of the appeal of the oppositional category and its members (Carroll & Swaminathan, 2000; Sikavica & Pozner, 2013). Thus, the collective identity preempts growing beyond a certain threshold without violating the oppositional code of size (Dobrev & Kim, 2019). Second, buyout offers for oppositional category members will likely originate from the incumbent category. However, rather than conveying benefits, selling to those incumbents which they purport to ideologically oppose represents a violation of the oppositional identity. Therefore, one member’s defection could have damaging repercussions not only for the firm itself but also for the category as a whole.

Defections and Evolution of Oppositional Categories

Previous research has taken up the call to explore the dynamics of categories that define themselves in direct opposition to one another. For instance, in their study of French gastronomy, Rao et al. (2005) highlight how the distinction between classical and nouvelle cuisine, which emerged in opposition to one another, weakened as chefs borrowed codes from the other category. Similarly, taking a resource partitioning lens, Carroll and Swaminathan (2000) illustrate how the increasing concentration of generalist incumbents (i.e., mega-breweries) gives rise to specialist firms (i.e., craft breweries). As specialists experience success, generalists can begin copying them, thus infringing on their resource space. Indeed, scholars have built on this work to show when firms span two opposing categories—often achieved via

borrowing from and mimicking the challenger category—this can lead to category evolution and reinterpretation (Carroll, Dobrev, & Swaminathan, 2002; Negro et al., 2011; Sikavica & Pozner, 2013).

Scholars have mostly attended to the defections of “outsiders,” such as incumbents or other hybrid firms, and much less attention has been paid to how actions by “insiders” can also affect category dynamics. Among studies taking an insider perspective, Rao et al. (2003) demonstrate how insiders of classical cuisine defected by abandoning classical cuisine for nouvelle cuisine, leading to shifting category dynamics of French gastronomy. A recent study by Syakhroza et al. (2019) further suggests that when insiders engage in identity code violations, other insiders will be more likely to refrain from similar defections, as they are expected to disapprove of and sanction any act of insider deviance. Therefore, insider defections are unlikely to lead to category-wide change (Syakhroza et al., 2019).

However, in the craft brewing context, despite the strong oppositional identity (Verhaal et al., 2015) and villainization of early defectors, craft breweries did not refrain from following Goose Island's clear deviant behavior—their 2011 sale to AB InBev. Instead of refraining, more than 20 craft breweries followed suit by selling to mass producers, leading to significant category-wide changes and a possible shift from product-based identity codes to ownership- or producer-based codes of the category over time, which contrast with findings from recent studies (e.g., Lee et al., 2017; Syakhroza et al., 2019). Therefore, we explore a specific type of insider defection in oppositional categories—selling to incumbents—and its implications for the distinctiveness of the oppositional identity.

METHODS

Research Context – The Craft Brewing Industry

The setting for this article is the U.S. craft brewing industry, an oppositional market category established with strong anti-mass-production cultural sentiments (Carroll & Swaminathan, 2000; Frake, 2017; Mathias et al., 2018; Verhaal et al., 2015). Although the craft brewing collective emerged decades prior, the Brewers Association (BA)—the trade association comprised of craft brewers that promotes and protects American craft brewers, their beers, and the community of brewing enthusiasts—formalized “what a craft beer and a craft brewer are” in 2006. The BA emphasized three core codes underlying the oppositional identity: small, independent, and traditional. The BA, and particularly its definition, provided craft breweries with clear guidelines both for membership in the category and its position vis-à-vis other categories. This shared understanding of “who we are” and “what we do,” or a collective identity, helped create cohesion within the emerging market category; perhaps more importantly, it also created collective beliefs around “who we are not” and “what we do not.”

Craft breweries' battle against incumbents is a significant one in the economy. By 2018, estimates indicate the economic contribution of the craft brewing category is more than \$80 billion (Brewers Association, 2019). Craft brewing has emerged as one of the most rapidly growing oppositional categories, representing 98% of today's breweries in the United States. From fewer than 50 craft breweries in 1980, the craft brewing segment has precipitously grown to 7,346 breweries in 2018, with roughly 2,500 more breweries in-planning (Brewers Association, 2019). The U.S. craft brewing category has also experienced a dramatic rise in market share—growing from roughly 4% market share in 2008 to nearly 13.2% in 2018 (in volume terms)—with market share growth anticipated to continue (Brewers Association, 2019). Concurrently, domestic U.S. beer sales have remained flat, and the rise of craft brewing accounted for the only growth in the industry, leading to a different competitive landscape and declining revenues for mega-breweries (AB InBev, 2016). To tap into this fast-growing, lucrative market and to combat market erosion, mass producers first imitated craft brewers by developing their own craft-like brands (Carroll & Swaminathan, 2000), but that strategy proved ineffective at preventing market share erosion, and thus, more recently have sought to

acquire craft breweries. Table 1 demonstrates the craft brewery acquisition spree over the past decade. Following the definition by the BA, we define acquisition as the purchase of 25% or more of the ownership of a craft brewery.

Data Collection

Through an inductive, longitudinal field study, we gained a detailed understanding of how oppositional category members initially responded to incumbent buyouts in the brewing industry and how this evolved over time. We collected archival data from the origination of the oppositional category, as well as conducted first-hand fieldwork over a 9-year period. We draw upon multiple forms of data, including semistructured interviews, nonparticipant observation, and archival records.

Semistructured Interviews

From 2011 to 2019, we conducted face-to-face (or phone) interviews with 34 different founders/owners of craft breweries in the United States., including multiple interview rounds with a number of our informants during this period (see Table A1 for details on our interviews). We identified initial participants through personal networking, via archival search, and by posting a participation request on the BA and ProBrewer listservs. Some of our first interviewees resided in (or were originally from) the Chicago area, where Goose Island had recently sold to AB InBev. Subsequently, we used purposeful sampling (Glaser & Strauss, 1967) and snowball sampling (Denzin & Lincoln, 2000) to find relevant additional participants. We interviewed a diverse range of craft breweries, including breweries from every major region of the United States., from the smallest (no employees) to some of the largest (hundreds of employees), and from nascent breweries to industry pioneers (founded in the 1980s). We also interviewed owners who subsequently sold their craft breweries to mass producers. The semistructured interviews lasted between 1.5 and 2 hr, which we digitally recorded and transcribed. Our interviews centered on craft brewers' perceptions of and responses to acquisitions, as well as the evolution of the category. We also kept detailed field notes of our key takeaways from each interview.

Nonparticipant Observation

During our 9-year observation period, we attended 22 craft brewing events (e.g., Great American Beer Festival, guild meetings) to meet, interact with, and learn from craft brewery owners about major events occurring in the industry. More specifically, these events allowed us to gather insightful data pertaining to how craft breweries felt and thought about recent acquisitions and what implications they perceived these might have. We took field notes during and after our attendance and discussed the discourse and dynamics we observed with the author team. Further, over the past 5 years, the lead author has hosted craft brewery owners as guest speakers each semester. Through classroom Q&A and discussions following the guest lecture, these interactions have offered insights into the general state and evolution of the industry as well as the specific impact of acquisitions on their own breweries.

Archival Documents

To increase internal and external reliability of our analysis, we supplemented our interview and observational data with data from archival sources. After obtaining BA membership, we gained access to the most extensive statistical database, annual reports, and newsletters on the U.S. craft brewing industry. We further read the most widely used online discussion forums among craft breweries in the United States—the message boards on BrewersAssociation.org and ProBrewer.com. In addition, we gathered all the issues of the U.S. craft brewing industry's official trade journal, *The New Brewer*, published digitally since 2000, and examined each article pertaining to the category and its embattled response to mass

producers, and particularly, the wave of acquisitions. We also consulted quintessential books of the craft brewing industry, including *Barrel-Aged Stout* and *Selling Out*, *The New World Guide to Beer*, *The Complete Joy of Homebrewing*, and *The Audacity of Hops*. We also read autobiographies of influential figures in the U.S. craft brewing industry, which offered detailed insights into the formation and evolution of the category. Finally, we inspected mass media newspaper and magazine articles that offered a wide array of information on the history and current events of the craft brewing industry. Table 2 offers a detailed list of our data sources.

Data Analysis

Our analytical approach involved a multistage process, deriving insights iteratively from the multiple sources of data previously described. Ultimately, this process allowed us to understand the temporal dynamics of identity distinctiveness maintenance in oppositional categories. In our analysis, we found the centrality of the codes attached to the craft brewing category, underpinning its collective identity, has shifted in subtle yet critical ways, which we expand further upon in the findings.

Stage 1: Historical Reconstruction of Key Events and Actions

We began our analysis by using the archival data sources to deepen our knowledge of the origin and evolution of the craft brewing industry. We detailed a chronological history of vital events, actions, and changes with regard to the distinctiveness of the oppositional identity. In this stage, we devoted attention to the actions taken both by insiders (i.e., oppositional members) and outsiders (i.e., incumbents).

Stage 2: Data Coding

As a next step, we engaged in line-by-line reading of the media articles, industry reports, trade publications, and our initial transcribed interviews. We followed an open-coding approach (Strauss & Corbin, 1998) in which we attended particularly to how the oppositional category and its members responded to Goose Island's sale to AB InBev. We found their responses were largely consistent with one another, yet, as our research progressed and more craft breweries sold, we noticed marked changes in the nature of the responses over time. We also understood at this stage that this concurred with alterations with regard to the oppositional identity. Initially, the BA asserted that craft beer only came from craft brewers, but they soon abandoned attempts of defining “craft beer” and instead focused only on defining “craft brewers.” See Table 3 for the initial and current definition of a U.S. craft brewer, as well as the revisions made by the BA over time.

Stage 3: Identification of Four Eras

We then stepped back and more carefully considered the observed process by “visually mapping” our data—an organizing strategy to graphically display our process data over time (Langley, 1999). In so doing, we recognized the process appeared more parsimonious than we initially conceived. We realized the identity shifts we observed reflected subtle shifts in the three identity codes of craft brewers and typical of craft-based categories, in general. We then constructed a chronological display (Figure 1) to chart the temporal sequence of events in the brewing industry, particularly those surrounding acquisitions, the responses to them, and the evolving centrality of the codes that comprise what it means to be a craft brewer. As part of this process, we employed a strategy of “temporally bracketing” our data, a technique particularly well-suited for structuring longitudinal data into successive time periods (Langley, 1999). This allowed us to organize our theoretical ideas and themes that emerged and compare them across units of analysis (i.e., eras). We found great continuity and consistency within while distinct and important discontinuities across four eras—growth era, sellouts era, ambiguity era, and independence era.

Stage 4: Development of a Phased Process Model

Once we identified the four eras, we realized that we could compare them across core theoretical dimensions—identity process, code centrality, role of insiders, and role of outsiders. In this final stage, we also closely examined the transitions from one era to the next and assessed the distinctiveness of the oppositional identity during each era. We summarize our findings through the development of a phased process model (Figure 2), which serves as a roadmap for the findings section and provides the bases for our theorizing in the discussion section.

To ensure we conducted our analysis systematically, the authors consistently discussed field notes and relied on peer debriefing (Lincoln & Guba, 1985). We also employed member checks by verifying our emerging findings with study participants (Locke & Velamuri, 2009). In addition, we quantified how the oppositional identity codes have evolved over time by examining the primary publication of the craft brewing category (The New Brewer), which offers a supporting role in helping us verify the core of our qualitative findings (shown and described in more detail below). Together, the process of (a) triangulating our data through multiple primary and secondary sources, (b) employing multiple organizing strategies (e.g., visual mapping, temporal bracketing) to systematically analyze our data, and (c) adopting multiple approaches to enhance the trustworthiness of our analytical procedures (e.g., peer debriefing, member checks), offers significant reliability in our findings.

FINDINGS

Our analysis elucidates how, in the face of acquisitions, the craft brewing category sought to maintain the distinctiveness of their oppositional identity. We focus on the four eras and show how they centered on differences in identity processes and code centrality. We also elaborate on the interplay between actions taken by insiders (i.e., oppositional category members) and outsiders (i.e., incumbents), and their implications for the distinctiveness of the oppositional identity over time. Figure 2 serves as our guiding framework; the organization of our findings follows the arrows in the “reciprocal tensions” row and reflects the chronological order in which our core theoretical dimensions evolved over time. This explains why, for example, in the growth era, we move from “leveraging identity” down to “outsider role” but begin with “outsider role” and move upward in the figure for the sellouts era, and so forth.

Growth Era (2006-2011)

Identity Process: Leveraging

Although the central characteristics of the collective of American craft brewers emerged during the craft brewing renaissance of the 1970s and early 1980s, these became formalized when the Brewer’s Association provided a definition for “what a craft brewer is” in 2006 with three central codes underlying its identity: small, independent, and traditional. These identity codes were not unique to the craft brewing category, but indicative of oppositional categories in general, which typically emphasize size (small compared to large), ownership (independent from a conglomerate), and production methods (traditional and artisanal compared to corporate and commercial). Thus, each of these identity codes diverges sharply from the mass-producing incumbents.

In reflecting on the importance of this formal definition, Julia Herz—program director for the BA—noted on the BA website that “when the BA definition was created, a collective group was born” and that the definition offered a means of differentiation that helped craft brewers “by collectively taking the U.S. beer palate beyond mass-produced American lager.” Consistent with prior research on the oppositional nature of the craft brewing category (Carroll & Swaminathan, 2000; Frake, 2017; Mathias et al., 2018; Verhaal et

al., 2015), our early interviewees emphasized that the BA, and its corresponding definition, provided craft brewers with a shared understanding of “who we are” that helped create cohesion within the collective while also creating clarity around “what we do not do” and “who we are not.” Craft brewers highlighted the oppositional nature of their collective identity and its importance in creating an “us” versus “them” narrative that differentiated themselves from the incumbent category. Our initial respondents referred to mass producers as “inauthentic” and “evil corporations” that “ruined beer in America.”

Code Centrality: Size Focused

Although members of the craft brewing category drew attention to all three identity codes, none was more emphasized than the notion of smallness during our early interviews. Our craft brewer informants referred to the mass producers as “Big Beer” or the “Big Three” (i.e., Bud, Miller, Coors), and many invoked the metaphor of David versus Goliath as they shared their perspective about the challenges for the category. They suggested that this small versus large narrative helped win over audiences, such as policy makers and consumers, who place great faith in the ability of small organizations to produce and deliver high-quality specialty products (Carroll & Swaminathan, 2000, p. 729). Generally, in market categories, being large and established can confer legitimacy and serve as source of competitive advantage (Aldrich & Auster, 1986; Freeman, Carroll, & Hannan, 1983). In contrast, the emergence and success of craft brewers indicated increased consumer demand for products from smaller firms. Our respondents indicated that smaller scale production, as opposed to mass production, provided them with unique advantages by implying higher quality beer.

For us, competition wise, we see it as the big three [Budweiser, Miller, Coors] ... I think we realize that we're not going to do this on our own. It takes all of us craft brewers to convince people that locally handcrafted beer made with care, and not some mega factory is good. Colorado Brewery Owner, Interview (2014, reflecting on growth era)

We learned start-up companies have some important advantages over large companies. The media and many other businesses are always rooting for David over Goliath. Exploiting these advantages is essential to success. Brooklyn Brewery Owner, Autobiography (2007)

This emphasis on smallness in the growth era is also apparent from Figure 3, showcasing the number of instances in which one of the three central codes of the craft brewing identity was raised in The New Brewer Annual Industry Review Issue—the annual, quintessential publication of the BA and craft brewers in the United States.

Insider Role: Growing

In part, leveraging these identity claims helped usher an era of tremendous growth for the craft brewing category and its members. From 2006 to 2011, the volume of the category grew 62%, the number of craft breweries grew 40%, and the market share of the category grew nearly 70% (Brewers Association, 2019). Toward the end of the first era, member growth even led to a revision of the size component (smallness) in the BA definition, as shown in Table 3. Essentially, the craft brewing category acknowledged and embraced that one of its pioneers was growing at a remarkable rate, or in the words of BA director Julia Herz, “Our board of directors decided not to penalize the most rapidly growing of our craft brewers for coming of age, for success.” Therefore, although size remained important, its relative importance as a distinctive identity code began to diminish.

Outsider Role: Copying

As the incumbent category began to consistently lose market share to the oppositional category of craft brewers, opportunistic actions followed as suggested by prior theory (Carroll & Swaminathan, 2000; Negro et al., 2011; Rao et al., 2005)—mass producers began to imitate their smaller rivals' consumer-winning styles, developing their own craft-like brands, such as Blue Moon and Shock Top. However, these imitation efforts reflected actions undertaken by outsiders who clearly do not adhere to the oppositional identity, and thus, actions that audiences deemed inauthentic. Accordingly, incumbents' attempts to copy oppositional identity codes did little to stop the dramatic fall in market share for the incumbent category, including a 10% market share loss over the span of just 5 years. Thus, craft brewers, both the category as a whole and the majority of its members, continued to grow unabated. Throughout this growth era, the distinctiveness of the oppositional identity was very clear.

Sellouts Era (2011-2014)

Outsider Role: Acquisitions

Although mass-producing incumbents attempted to borrow strategies of craft brewers and copy oppositional identity codes, this strategy proved ineffective at curtailing their market share loss. Thus, they turned to an alternative strategy, as they looked to offset their lost market share by buying up craft breweries. Although mass producers acquired a few craft breweries before 2011, AB InBev's March 2011 purchase of Chicago's flagship craft brewery, Goose Island, shocked most in the craft brewing category and served as the catalyst that ushered in a wave of future acquisitions. Indeed since, mass producers have been on a craft brewery buying spree, as illustrated in Table 1.

Insider Role: Renouncing Sellouts

Goose Island, by being the first major craft brewery acquired in recent history, bore significant criticism for being, in the words of several of our craft brewer interviewees, “a sellout.” Largely, the craft brewing category expressed disbelief and disappointment with Goose Island. Shortly after the acquisition, a Chicago brewery owner revealed in an interview with us his concern over the Goose Island purchase while a San Diego brewer responded by expressing his allegiance to the industry by never selling.

When InBev acquired them [Goose Island], I think people recognized that they could kill the soul of Goose Island. Lakeside Chicago Brewery Owner, Interview (2014)

One way I pledge to keep this industry awesome is by never selling my brewery to big beer. I'm not going to screw the people who made my success possible in the first place. That would be an unethical choice I could never be proud of. San Diego Brewery Owner, California Craft Brewers Conference (2014)

Numerous craft breweries stated that being part of the oppositional category of craft brewers meant upholding, in the words of one of our Colorado craft brewery owner interviewees, an implicit “social contract”—selling to Big Beer represented a direct violation of that social contract. Our respondents frequently used terms such as “sad,” “depressed,” and “betrayed” to describe how they felt about the initial acquisitions and often equated these events as acts of joining the enemy, such as a Washington brewery owner who claimed on his website that selling to Big Beer was like “turning your back on the very movement that allowed your success.”

John Laffler, a manager at Goose Island who remained at the company following the AB InBev acquisition, admitted to a Chicago media outlet that after the sale numerous craft breweries questioned how “he could work for the devil.” Likewise, another manager at Goose Island conceded to a business reporter that “the

first six months were really bad,” and that “there was a lot of pushback,” while the co-founder of Goose Island also offered a similar sentiment:

AB is historically viewed in our community as a Goliath who comes in and decimates and controls through very aggressive buying and marketing practices, making it very difficult for craft brewers. How true that is, that's an opinion, but it's a very widely held opinion. You grow up in brewing and everyone around you thinks they're the bad guys, and that we're all in this together against them. John Laffler, Goose Island Manager, Chicagoist (2012)

When you're a small and independent craft brewery, you don't have a lot of haters. But when you hook up with a much bigger operation, you end up having access to a lot more people. Some of the people that we were around before become pretty loud in their distaste for that. Greg Hall, Goose Island Co-founder, MarketWatch (reflecting on 2011)

In 2014, AB InBev purchased craft breweries Blue Point and 10 Barrel, which provoked a similar backlash, as an echo of sellouts reverberated in the craft brewer community.

M&A isn't a term I use a lot. I think you mean “selling out.” CA Brewery Owner, Fortune (2015, reflecting on 2014 acquisitions).

Notably, whereas imitation reflects a defection that only involves outsiders, the series of acquisitions posed a more serious threat to the oppositional category as they involved “insiders.” For oppositional category members, the issue was not only that these brewers gave up their independence by “selling out,” but in doing so, craft brewers perceived that sellouts threatened the category by contradicting its espoused oppositional ideology. As an Illinois craft brewery owner noted in one of our 2014 interviews, acquisitions “reflect poorly on all of us.” During this time, many craft brewery owners—in our interviews, through media coverage, and via online forums—both chastised breweries for selling out and verbalized their concerns over the potentially damaging effects these actions could have on the craft brewing category, especially because they represented deviant actions from formerly well-respected insiders. Table 4 offers additional evidence for the distancing from defections aided by insiders during the sellouts era.

We have seen the likes of Blue Moon, Pyramid, Magic Hat, Kona, and Anchor Steam give the biggies a larger control of the craft action. With enough bought up craft companies and their power of marketing, and control of distribution is going to close the rest of us out of good distribution opportunities. To me this bodes ill for all of us. VA Brewery Owner, ProBrewer Forum (2011)

I'm not supportive of these massive buyouts. I think we'll see a lot of great names fall as their brands are stretched and diluted into a big company's portfolio. It means the small brewers need to revise how they think and react. Brewery Owner, ProBrewer Forum (2011)

Code Centrality: Equal

As the craft brewers excluded those potentially harmful sellouts and considered them no longer “one of us,” they emphasized all three codes underlying the oppositional identity since the category's origination. This leads us to qualify this period of code centrality as equal. There were no signs of doubt with regard to who belonged to the craft brewing category (and who did not). Indeed, size, ownership and production methods remained key criteria for inclusion and their centrality was relatively similar. However, this would change as time passed and more acquisitions ensued.

Identity Process: Reaffirming

Oppositional categories, such as the craft brewing category, directly oppose the dominant market logic of incumbent firms. Accordingly, we found craft brewers initially viewed acquisitions as direct violations of their oppositional identity, suggesting that selling contradicted the ideologically driven concerns (e.g., independence, smallness, and traditional production methods) that prompted the category. Importantly, craft brewers feared these acquisitions could harm the category as a whole by reducing the distinctiveness of their oppositional identity. Therefore, craft brewers initially reaffirmed their identity by implicating the insiders who sold and by casting them as rogue, deviant sellouts. This process resulted in reinforced distinctiveness of the oppositional identity.

Ambiguity Era (2014-2017)

Identity Process: Questioning

The year 2015 saw a wave of acquisitions from most major beer conglomerates, including Heineken, MillerCoors, Constellation Brands, and AB InBev, with their purchases of craft breweries Elysian, Lagunitas, Saint Archer, Golden Road, Ballast Point, Four Peaks, and Breckenridge. In their 2015 annual review issue, *The New Brewer*—the official trade journal of the BA—reiterated the category's stance on the issue:

Who's next? Pundits might well pose that question after a tumultuous 2015 that saw Lagunitas Brewing Co. partner up with Heineken, Constellation Brands dash off a billion-dollar check for Ballast Point Brewing Co., and Anheuser-Busch InBev fill its shopping cart with breweries of varying sizes... In the past year, some of these former craft brewers traded away autonomy, control of their companies and brands, and a sense of "you're one of us" with core customers and members of the craft community. (2015 Review Issue)

Although the BA's hard-lined approach to the craft brewer definition delineated sharply that craft brewers forgo being "one of us" once they sell to a mass producer, it seemed the craft brewing category was becoming a victim of its own success. The growth of its members coupled with the increasingly lucrative incumbent buyout offers accepted fostered a lack of clarity around the oppositional identity. The collective of craft brewers found themselves without a clear sense of "who they were" and "what it meant to be craft."

Code Centrality: Ambiguous

During this period, the oppositional identity came under question by the category. As noted by brewing industry expert and author Josh Noel, "By 2016, the simmering conflict no longer announced the cries of sellout after each sale. A full-on introspection had begun. What had been created? What had been co-opted? Who had won? Who had lost?" First, during its emergence, the craft brewing category had emphasized size as the most central identity code, leveraging claims of small-scale production as a feature that distinguished craft brewers from mass producers. Yet, as oppositional category members grew, and many sold to incumbents, the contrast between small (David) and large (Goliath) firms became less clear, rendering size a less distinctive identity code. Second, as growth of the category and its members occurred, leveraging acquisitions as a means to grow became an increasingly accepted action among craft brewers. The bevy of acquisitions led to growing challenges in understanding who owned who, rendering ownership a less distinctive code. Third, the category initially emphasized traditional production methods as a core identity code, leveraging claims of quality, authenticity, artisanality, and handcrafted production as distinguishing craft brewers from mass producing incumbents. However, acquisitions enabled incumbents to co-opt these product-based identity codes, rendering traditional production methods a less distinctive code between oppositional and incumbent categories. Ultimately, the series of acquisitions confounded the identity codes

of smallness, independence, and traditional production methods. Table 5 provides additional examples of the increasing ambiguity around each of the oppositional codes during the ambiguity era.

Insider Role: Embracing Acquisitions

Like any growing oppositional category, the craft brewing category faced identity-based tensions around the notion of smallness. Our respondents began to acknowledge that many craft breweries had reached a point which, to do more of the same at a greater scale, they needed access to external capital, marketing, and management expertise. As such, we observed that oppositional category members became increasingly tolerant of acquisitions, with many beginning to consider selling as a viable growth strategy.

You like a smaller brewery now, but for them to be successful they need to grow. And that means eventually their owners may sell. Welcome to the economy, folks! Lakeside Chicago Craft Brewery Owner, Interview (2015)

We may be witnessing the next Major Era in American beer business, characterized by the rise of craft. Like the MacBook, the small will become the large. The New Brewer (2014)

We're bound to see a lot more sales and mergers. We have to come to terms with that. The micro/macro distinction used to be clear and simple. Not so anymore. All About Beer (2015)

Accordingly, the majority viewpoint—that getting bigger and being acquired was incompatible with the oppositional identity and meant selling out—began to be seriously questioned within the craft brewing category, creating frictions among craft brewers. An article published in Fortune Magazine in late 2015 aptly suggested, “You'd be hard-pressed to find a more divisive issue in the craft beer community than Big Beer's shopping spree of small [craft] brewers.”

We conducted our interviews with craft brewery owners between 2011 and 2019, yet even over this relatively short timeframe, we observed identity-based tensions within the oppositional category. Initially, the category members defined themselves relative, or in opposition, to mass producers. A Tennessee craft brewery owner we interviewed in 2013 remarked that:

We [craft breweries] are doing things very different from them [mass producers] ... we don't like what they've been doing for the last 30 years. (2013)

Yet, the same respondent, in our interview in 2016, claimed:

I'm not 'that' guy [against buyouts]. The brewery is a business. It has to make money. (2016)

Likewise, a Louisiana craft brewery owner, who participated in numerous interviews over time, continually reiterated how he fervently supported the counter-mainstream codes of their oppositional identity. However, faced with the stark realities of brewery ownership and the growth opportunities presented to potential acquirees, he also began to show more sympathy for those craft breweries accepting buyout offers, and suggested he would likely act similarly if he was in their situation. In reflecting on Ballast Point's recent billion-dollar acquisition in late 2015, he exclaimed:

Ballast Point just sold for something like a billion dollars. I'd like to say that I'd be different, but if someone handed me a check for a billion dollars, I think I'd have a hard time saying “no.” SW LA Brewery Owner, Interview (2015)

In a seemingly paradoxical statement, another of our Louisiana interviewees, commenting on a recent acquisition in 2016, noted:

From the craft brewing industry side, it's selling out. Eventually that's going to directly affect me as Budweiser is going to start selling all these breweries' beer that technically aren't craft... But the entrepreneur, business-side thinks that its fantastic for them. You start this company, you grow it. I don't want to own a job forever, so moving on from the company and selling it for a whole lot more money than it took to start. I mean, that's part of being an entrepreneur. So, on that front, it is fantastic. SE LA Brewery Owner, Interview (2016)

Similarly, in his 2012 tweets, Tony Magee, founder-owner of Lagunitas Brewery, had criticized those who sold to mass producers, particularly Goose Island, referring to the act as “selling out” and to the big brewers as “monster companies.” Yet, 3 years later, Tony Magee, sold 50% of Lagunitas (and the remaining 50% in 2017) to mass producer Heineken, thereby contradicting his former statements. Even Paul Gatz, director of the BA, who had been outspokenly against craft brewery acquisitions, admitted at the 2016 Craft Brewers Conference: ‘When a craft brewer sells to a larger brewer, it's really hard to know what to think and feel.’

Thus, identity-based tensions surfaced both at the category level—that is, craft brewers debating among each other whether acquisitions should be considered an acceptable growth route—as well as at the member level—that is, craft brewery owners struggling with adhering to their initial ideological belief system. Through our interviews, we observed many craft brewers who had initially embraced smallness and eschewed growth, still attempted to hold on to this oppositional identity code. Yet, the practicalities of running a company in a growing and increasingly competitive category, contested their oppositional identity. As a Colorado craft brewery owner told us in 2015, “I am passionate about beer and believe in not compromising your values or your beer quality,” but also noted that, “running a brewery is a business. I think people definitely forget that at times,” while another of our craft brewery interviewees stated in early 2017:

It is really easy to sit here at a distance and criticize [acquired craft breweries], but even the people who have been adamant about not selling out are beginning to realize it is getting really hard to compete and that taking on an investor, like AB InBev, makes sense. (2017)

Although the craft brewing category established with the purpose of, in the words of one of our initial respondents, “being very different than those soul-sucking corporations,” the explosive growth of the oppositional category—with more breweries than ever in U.S. history— threatened its identity distinctiveness, particularly with respect to remaining small and independent.

In addition, despite many craft brewers' initial concerns that buyouts would greatly compromise the quality of the beer, many gradually acknowledged that acquired breweries continued to make great beer. As one of our interviewees suggested, “[acquired brewery] still makes great beer. They are still industry leaders and very supportive of us. They are great.” Similarly, another craft brewer published an article stating 10 reasons why people should continue to drink Goose Island beer; the brewery praised Goose Island for its continued dedication to innovation and offering a consistent, high-quality product post-acquisition.

If your final assessment of Goose Island comes down to an ironic scoff at 312 being brewed in different area codes around the country, congratulations on being a smug, holier-than-thou knee-jerker with no appreciation for or understanding of the bigger picture... By the time a brewery reaches the size where it starts to distribute well beyond its home market, the quality and consistency has to be there. Very few breweries are doing Belgian ales in oak secondary fermentation with fruit as well as Goose Island. IL Brewery Owner, Brewer Website (2015)

In fact, a robust analysis of Ratebeer.com and BeerAdvocate, two of the most popular beer ratings websites, found that acquisitions also had no material impact on audiences' perceptions of product quality (Frake, 2017). Despite traditional production methods (i.e., implying quality, authenticity, handcrafted) representing one of the identity codes of the craft brewing category, acquisitions began to undermine this code, as consumers began to perceive that both craft breweries and acquired breweries offered traditionally produced, high-quality craft beer.

Outsider Role: Co-opting

The distinctiveness of the oppositional identity was further challenged with regard to the traditional production methods as the incumbent category attempted to co-opt this identity code to claim it as their own. Notably, following acquisitions, mass producers (and their acquirees) claimed they continued to produce “craft” beers, as expressed in a video by the founder of a craft brewery acquired in 2017.

I'm pretty sure Pernicious was a craft IPA two months ago and I'm pretty sure it's a craft IPA now [after acquisition]. (2017)

Indeed, both parties involved—the acquirer and the acquired—repeatedly sought to ensure the craft brewing community that “nothing would change” following craft brewery acquisitions. For instance, AB InBev stated in a press release announcing a recent craft brewery purchase, “it intends to help craft beer brands grow with its investment and that they'll operate unchanged after acquisitions.” As consumer demand for products from quality-focused, artisan-oriented firms continued to grow, mega-breweries and their acquirees consistently asserted that nothing about the product, or its production methods, would change following the acquisitions.

If they liked it before, the beer is the same. The story and the heritage are there. The things that matter and the reasons why people buy beer are still intact. AB InBev President, Brewbound (2017)

Nothing's going to change... I think everyone out there needs to understand that we're still an Asheville brewery, we're still founders who are from Asheville and are going to be there every day. Wicked Weed (Acquired Brewery) Founder, Asheville CitizenTimes (2017)

All the beers are going to stay the same. St. Archer (Acquiree) Founder, PR Release (2015)

Given the success of craft breweries, mass producers sought to maintain the 'craft' branding strategy following acquisitions. Particularly, they changed little about the acquired brand's appearance or placement. Additionally, to curtail the notion of losing product quality, incumbents and their acquirees ensured the purchased firms would continue to operate independently, and thus, continue to offer high-quality and innovative beers. Table 6 offers additional evidence of such co-opting by the incumbents. Taken together, the distinctiveness of the oppositional identity was undermined during the ambiguity era.

Terrapin will independently operate as a business unit of Tenth and Blake, and it will continue to produce its own products, packaging, and brands. Tenth and Blake (Craft Division of Miller Coors) President, PR Release (2016)

This [acquisition] is only going to make us stronger. We just now have more support and resources at our disposal. I will have the ability to make more high-quality beer and have some amazing people teaching me more and helping me and the rest our staff evolve into better brewers. It has always been about the beer and always will be. Blue Point (Acquired Brewery) Brewmaster, Personal Website (2014).

Independence Era (2017-present)

The definition of craft beer hasn't just suddenly become problematic in the last year. Rather, it's an issue that has gradually moved into the spotlight over time, until it finally reached a critical mass in 2017. Jim Vorel, Paste Magazine (2018)

Identity Process: Shifting

The growth of the craft brewing category and its members led, in part, to acquisitions, which fostered divisiveness, and reduced clarity around the oppositional identity and the meaning of “craft.” Accordingly, the craft brewing category recognized that they needed to act to reestablish a unified and clarified front against mass producers by shifting focus, as each of the core identity codes had deteriorated. Although mass producers had irrevocably co-opted production methods (traditional) through acquisitions and craft brewer growth rendered size (small) less relevant, craft brewers began to realize ownership (independence) represented a potentially easier identity code to codify. However, the problem was that although independence appeared to matter to many audiences in defining a craft brewer (e.g., Frake's (2017) findings on the importance of independence to craft beer consumers), audiences did not readily know who owned who. As a California brewery owner indicated in our interviews, “It is hard to know if a company or brand is independent.”

Code Centrality: Ownership-Focused

During this period, the oppositional category and its members sought to highlight ownership as their key defining feature. As Figure 3 illustrates, in the final and current era, independence has grown to become the most emphasized code of what it means to be a craft brewer while the notion of smallness has waned. This evolution is also apparent from the BA's repeated alterations of the craft brewer definition over time, as shown in Table 3. Indeed, whereas the features of “small size” and “traditional production methods” were revised (in 2010 and 2014), and the latter even eradicated (in 2018), the notion of “independent ownership” has remained unchanged yet has become ever more important.

Insider Role: Emphasizing Producer-based Codes

Recognizing that audiences could not tell which “company or brand is independent,” the craft brewing category began to raise awareness about the “changing nothing” tactics surrounding acquisitions, such as failing to recognize the true owners (AB InBev) of the acquired brand (Goose Island) on beer labels or in online media, which they asserted obfuscated who the producer is by making it look as though the beer still came from a craft brewery. For instance, a San Diego brewery owner stated that these deceiving actions by incumbents led to an “illusion of choice” within the craft brewing industry while in our interview with a craft brewery owner and BA board member, she described these misleading actions as “anti-competitive”:

It's not the acquisitions you want to prevent. Acquisitions are going to happen, that's just part of what happens in business. What we want is to have some way to clearly show people who owns this company. Say, “Hey, your money is now going to a large foreign conglomerate, not to a small town in X state.” It's a matter of consumer knowledge. We need to make sure our lawmakers understand the anti-competitive practices that AB InBev is engaging in... consumers think they're supporting a local brewery when in fact they're supporting a brewery owned by AB InBev. MS Brewery Owner & BA Board Member, Interview (2017)

Sensing ownership, or independence, as a means of differentiation, BA leaders initially turned externally by demanding big brewers increase their transparency about (former) craft brewery ownership. However,

when those efforts stalled, BA leaders turned internally, as they began to elevate the importance of independence to the craft brewing collective. They started to refer to “independent craft brewers” rather than “craft brewers,” and the BA published a series of articles laying out “why independence matters.” Julia Herz, a BA director, asserted in 2017:

Independence matters because craft beer is not just about what's in the glass – it is also about who is behind the brands, their ethos, ethics, and business behavior... Independence is more vital now than ever. (2017)

Also in 2017, the BA launched the Independent Craft Brewer Seal and the Take Craft Back Campaign. The Take Craft Back Campaign represented a satirical crowdfunding and marketing campaign that denounced the misleading marketing tactics of mass producers, pronounced the raising of \$213 billion to buy AB InBev, and reiterated the importance of independence to the craft brewer community. The campaign also involved a call to action among its members to adopt the Independent Craft Brewer Seal:

The independent craft brewer seal is a handy tool for enthusiasts to easily differentiate beer from craft brewers and beer produced by other, non-craft companies. (2017)

The seal, developed by the BA, certifies that an independently owned craft brewery produces a beer. Currently, over 4,300 breweries (65% of craft breweries and 85% of craft beer produced) have adopted this seal, signifying their independence by placing the seal on their packaging, taproom signage, tap handles, menus, and websites (Brewers Association, 2019). As suggested in our 2017 interview with a New Orleans brewery owner who adopted the independent seal:

I think we're at the organic food crossroads in our industry, where getting a USDA Organic sticker on your food product bolsters those industries and smaller farms, smaller companies, and smaller this-and-that got bigger slowly and sold. It took a good eight, nine years for that to come to fruition... If a company gets sold, what are you going to do? When you want to devalue an entire industry by billions of dollars through acquisition, I have a serious fucking problem with that! I want everyone to know who you are and why they shouldn't buy your product! (2017)

Outsider Role: Emphasizing Product-based Codes

In response, incumbents emphasized similarities between the two categories, and accordingly, drew attention to the product and away from the producer. For instance, AB InBev has recently taken a financial interest in (craft) beer blogs (e.g., October, The Beer Necessities), with many articles devoted to convincing consumers that ownership is less important or even a non-issue. In addition, former insiders who sold have been critical of the BA's development of the independent label and the collective's continued efforts to maintain their distinctiveness from mass producers and those who have sold. As an acquired brewery owner noted in a recent online interview, “That independent label doesn't mean shit to me. It's all just beer.”

Identity distinctiveness maintenance in oppositional categories

Our inductively generated model (Figure 2) illustrates the phased process by which members of oppositional categories aim to maintain the distinctiveness of their collective identity. During an initial phase, oppositional category members leverage size as a central identity code, contrasting their smallness—and what smallness means for the product—with incumbents. Yet, over time, the growth of the oppositional category relative to the incumbent category as well as the growth of oppositional category members lessens the centrality of size and triggers opportunistic actions within the incumbent category—first imitations, then acquisitions. The latter embody defections enabled by significant members of the oppositional

category, which brings about the next phase. The remaining oppositional category members cast the initial acquisitions as sellouts and, by renouncing insider defections; they reaffirm the oppositional codes and thus reinforce the distinctiveness of their identity. However, a growing number of acquisitions occur—some remarkably lucrative—leading to a phase during which members question the oppositional identity, and the centrality of the oppositional codes becomes ambiguous. Oppositional category members progressively start to accept acquisitions, which allows the incumbent category to effectively co-opt some oppositional identity codes. Recognizing that the distinctiveness of their oppositional identity has become undermined, category members subsequently embark on a series of efforts to restore this situation. They realize that the acquisitions cause ownership to be the most effective identity code, as it cannot be co-opted. Therefore, members of the oppositional category shift their collective identity, putting greater emphasis on producer-based identity codes (i.e., independence) and less emphasis on product-based codes (i.e., production methods, size). By doing so, they seek to renew the distinctiveness of the oppositional identity. Thus, we explore two core temporal processes in the evolution of oppositional categories—the co-opting of the oppositional identity by incumbents as a result of members selling out and the shift in emphasis from product-oriented codes to producer-oriented codes— as well as the reciprocal relationship between them.

DISCUSSION

Oppositional Category Dynamics and Identity Shift

The wealth of evidence available on the emergence processes leading to new market categories contrasts with the limited research on the development patterns of market categories (Durand & Paoella, 2013; Glynn & Navis, 2013). This article contributes to the emerging literature underscoring the dynamic nature of categories and their associated meanings (Lee et al., 2017; Sikavica & Pozner, 2013). We uncover the motives and mechanisms that lie behind the coevolution of oppositional and incumbent categories. Whereas previous studies have predominantly focused on how categories evolve in response to external forces or actions (Durand et al., 2017), our study demonstrates how internal forces can prompt categorical change.

We find, following growth and acquisitions in the oppositional category, an identity shift occurred through change in the centrality, or relative importance, of its codes. Specifically, the central codes underlying “craft” shifted from a focus on the product (craft beer: small-batch, traditional) to the producer (craft brewer: independent). Although the BA initially claimed craft beer could only be made by craft brewers, it eventually abandoned any effort to define “craft beer” and instead focused only on defining “craft brewers.” Put differently, the category ultimately underscored those oppositional codes that reflect producer characteristics, while downgrading codes that reflect product characteristics. This finding advances our understanding of when codes become more or less important, as called for by Verhaal et al. (2017).

Strikingly, Lee et al. (2017) found seemingly the opposite in the context of U.S organic food. Their study shows that a dilution of its collective identity led to a shift in the meaning of “organic” from the producer to the product by codifying standards and rationalizing verification processes. Our findings point to a few explanations. First, although both organic food and craft brewing represent oppositional categories, the craft brewing category opposed a small set of incumbent firms—namely, Budweiser, Miller, Coors—that perpetuated mass-produced beer in America. For craft brewers, it was these corporations along with their corresponding ideologies that had destroyed beer in America. We propose that when a small number of incumbents embody a category's ideological opposition, the oppositional category will seek to draw attention to the nature and ethos of the producers in an effort to remain distinct from the incumbent category. Put another way, our theorizing indicates that fragmented industries may unfold similarly to that found by Lee et al. (2017), but consolidated industries appear ripe for oppositional members to, over time, emphasize codes of the producer to contrast with the large, dominant producers that control the majority of market share.

Second, unlike organic food, no formal “craft” certification has emerged. Numerous large firms, such as Domino's, Tostitos, McDonalds, and Wendy's, among many others, now leverage terms such as “artisan,” “craft,” and “handcrafted” in the marketing of their own products. Although discerning consumers may deem these actions as inauthentic, it remains that mass producers have increasingly adopted, or perhaps to some, “hijacked” these terms. As adoption of craft proliferates, its meaning deteriorates, and it becomes increasingly likely that the term no longer ensures the product qualities the term's initial users sought to convey. For craft brewers, we argue that this led, in part, to certifying the “independence of craft brewers” rather than to certifying “craft.” In addition, we theorize that certification around size or handcrafted production may prove challenging in the long term. In the beer industry, the BA expanded the size feature in 2010 to accommodate the growth of Boston Beer, as the BA implored its members to consider why they should penalize (and exclude) one of its founding members simply because it had successfully grown. Thus, the very success of craft-oriented categories may guide them toward a similar strategic path, as they deemphasize product-based codes (e.g., small scale production) that may inhibit their growth and success and adopt their own set of certifications that allow for growth by putting emphasis on the producer.

Third, existing theory asserts that “what makes an oppositional market different from an incumbent market is the underlying ideology about the product itself (e.g., nouvelle cuisine) and about the way in which it is produced (e.g., green production of energy)” (Verhaal et al., 2015, p. 1468). Although such differences from incumbents held during the earlier, emergent stages of the craft brewing category, acquisitions allowed the product itself (craft beer) and the way in which it was produced (via innovative, traditional, artisanal methods) to be co-opted, which led to overlap between the oppositional and incumbent categories. However, acquisitions opened the opportunity to emphasize ownership as the most central identity code of the category.

Ownership theoretically differs from other codes underlying the oppositional identity. Incumbents can copy or co-opt successful product codes of the challenger category (e.g., taste, appearance, production methods), thereby infringing on a category. However, mass producers can never become “craft brewers” because of the defining code of producer ownership. At the same time, ownership also serves to sanction internal members—by providing clear guidelines that once you sell, you are no longer “one of us.” Therefore, building from McKendrick and Hannan (2014), who pose ownership may “become a salient and resonant basis for the construction and maintenance of oppositional codes” (p. 1284), we suggest ownership offers a clear and enduring distinction between categories. Despite floundering for a few years (until 2017) without an effective collective strategy, craft brewers' recent efforts to shift emphasis from product to producer appear to have strengthened the identity-based partitioning (McKendrick & Hannan, 2014; Pozner & Rao, 2006; Weber et al., 2008).

Nevertheless, it remains to be seen how efficacious this collective strategy might ultimately be and whether the identity-based partitioning will endure. By shifting emphasis to producer- or ownership-based identity codes, craft brewers have attempted to provide a more distinctive identity from incumbents, but time will tell if consumers care enough about these producer codes to continue supporting the oppositional category. Indeed, not surprisingly, these efforts by the craft brewing category have not halted Big Beer's quest to co-opt “craft,” as they continue to downplay the differences between the two groups, highlight the irrelevance of ownership, and assert that they too produce “craft” beer.

Independent Ownership, Judgment Devices, and Authenticity

Understanding the competitive behaviors of category members with ownership-based identities and their code violating activities is “perhaps more crucial now than ever before” (Syakhroza et al., 2019, p. 31). Although Syakhroza et al. (2019) suggest that insiders will be less likely to imitate code violations when a peer insider initiates it, we find seemingly the opposite, as numerous brewers followed Goose Island's

deviance by “selling out.” A few distinct characteristics of our context potentially explain these differing findings.

First, in the short term, insiders did not follow suit—viewing the act of following in the footsteps of Goose Island as clear betrayal to the oppositional category. Indeed, it was nearly 3 years later after the Goose Island sale before the next acquisition occurred, potentially indicating the trepidation on the part of insiders from engaging in code violating behavior. We thus suggest that although insiders might be unlikely to engage in the same defections as fellow insiders in the short term, in the longer term, the deviant activity may increasingly become adopted as insiders are afforded the time to assess the impact of those defections on the formerly insider firm. Second, and relatedly, unlike most deviant acts, which offer equivocal benefits, the act of selling in the beer industry offers fairly clear strategic and financial benefits to the defectors, as major conglomerates offer craft brewers financial security and open up new distribution channels. Thus, we propose craft brewers' decision to sell carries much less uncertainty of financial success than most code violating decisions.

Our research also contributes to recent research on categories as judgment devices (Arjaliès & Durand, 2019) as well as the institutionalization of categories (Durand & Thornton, 2018; Paoella & Durand, 2016). Craft brewers initially defined the category by morally laden codes, or characteristics that reveal a purpose or specific values stemming from and referring to normative judgments (Arjaliès & Durand, 2019, p. 2). That is, their identity codes hinged around binary oppositions, implying judgments of what is desirable (craft production) against what is undesirable (mass production). However, as acquisitions occurred, we, like Arjaliès and Durand (2019), discovered a period of identity introspection, during which craft brewers questioned the oppositional codes. At this stage, we propose the craft brewer category could have taken two dramatically different paths. Like the organic, recycling, and grass-fed meat and dairy markets (Lee et al., 2017; Lounsbury, Ventresca, & Hirsch, 2003; Weber et al., 2008), they could have shifted toward more positive codes—that is, well-defined, measurable, observable, and comparable—and relegated their moral values and ideals to secondary importance. Alternatively, and in-line with the evolution of the French mutual fund market (Arjaliès & Durand, 2019), the category could have sought to maintain those normative codes, retaining a judgment-based classification. By elevating the centrality of independent ownership as an oppositional code, we propose craft brewers have attempted to do both. Although forgoing independent ownership is well-defined (clear 25% guidelines) and observable (independent label), and thus, based on positive codes, it also reflects a highly morally charged code, as independence serves as a judgment device to signal to audiences that a producer should be deemed as good or bad.

In so doing, we build on recent calls in the literature (Durand & Thornton, 2018, p. 644) to explore how and why some codes may instantiate better genuineness and authenticity to a category. We show that as incumbents acquire small authentic players, independent ownership can emerge as a powerful identity code to signal authenticity of a category and its members. Although ownership and the corresponding independent label serve to authenticate the “craft brewer,” we suggest that by emphasizing this morally laden feature as the central identity code, the craft brewing category may resonate with ideologically committed consumers but struggle to win over broader audiences, for whom the ideological purpose (and authenticity related to that purpose) is less salient.

Our findings also offer unique insights for category-spanning organizations within oppositional categories (Paoella & Durand, 2016). Our findings show that by virtue of growing, audiences began to perceive certain organizations as category spanners. For example, our findings revealed that many perceived Sierra Nevada, with nationwide distribution and a wide variety of product offerings, as spanning the category of “craft” and “mass-produced,” though it technically represents a legitimate craft brewer. Alternatively, audiences viewed smaller brewers who sold to conglomerates (e.g., Revolver) more as category specialists (i.e., craft brewers) than category spanners. Building from the sociocognitive perspective of category

spanning (Durand & Paolella, 2013; Paolella & Durand, 2016), we find audiences penalized larger oppositional category members even when they stayed within category boundaries, indicating that it is not the act of spanning categories, per se, that matters, but audiences' capacity to make coherent sense of these categorical combinations (Durand & Paolella, 2013, p. 1112). We theorize that these audience evaluations could play an important role in explaining why oppositional category members have engaged in deviant actions. If audiences already discount larger craft breweries by viewing them as category spanners, then the added benefit of staying within the category to retain authentic “craft brewer” status may lessen in appeal, perhaps leading some toward deviant behaviors.

Co-opting and Maintaining the Villain

Existing theory highlights the liability of newness or smallness (Bruderl & Schussler, 1990; Freeman et al., 1983); however, we posit that a “liability of bigness” exists for incumbent players across many industries. Many consumers demand more purpose-driven organizations (Hall-Phillips, Park, Chung, Anaza, & Rathod, 2016; Hollensbe, Wookey, Hickey, George, & Nichols, 2014), and consumers are willing to pay a premium for products that act as cultural symbols and provide them status (Campbell, 2005; Frake, 2017). Accordingly, being large and driven primarily by profits and growth has come to represent the normative Goliath. Thus, especially in industries with an oppositional category centered on “craft,” being (or appearing) small may represent a competitive advantage.

Rather than seek to destroy smaller challengers, as existing competitive strategy literature suggests (Chen & Hambrick, 1995), larger incumbents have pursued a strategy of appearing small in their customer-facing activities. We contend that as long as the demand for products of oppositional categories grows relative to incumbents, as it has across numerous craft industries, including food, beverage, cosmetics, and furniture (Solomon, 2017; Verhaal et al., 2017), mass producers will engage in actions that make its' products appear as though they are from producers from smaller, more local, and artisan-oriented firms, thus lowering the distinctiveness of oppositional vis-à-vis incumbent categories.

In most competitions, consumers like supporting the underdog (Kim et al., 2008). Thus, to overcome the liabilities of bigness, we theorize large incumbents will seek to imitate and/or acquire oppositional category members in an attempt to appear smaller than they actually are. However, as authenticity remains central to oppositional categories, incumbents' efforts at copying elements of oppositional members will likely prove ineffective if consumers deem those actions as inauthentic. Therefore, rather than merely masquerading as oppositional members, as prior literature suggests (Carroll & Swaminathan, 2000; Pólos et al., 2002), we put forth that incumbent firms might benefit from a competitive strategy that helps to shed its Goliath persona while striving to appear authentically small. In so doing, we advance the work of Carroll and Swaminathan (2000) and Carroll et al. (2002) by showing that major breweries appear to have overcome some of the identity problems faced decades prior through co-opting of the profitable aspects of the challenger category by buying their way into the craft brewing category and staging the “independently run,” acquired brewery. Among many audiences, this co-opting strategy appropriated “craft-ness” to incumbents, allowing them to assert more authentic product-based claims that legitimately undermined the distinctiveness of the oppositional identity.

In order to avoid such co-opting, limit its potential deleterious effects, and regain authenticity, we theorize that peripheral firms, such as craft breweries, will seek to maintain the dialectic tension with large incumbents—continuing to cast them as the villains. To effectively do so, oppositional members will likely shift away from those moralized categorical codes that have been co-opted and ideologically confounded, and toward those codes that serve to retain or reestablish the ideological tension from incumbents, such as ownership.

Prior research indicates that, in partitioned markets, no direct competition should occur between generalists (mega-breweries) and specialists (craft breweries). However, consistent with Sikavica and Pozner (2013), we find that member acquisitions greatly compromise the durability of market partitioning and prompt de-partitioning, which has significant implications for both intracategory and intercategory competitive dynamics. In contrast to the ineffectiveness of imitation, which emanate from mass producers, this merging of incumbent and oppositional codes much more effectively challenged the continued existence of the craft brewing category. Thus, our study contributes to our understanding of categories and competitive dynamics theory by highlighting how peripheral firms' authenticity can become compromised and the backand-forth identity dynamics between oppositional categories and incumbents that ensue. As numerous oppositional and incumbent categories fight their version of the David versus Goliath battle, it will be interesting to witness how other battles unfold, and we encourage future work to explore how competitive and/or collaborative dynamics unfold in other industries.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

Our study is not without limitations. First, the extent to which craft brewers and mass producers have converged or remain distinct largely depends on perspective. Our findings indicate that the notion of “craft” still holds meaning for many within the industry. However, the coming years might witness the deterioration of this term as the craft versus corporate paradigm diminishes. If this occurs, it could be interesting to explore whether these two formerly opposing categories work together in support of the brewing industry as they compete against other industries, such as wine or liquor. Additionally, future research could provide an in-depth understanding of fault-line dynamics within the brewing industry (Lau & Murnighan, 1998)—from dichotomous “craft” versus “mass” categorization to subordinate categories such as “regional craft” versus “microcraft.” In addition, we recognize that the rising heterogeneity among craft beer producers and consumers, as implied by previous research (Sikavica & Pozner, 2013), affects the processes under investigation. We encourage scholars to focus on intracategory dynamics and examine potential differences between longstanding members versus new entrants' involvement in the oppositional battle. Future studies could also unravel the role of external audiences in shaping category dynamics, and the use of stakeholder engagement strategies to offset mission drift in (formerly) craft-based firms (Grimes, Williams, & Zhao, 2019; Ramus & Vaccaro, 2017). In particular, craft beer consumers have also attempted to raise awareness between “authentic” craft breweries and those owned by mass producers. For instance, The Brew Studs' website maintains not only an updated list of imposter (acquired) craft beer, but also calls out online media sources developed and maintained by AB InBev that represent “propaganda websites masquerading as craft beer blogs.” Enthusiasts also developed the Craft Check mobile application that provides individuals real-time information to verify if a beer is legitimately craft to “eliminate the real vacuum of evil in the craft beer market.” Finally, although an intriguing question, it was beyond the scope of our study to investigate the process by which incumbent players identified and assimilated suitable acquisition targets. Although we acknowledge boundary conditions to our work, we are hopeful that we have opened rich avenues for future research that may take up where we leave off, exploring how craft-oriented oppositional categories and corporate-oriented incumbent categories can influence and learn from one another.

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Table 1. Craft brewery acquisitions by mega-breweries (chronological)

| Seller (Craft brewery) | Buyer (Mega-brewery) | Date | Equity stake | Acquisition size | Location |
|--|---------------------------------|-------------|-------------------------|-----------------------------|------------------------|
| Mendocino Brewing | United Holdings | Oct-97 | 50%+ | Undisclosed | Ukiah, CA |
| Coastal: Fordham / Old Dominion | AB InBev | Apr-07 | 49% | Undisclosed | MD / VA |
| Red Hook / Widmer Brothers | CBA AB InBev | Jul-08 | 100% 32%* | Undisclosed | Seattle, WA |
| High Falls / Genesee / Dundee Brewing | North American Breweries | Feb-09 | 100% | Undisclosed | Rochester, NY |
| Magic Hat / Pyramid / MacTarnahan | North American Breweries | Aug-10 | 100% | Undisclosed | VT / WA / OR |
| Kona | CBA AB InBev | Aug-10 | 100% 32%* | \$13.9 Million | Hawaii |
| Goose Island | AB InBev | Mar-11 | 100% | \$38.8 Million | Chicago, IL |
| Blue Point Brewing | AB InBev | Feb-14 | 100% | \$24 Million | Patchogue, NY |
| Ten Barrel Brewing | AB InBev | Nov-14 | 100% | \$50 Million (est.) | Bend, OR |
| Founders | Mahou San Miguel | Dec-14 | 30% | Undisclosed | Grand Rapids, MI |
| Elysian | AB InBev | Jan-15 | 100% | Undisclosed | Seattle, WA |
| Lagunitas | Heineken | Sep-15 | 50% | \$500 Million (est.) | Petaluma, CA / Chicago |
| Saint Archer | MillerCoors | Sep-15 | 100% | \$35 Million | San Diego, CA |
| Golden Road | AB InBev | Sep-15 | 100% | Undisclosed | Los Angeles, CA |
| Ballast Point Brewing | Constellation | Nov-15 | 100% | \$1 Billion | San Diego, CA |
| Four Peaks Brewing | AB InBev | Dec-15 | 100% | Undisclosed | Tempe, AZ |
| Breckenridge Brewery | AB InBev | Dec-15 | 100% | Undisclosed | Littleton, CO |
| Devil's Backbone | AB InBev | Apr-16 | 100% | Undisclosed | Roseland, VA |
| Independence Brewing | Heineken | Jun-16 | 50% | Undisclosed | Austin, TX |
| Moonlight Brewing | Heineken | Jun-16 | 50% | Undisclosed | Santa Rosa, CA |
| Southend Brewery | Heineken | Jun-16 | 50% | Undisclosed | Charleston, SC |
| Terrapin Beer | MillerCoors | Jul-16 | 100% | Undisclosed | Athens, GA |
| Hop Valley Brewing | MillerCoors | Jul-16 | >50% | Undisclosed | Eugene, OR |
| Revolver | MillerCoors | Aug-16 | >50% | Undisclosed | Granbury, TX |
| Karbach | AB InBev | Nov-16 | 100% | Undisclosed | Houston, TX |
| Wicked Weed | AB InBev | May-17 | 100% | Undisclosed | Asheville, NC |
| Anchor Brewing | Sapporo | Aug-17 | 100% | \$85 Million | San Francisco, CA |
| Funky Buddha | Constellation | Aug-17 | 100% | Undisclosed | Oakland Park, FL |
| Avery Brewing | Mahou San Miguel | Nov-17 | 30% | Undisclosed | Boulder, CO |
| Cisco / Appalachian Mountain / Wynwood | CBA AB InBev* | Oct-18 | 100% | < \$45 Million (est.) | MA / NC / FL |
| New Belgium | Kirin | Nov-19 | 100% | Undisclosed | Fort Collins, CO |

** AB InBev owns a 32% stake in CBA (Craft Brew Alliance). The CBA manages a portfolio of craft beer brands whose stated strategy is “having the soul of a craft brewer in the body of a big brewer gives us a distinctive advantage” (<https://craftbrew.com/about>).

Table 2. Data sources

| Data type | Quantity | Original data sources | Information provided |
|---|--------------------------------|--|---|
| <i>Semi-structured interviews</i> | | | |
| Initial round | 34 | Founders-owners of craft breweries | In-depth understanding of oppositional identity of craft breweries and response to wave of acquisitions. |
| Follow-up round | 9 | Founders-owners (4) of craft breweries | Exploring whether craft breweries' sentiments to acquisitions have remained or changed over time. |
| <i>Non-participant observation</i> | | | |
| Craft beer events | 22 (~45 hours) | e.g., <i>Zapp's Beer Fest, Brew at the Zoo, GABF</i> | Observations how craft breweries interacted with one another on an informal basis and strength of 'us' versus 'them.' |
| Guest speaking engagements | 18 class events (~45 hours) | Craft brewery owners as guest speakers with lunches following | Informal discussions about the state and evolution of the (craft) brewing category. |
| <i>Archival documents</i> | | | |
| Statistical databases, annual reports & newsletters | | <i>Brewers Association</i> | Detailed industry facts and figures; growth of craft beer relative to mainstream segment, acquired brands' production/growth rates. |
| Online discussion forums | Over 100K posts | <i>ProBrewer.com, BrewersAssociation.org</i> | Examination of forum threads and posts pertaining to craft brewery responses of acquisitions. |
| Trade publications | More than 100 issues | <i>The New Brewer</i> | Inspection of <i>New Brewer</i> articles that discussed definition of 'craft brewery' and response to acquisitions. |
| Books & documentaries | 7 | <i>Barrel-Aged Stout and Selling Out, The Audacity of Hops, Beer Wars, etc.</i> | Historical details on origins of American craft brewing industry and its ideological roots. |
| Autobiographies | 4 | <i>Beer School, Beyond the Pale, Brewing Up a Business, The Craft of Stone Brewing Co.</i> | Detailed histories of the craft brewing industry and highlighted the emergence and challenges of the oppositional identity. |
| Mass media articles | 450 articles | <i>Brewbound, Beerpulse, Beeradvocate, WSJ, Fortune, Forbes, etc.</i> | News, interviews, histories, debates, and current events surrounding the craft brewing industry. |

Table 3. Revisions of the Brewers Association’s definition of a craft brewer

| | 2006 | 2010 | 2014 | 2018 |
|---------------------------|--|--|---|---|
| <i>Small</i> | Annual production of beer less than 2 million barrels. Beer production is attributed to a brewer according to the rules of alternating proprietorships. Flavored malt beverages are not considered beer for purposes of this definition. | Annual production of <i>6 million barrels of beer or less</i> . Beer production is attributed to a brewer according to the rules of alternating proprietorships. Flavored malt beverages are not considered beer for purposes of this definition.* | Annual production of 6 million barrels of beer or less (<i>approximately 3 percent of U.S. annual sales</i>). Beer production is attributed to the rules of alternating proprietorships. | Annual production of 6 million barrels of beer or less (approximately 3 percent of U.S. annual sales). Beer production is attributed to the rules of alternating proprietorships. |
| <i>Independent</i> | Less than 25% of the craft brewery is owned or controlled (or equivalent economic interest) by an alcoholic beverage industry member who is not themselves a craft brewer. | Less than 25% of the craft brewery is owned or controlled (or equivalent economic interest) by an alcoholic beverage industry member who is not themselves a craft brewer. | Less than 25% of the craft brewery is owned or controlled (or equivalent economic interest) by an alcohol beverage industry member that is not itself a craft brewer. | Less than 25% of the craft brewery is owned or controlled (or equivalent economic interest) by a beverage alcohol industry member that is not itself a craft brewer. |
| <i>Traditional</i> | A brewer who has either an all malt flagship (the beer which represents the greatest volume among that brewer’s brands) or has at least 50% of its volume in either all malt beers or in beers which use adjuncts to enhance rather than lighten flavor. | A brewer who has either an all malt flagship (the beer which represents the greatest volume among that brewer’s brands) or has at least 50% of its volume in either all malt beers or in beers which use adjuncts to enhance rather than lighten flavor. | <i>A brewer that has a majority of its total beverage alcohol volume in beers whose flavor derives from traditional or innovative brewing ingredients and their fermentation.</i> ** Flavored malt beverages (FMBs) are not considered beers. | <i>Has a TTB Brewer’s Notice and makes beer.</i> *** |

Definition changes are indicated in cursive. * This revision allowed larger brewers to keep craft status. ** This revision recognized adjunct brewing as traditional. *** This revision essentially removed traditional from the craft brewer definition.

Table 4. Renouncing insider defections in the sellouts era (2011-2014)

| |
|--|
| <p>The fallout was most intense in Chicago, where longtime supporters dropped [Goose Island] beer and the brewery was uninvited from local beer events and festivals. (<i>Barrel Aged Stout and Selling Out, Reflecting on 2011</i>)</p> |
| <p>Once you're involved with something that's all about money, it's no longer about the people. Businesses like that are about money. I loved Goose Island - it was a great brewery. But it's like Anakin Skywalker became Darth Vader and he's not there anymore. Some of the people might still be there, the body might be there, but the spirit isn't. It became something else. (<i>NY Craft Brewery Brewmaster, 2013</i>)</p> |
| <p>Folks, it really IS this effin' simple and don't fall for anyone with a quick chuckle and a shake of the head who says, "Hey it's just business. 10 Barrel will just reach a lot more people, now." ...AB/InBev is the sworn enemy of craft beer. I used to have the utmost respect for John Hall, former owner of Goose Island Brewing of Chicago...I am mortally pissed off. If you care about craft brewing - about the community of people, not corporations and abstract legions of faceless laborers - then you do NOT, under any circumstances and for any amount of money, sell your craft brewery to a company whose stated objective is to bring about the ruin of that community. (<i>Pour Fool, 2014</i>)</p> |
| <p>Selling to a macro-brewer is the fastest, simplest way to turn equity in a craft brewery into cash. That's the only reason to sell to them. Anyone who claims otherwise is full of shit. (<i>CA Brewery Owner, Website, 2014</i>)</p> |
| <p>Some 30 months later, Goose Island is still taking flack for A-B InBev purchase. (<i>Beer Pulse, 2013</i>)</p> |
| <p>The Facebook page of a local brewery lit up with condemnations: Loyal beer drinkers said the brewers were greedy "sellouts." Some fans threatened to boycott the brand...The furor erupted after 10 Barrel Brewing announced last month that it was being bought by the world's largest brewer, Anheuser-Busch InBev. The acquisition was another example of mega-brewers trying to counter declining sales by tapping into the growth of small craft breweries. And it drew the ire of devoted customers who blasted the corporation as an enemy of the craft beer industry and "the worst guys in the game." (<i>Denver Post, 2014</i>)</p> |

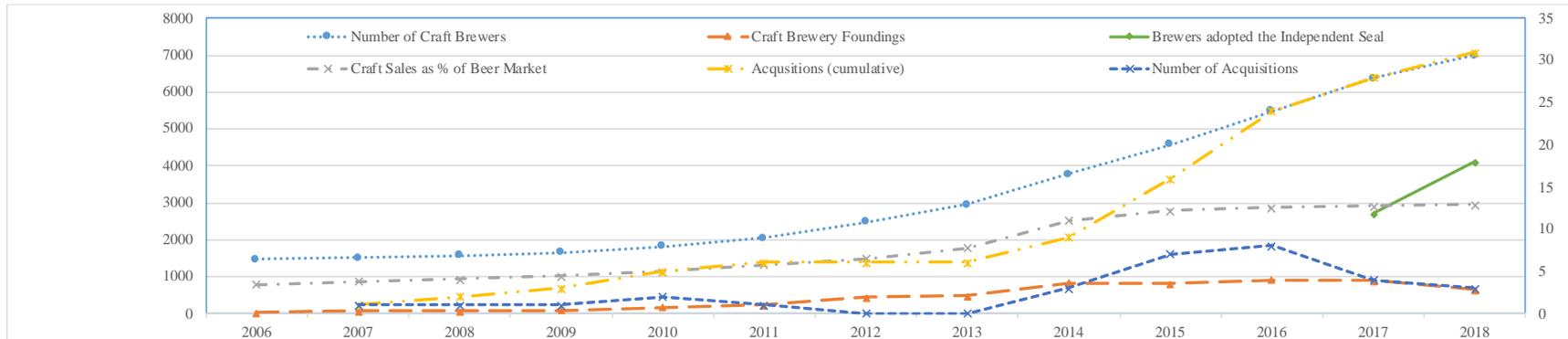
Table 5. Acquisitions and co-opting in the ambiguity era (2014-2017)

| Acquisition Response | Acquirer: Mass producer | Acquiree: Former craft brewer |
|-------------------------------------|---|--|
| Blue Point & AB InBev (2014) | As we welcome Blue Point into the Anheuser-Busch family of brands, we look forward to working with Mark and Peter to accelerate the growth of the Blue Point portfolio and expand to new markets, while preserving the heritage and innovation of the brands. (Luiz Edmond, CEO AB INBev) | This is only going to make us stronger. We just now have more support and resources at our disposal. I will have the ability to make more high-quality beer and have some amazing people teaching me more and helping me and the rest our staff evolve into better brewers. It has always been about the beer and always will be. (Jim Richards, Blue Point Brewmaster) |
| Saint Archer & MillerCoors (2015) | It's business as usual for Saint Archer. Scott Whitley, President Tenth and Blake (Craft Division of MillerCoors) | This was about partnering with someone who can help us keep growing and brewing more great beer... All the beers are going to stay the same. (Josh Landan, Saint Archer Founder) |
| Lagunitas & Heineken (2015) | Lagunitas will continue to be led by Tony Magee, its founder and Executive Chairman, alongside the existing management team and the company will continue to operate as an independent entity. (Jean-François van Boxmeer, CEO Heineken) | Lagunitas will share in the best quality processes in the world and enjoy access to opportunities that took lifetimes to build...This is not the end of anything at all at Lagunitas. (Tony Magee, Lagunitas Founder) |
| Anchor Brewing & Sapporo (2017) | Sapporo is committed to preserving and maintaining Anchor's operations in San Francisco, including the historic Potrero Hill brewery. (Masaki Oga, President Sapporo) | Of all the people we spoke to, (Sapporo) respected Anchor the most, what it stood for and the importance of its connection with San Francisco...The beer will continue to be brewed at its Potrero Hill headquarters, and there will be no changes to its beer recipes... while it might not fit the [craft] definition of some self-appointed organizations, we'll always be the original, and we'll still be handcrafted in San Francisco. (Keith Greggor, Anchor President & CEO) |
| Funky Buddha & Constellation (2017) | Constellation Brands and Funky Buddha Brewery's team of employees will continue to work together, with Ryan and KC Sentz running the day-to-day operations. Funky Buddha's standard of brewing will remain unchanged, delivering the same culinary-style, creative beer consumers and craft beer enthusiasts celebrate today. (Paul Hetterich, President Constellation Brands) | Constellation and Funky Buddha share a lot of the same ideals and passion for philanthropy, entrepreneurship and the art of craft beer. At the end of the day, we just really like the people we have met within the [Constellation] organization, each of whom share our dedication to making outstanding beer. (Ryan Sentz, Funky Buddha Founder) |

Table 6. Lack of clarity around identity codes in the ambiguity era (2014-2017)

| <p align="center">Size (Smallness)</p> | <p align="center">Ownership (Independence)</p> | <p align="center">Production Methods (Traditional)</p> |
|--|--|---|
| <p>Remember when Apple was the cool little upstart computer company for artists and musicians, and Windows-compatible machines dominated the business PC and laptop landscape? A recent article in the Wall Street Journal showed that MacBook sales are increasing at 30 percent while the overall PC market was down 8 percent, even as MacBooks command a significant price premium over other PCs. Sound familiar? <i>(The New Brewer, May 2014)</i></p> | <p>The acquired brewer needs money and expertise to keep making their beer; the acquirer needs the access to local markets and another revenue stream to keep growing. And as they grow, by necessity, independence as we know it will fade and an era will draw to a close...Three years from now is anybody going to give a shit [about independence]? But I'll answer that question: forget about three years. I don't think most American drinkers give a shit right now. <i>(Thrillist, 2015)</i></p> | <p>Three years after the sale, Goose Island was finally starting to win the perception wars...Goeler beat the drum of the brewery as a world-class innovator with a sprawling new barrel warehouse and an idyllic hop farm in Idaho... Goose Island began flying media to the farm to put its credibility as a world class <i>craft</i> brewer on display...[By 2014] Skepticism of the sale had mostly faded away, replaced by a steady dose of adulation. <i>(Barrel Aged Stout and Selling Out, Reflecting on Late 2014)</i></p> |
| <p>Many craft breweries have two options: go big or stay small. We've got a handful of powerhouses and another 100 or so regional craft brewers. These are the in-betweeners, making 40,000-60,000 barrels a year, and they're going to be doing the fighting...So for a normal brewery the pressure will always be there to grow. <i>(Thrillist, 2015)</i></p> | <p>Regional craft brewers feel pressure from above by large brewers using craft acquisitions to squeeze them out... Selling can help to relieve some of this pressure. <i>(LA Brewery Owner, Interview, 2016)</i></p> | <p>You can be assured that we will never compromise our product in an effort to increase our efficiencies or margins. Better ingredients make better beer...This is not a get-rich-quick scheme. We do this because of the passion for the product that we make. <i>(MI Brewery Owner, Interview, Late 2014, Prior to selling & losing craft status)</i></p> |
| <p>In our area in Virginia, Devil's Backbone, they are getting huge. They found a formula that works for them. We kind of try to emulate it using their ideas and practices. We've done that with our early style and tried to put those ideas forward. <i>(VA Brewery Owner, Interview, Late 2014)</i></p> | <p>[By 2016] The simmering conflict no longer amounted to cries of sellout after each sale. A full-on introspection had begun. What had been created? What had been co-opted? Who had won? Who had lost? Craft beer was dead. Long live craft beer. <i>(Barrel Aged Stout and Selling Out, Reflecting on 2016)</i></p> | <p>The focus [of the craft brewing category] is more on the beer and less on the actual brand—who is making it. <i>(NC Brewery Owner, Interview, 2015)</i></p> |

Figure 1: Chronological display of key events in craft brewing category



| | Growth Era | | Sellouts Era | | Ambiguity Era | | Independence Era | |
|--|--|---|---|--|---|--|----------------------------------|---|
| Major Events | AB develops Shock Top Beer (2006) | MillerCoors creates Tenth and Blake craft division (2010) | Goose Island Sells (2011) | BA launches 'crafty' vs. 'crafty' campaign (2012) MillerCoors develops Third Shift Lager (2013) | AB InBev creates High End craft division (2014) | New Brewer addresses acquisitions (2015) | True Craft Fund announced (2016) | BA launches Take Craft Back & Seal the Deal (2017) BA launches Independent Supporter Seal (2019) |
| Craft Brewer Definitional Events | BA Definition: Small, Independent, Traditional (2006) [Emphasis on Size] | Smallness Changed: 2 to 6 million barrels/yr (2010) | | Traditional changed: Allows adjunct brewing (2014) | | | | Traditional eliminated: Now just a 'brewer' (2018) [Emphasis on Independence] |
| Impact of Definition Change on Craft Brewers | | Boston Beer remains craft brewer despite growing size | | Yuengling becomes craft brewer despite using adjuncts. (2014) | | | | Boston Beer remains craft brewer despite producing FMBs (2018) |
| Exemplar Quotes from BA Leaders | <i>I looked around and saw three breweries basically ruling the United States...It was an opportunity to play David to the beer industry's Goliath. (2008)</i> | | <i>The large, multinational brewers appear to be deliberately attempting to blur the lines between their crafty, craft-like beers and true craft beers from today's small and independent brewers. (2012)</i> | | | <i>When a craft brewer sells to a larger brewer, it's really hard to know what to think and feel. (2016)</i> | | <i>Independence is more vital now than ever. (2018)</i> |

Figure 2: Process model of identity distinctiveness maintenance in oppositional categories

| Eras | Growth (2006-2011) | >> | Sellouts (2011-2014) | >> | Ambiguity (2014-2017) | >> | Independence (2017-today) |
|---------------------------------|--|---|--|---|--|---|--|
| Identity process | Leveraging identity | <i>Defection(s) aided by significant member(s) of oppositional category</i> | Reaffirming identity | <i>Incumbent buyout(s) of significant financial value</i> | Questioning identity | <i>Collective efforts to restore distinctiveness of oppositional identity</i> | Shifting identity |
| Code centrality | Product-focused; size is most important amongst identity codes. | | Importance of identity codes is fairly equal. | | Importance of identity codes is ambiguous. | | Producer-focused; ownership is most important amongst identity codes. |
| Insider role | Oppositional category and members grow. | | Oppositional category members cast those who sell to incumbents as sellouts and renounce them. | | Oppositional category members begin to embrace acquisitions. | | Oppositional category members seek to emphasize distinctive identity codes and take initiatives to highlight independence. |
| Reciprocal tensions |  | |  | |  | |  |
| Outsider role | Category growth triggers imitations; incumbents try to copy oppositional identity codes. | | Incumbents begin to acquire oppositional category members. | | As more oppositional category members sell, incumbents co-opt oppositional identity codes. | | Incumbents emphasize co-opted identity codes. |
| Identity distinctiveness | Clear | | Reinforced | | Undermined | | Renewed |

Figure 3: Instances of raising each aspect of craft brewer definition in *The New Brewer Annual Review Issue*

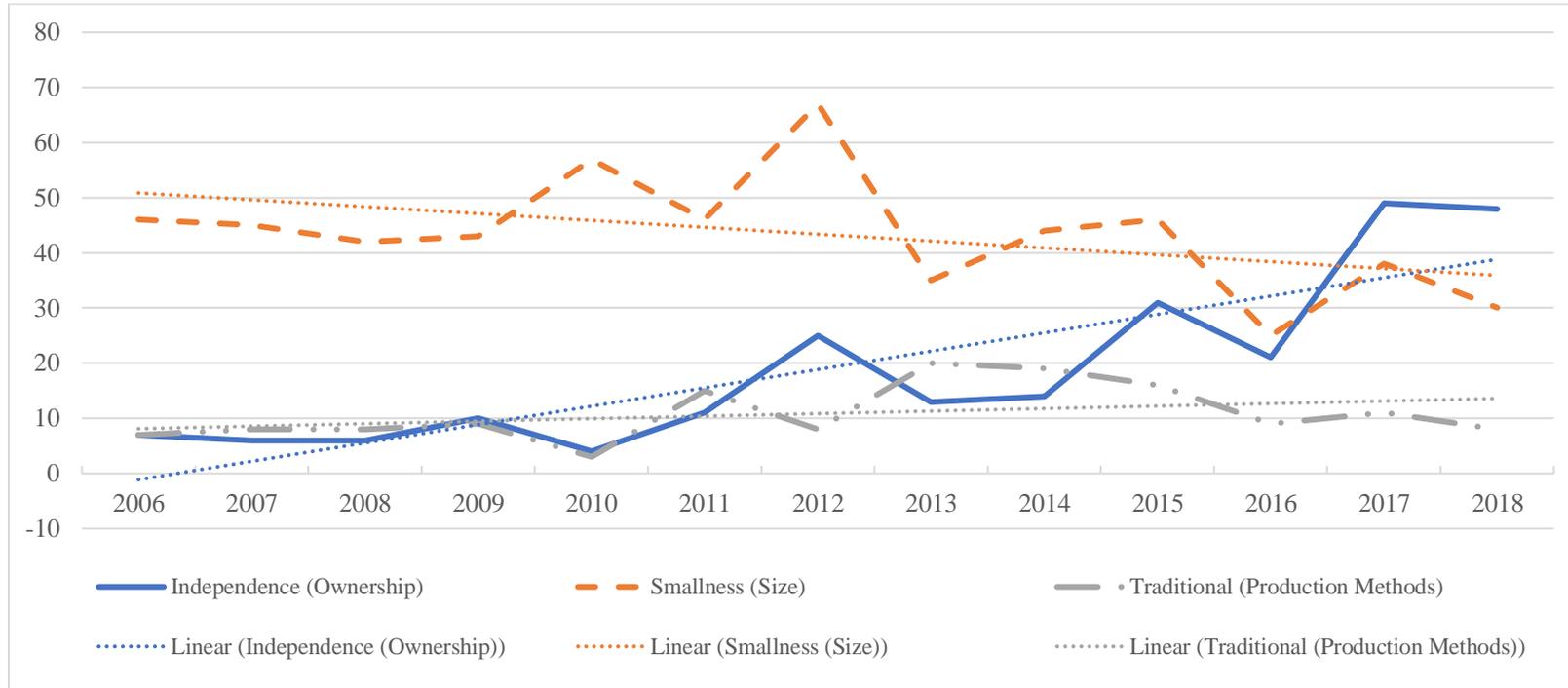


Table A.1. Details on interviews

| Craft Brewery | Brewery Headquarters | # of Recorded Interviews | # of Personal Discussions | Interview(s) Conducted | Year Founded | Brewery Type* |
|----------------------|-----------------------------|---------------------------------|----------------------------------|-------------------------------|---------------------|----------------------|
| 1 | Tennessee | 4 | 9 | 2011-2016 | 2009 | Micro |
| 2 | Chicago | 1 | 1 | 2014 | 2012 | Micro |
| 3 | Chicago | 1 | 1 | 2014 | 2002 | Brewpub |
| 4 | Louisiana | 4 | 14 | 2014-2018 | 2009 | Micro |
| 5 | Virginia | 1 | 2 | 2014 | 2012 | Micro |
| 6 | Colorado | 1 | 1 | 2014 | 2012 | Micro |
| 7 | Los Angeles | 1 | 1 | 2014 | 2013 | Micro |
| 8 | Michigan | 1 | 1 | 2014 | 1997 | Regional |
| 9 | New York | 1 | 1 | 2014 | 1987 | Regional |
| 10 | Louisiana | 3 | 6 | 2015-2018 | 2010 | Micro |
| 11 | Chicago | 1 | 1 | 2015 | 2013 | Micro |
| 12 | New York | 1 | 1 | 2015 | 2013 | Nano |
| 13 | North Carolina | 1 | 1 | 2015 | 2012 | Micro |
| 14 | Michigan | 1 | 1 | 2015 | 1996 | Regional |
| 15 | Michigan | 1 | 1 | 2015 | 2010 | Brewpub |
| 16 | Michigan | 1 | 1 | 2015 | 2007 | Brewpub |
| 17 | Illinois | 1 | 1 | 2015 | 2012 | Brewpub |
| 18 | Tennessee | 1 | 1 | 2015 | 2014 | Micro |
| 19 | New York | 1 | 1 | 2015 | 2013 | Nano |
| 20 | New York | 1 | 1 | 2015 | 2011 | Micro |
| 21 | San Diego | 1 | 1 | 2015 | 2012 | Regional |
| 22 | Michigan | 1 | 1 | 2015 | 2010 | Micro |
| 23 | Illinois | 1 | 1 | 2015 | 2007 | Regional |
| 24 | Louisiana | 1 | 2 | 2017 | 2015 | Micro |
| 25 | Louisiana | 1 | 1 | 2017 | 2008 | Micro |
| 26 | Louisiana | 1 | 1 | 2017 | 2014 | Micro |
| 27 | Louisiana | 1 | 1 | 2017 | 2016 | Micro |
| 28 | Mississippi | 1 | 1 | 2017 | 2003 | Micro |
| 29 | Montana | 1 | 1 | 2018 | 2012 | Micro |
| 30 | Montana | 1 | 1 | 2018 | 2012 | Micro |
| 31 | New Mexico | 1 | 1 | 2018 | 2016 | Micro |
| 32 | California | 1 | 1 | 2018 | 1989 | Micro |
| 33 | Indiana | 2 | 4 | 2018-2019 | 1994 | Micro |
| 34 | Indiana | 1 | 1 | 2019 | 2009 | Micro |

* Nano: Brews in batches < 3 barrels per batch and/or <2,000 barrels per year, Micro: < 15,000 barrels of beer per year, Regional: > 15,000 barrels per year