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The factors influencing niche consumers' behavior in the brewery market in Poland

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Abstract

The aim of this article is to present the main factors influencing the behavior of consumers of the niche products of brewery market in Poland. On the basis of the conducted research – via direct survey, the author tries to determine the reasons why they purchase niche beers. Where do they find the information about niche products? How often and on what occasion do consumers drink niche beer? What interests and what standards concerning healthy lifestyle do they have? The author also defines and classifies niche producers on the brewery market in Poland.

Key words: consumers' behavior; market niche; niche producers and products; brewery market in Poland

Poland is the third, with respect to beer production, market in Europe. Germany and Great Britain are the only two countries where beer production is greater than in Poland. Due to the mass scale of beer production, brewery industry has a great influence on the country's economy. The report published by Browary Polskie indicates that in the year 2017 the business value added in the economy reached PLN 19,4 billion which constituted about 1%

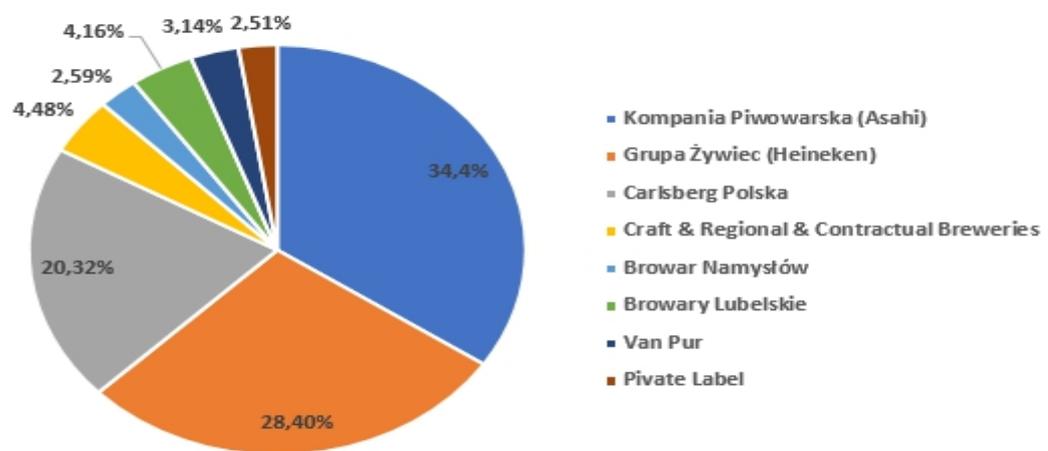
od the Polish GDP (Gross Domestic Product). Brewery factories employed 9.3 thousand people, whereas a total number of workplaces provided by the brewery business was estimated 157,5 thousand people. [1]

During the past 20 years Polish brewery market has nearly bubbled in size. However, since 2012 it has become stable in terms of the quantity of sold beer, which means that brewery business has become highly competitive and uses various means of consumer promotion. Within the past years Polish breweries would sell approximately 38 million hectoliters of beer locally every year, which means that an average Polish person would drink about 100 liters of beer yearly.

Brewery market is dominated by three main beer producers, so called TOP 3 Group, who altogether make over 83% of the brewery market in Poland. The TOP 3 group producers consists of: Kompania Piwowarska, a part of a Japanese company Asahi which includes brands such as: Tyskie, Żubr, Lech [17]. Kompania Piwowarska is the market leader and owns 34.4% market in Poland. Second biggest beer producer in Poland is Grupa Żywiec – that is a part of a Dutch concern. Grupa Żywiec has 28,4% market share and offers brands such as: Żywiec, Warka, Tatra, Desperados. [16]. The third biggest beer producer in Poland is Danish Carlsberg, that has 20,32% Polish market share and owns brands such as: Okocim, Kasztelan, Harnaś, Karmi, Somersby. [14]

Some of the smaller, in terms of production and investment possibilities, breweries with national distribution include: Browary Lubelskie, with 4.16 market share in Poland. Browary Lubelskie own Perła brand. [19] Another producer with nationwide distribution of its products is Van Pur company (3,14%), who owns brand such as: Łomża, Brok, Karpackie. [20] Browar Namysłów (2,59%), with brands such as: Namysłów, Zamkowe Złoty Denar, Kufłowe. [18] In 2019 Browar Namysłów was bought by Grupa Żywiec [13], yet it functions as an individual business entity.

Figure 1. Beer manufactures' market valuable shares in 2017



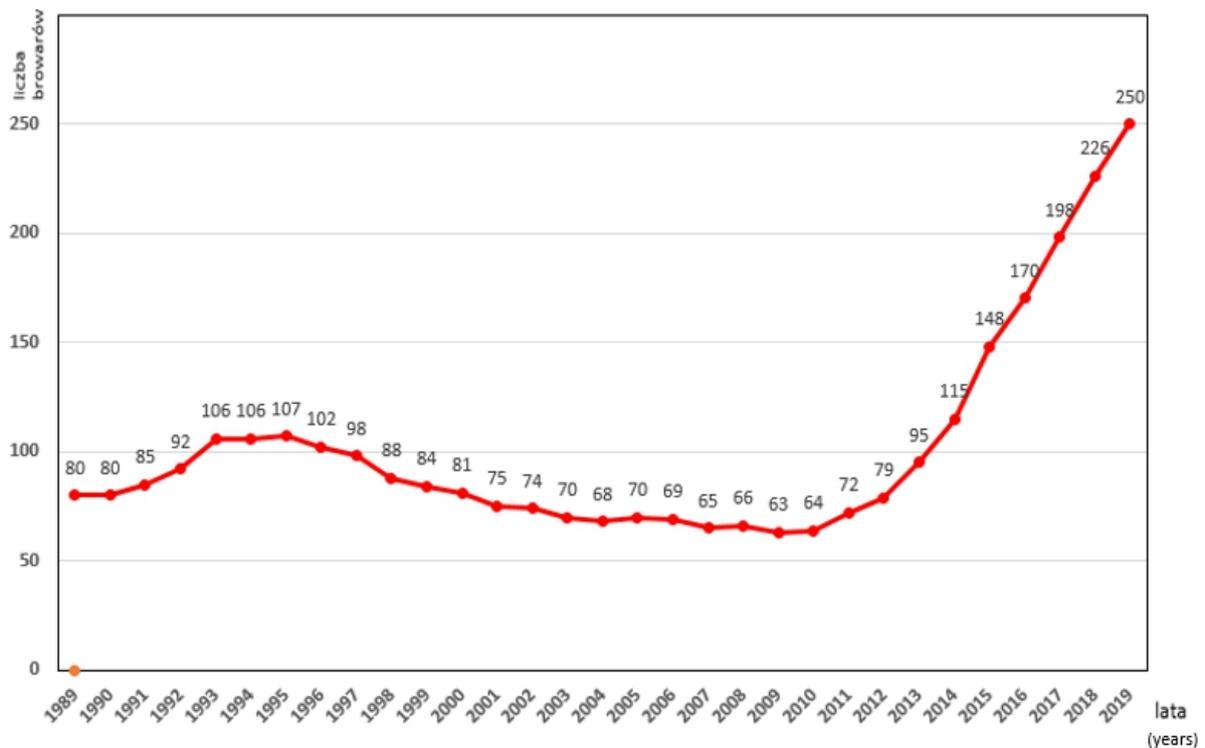
source: AC Nielsen report, August 2017

It is estimated that the brands that belong to the main market chains such as Biedronka, Lidl or Aldi have 2.51% of the market share in Poland.

In the past years, a dynamic increase in the number of smaller specialized breweries that follow different business models and take various market niches can be observed [8]. During the past 5 years 135 stationary breweries and about 50 contractual breweries were formed. In total, in 2019 there were 250 stationary and about 100 contractual breweries [4]. Despite such a dynamic growth on the number of new breweries, the number is still not very impressive when compared to other European countries. In Great Britain there are around 2500 in Germany around 1600 and in France about 1400 breweries, whereas, our southern neighbors i.e. the Czech Republic has around 480 breweries [4].

Figure 2 The number of stationary breweries in Poland in 1989 – 2019

(number of breweries)

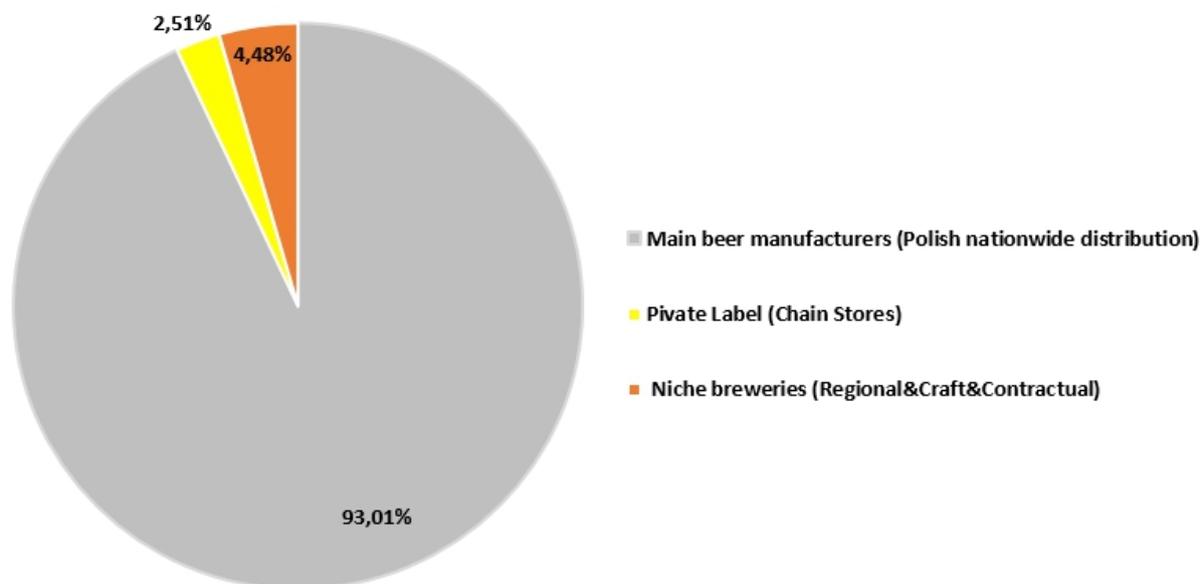


Source: own elaboration based on: Łużak T., Przesłanki tworzenia się nisz rynkowych na przykładzie rynku browarniczego w Polsce, Zeszyt Naukowy 156/2017 SGH, Warszawa 2017, oraz Grotha A., Browary Polskie, Wydawnictwo IX, Kraków 2019,

A relatively small part of the market (4.48%) belongs to a group of smaller beer producers. This sector is commonly called niche breweries and their products - niche products [14]. Niche beers are aimed at very specific consumers. Those beers are distinguished by its unique flavor, original set of ingredients and a limited distribution [10].

According to the data presented by Browar Czarnków S.A, market shares of the abovementioned group in the year 2017 increased of 23% compared to two previous years (i.e. since 2015)[2].

Figure 3. Niche beer manufactures' market valuable shares in Poland in 2017



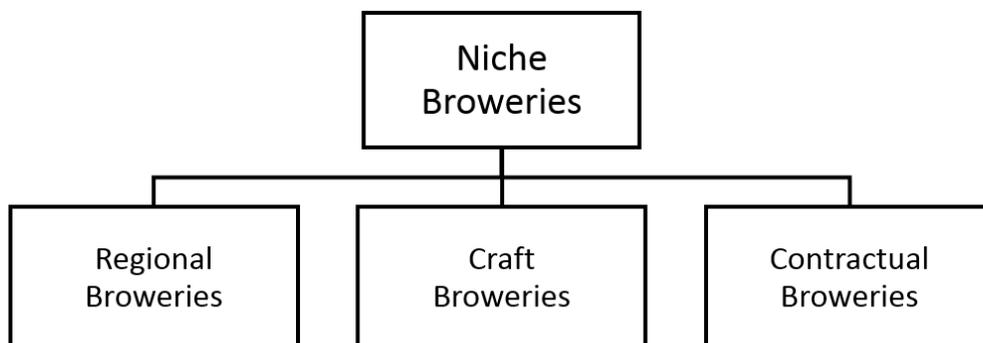
source: own elaboration based on AC Nielsen, 2017

All breweries that sell and promote their products nearby the factory are called niche breweries. Usually, the area of distribution ranges to a few neighboring counties. Very often, regional breweries have their own, regional recipes where locally grown ingredients are used e.g. local water intake [11] Regional breweries have their own production possibilities and their own local brands.

Another group of niche breweries are so called craft breweries. A craft brewery is usually a small brewery where the key role plays its craftsman, their experience, and creative personality make the offer diverse and of high quality [11] . Production possibilities of such brewery are of no more than 20 thousand hectoliters of beer a year.

The third group of niche breweries is made of contractual breweries. A contractual brewery is a business enterprise focused on beer production, yet with no equipment of their own. All devices are leased. A contractual brewery has its own craftsman, who formulates the recipe and then in the leased brewery brews the beer.

Figure 4. Niche breweries sectors



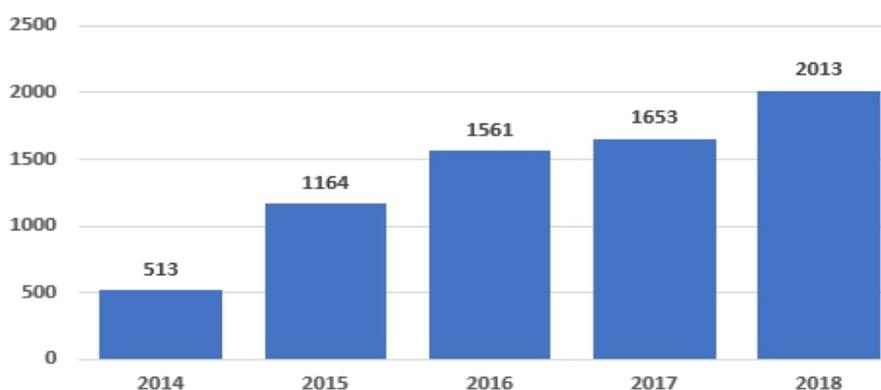
source: own elaboration

Niche breweries are characterized by a small-scale production compared to other beer producers on the market; they however, find those areas where they can compete against them.

One of them is a relatively short time need for introduction of the product, measured from the appearance of the concept of the new product until the moment of the purchase by the consumer. Usually, this time is maximum 8 weeks, where the production process itself lasts about 4 weeks. Another advantage of niche beer is its unique recipe, the result of the creativity and imagination of the craftsman.

Polish consumers reach for new products more and more often what is more, their expectations concerning the quality and innovativeness of brewery products are becoming bigger and bigger. In the years 2014 – 2018 beer producers, niche breweries mainly, introduced 6904 new products on the market. The consumers look for products that are personalized and created by individual craftsmen as well as based on natural methods of brewing beer.

Figure 5 The number of new products introduced to the brewery market in 2014-2018



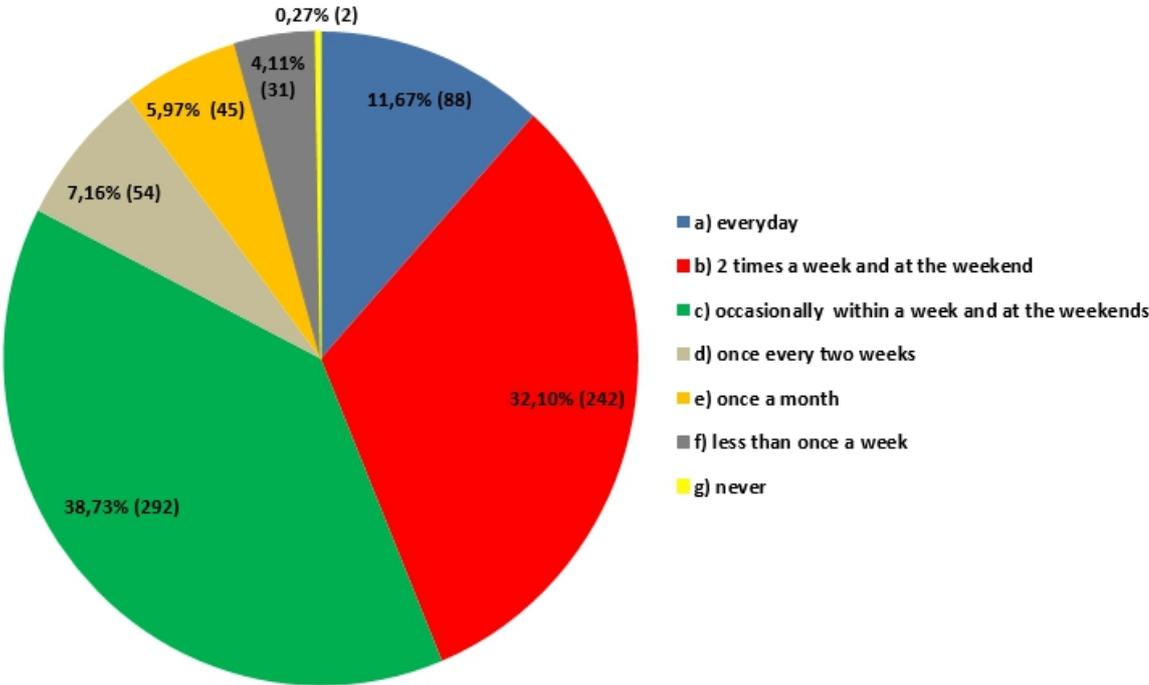
source: own elaboration based on data found in www.zwrotnica.com.pl/search/label/Statystyki [access: 12.12.2019]

A. Falkowski and T. Tyszka believe that consumer behavior describe everything that proceeds, happens at the moment of purchase and follows it. The crucial points in this process are definitely connected with the purchase of goods or services [5]. M.R. Solomon on the other hand, defines consumer behavior as the process of choice, purchase, usage, acceptance or rejection of products, ideas or experiences in order to fulfill the needs or desires by an individual or a group [9].

The results of surveys conducted among 754 respondents (N=754) in the period between May 17th to August 24th 2019 during 7 beer festivals are the data analyzed below. As it is widely known, a field study is conducted in the place where the service is provided or in the nearby area. It may be confidential or not [3]. This way of survey means distribution of the questionnaires to the respondents in a specific places such as fairs, exhibitions, professional workplaces, streets, sales points etc. [6].

According to declarations - 292 respondents, which is 38,73% of the questioned group, drink beer occasionally within a week and at the weekend. Second in size group, which is 32,10% of the surveyed, declares that they drink beer at the weekends and twice during the weekdays. The third group – 88 respondents (11,67%) are consumers that drink beer everyday. In total, people who drink beer every weekend and once a week (more often or occasionally) make 82,5% (i.e. 622 respondents) of the group surveyed. This indicates, as the figure below shows, that beer consumption is an everyday routine.

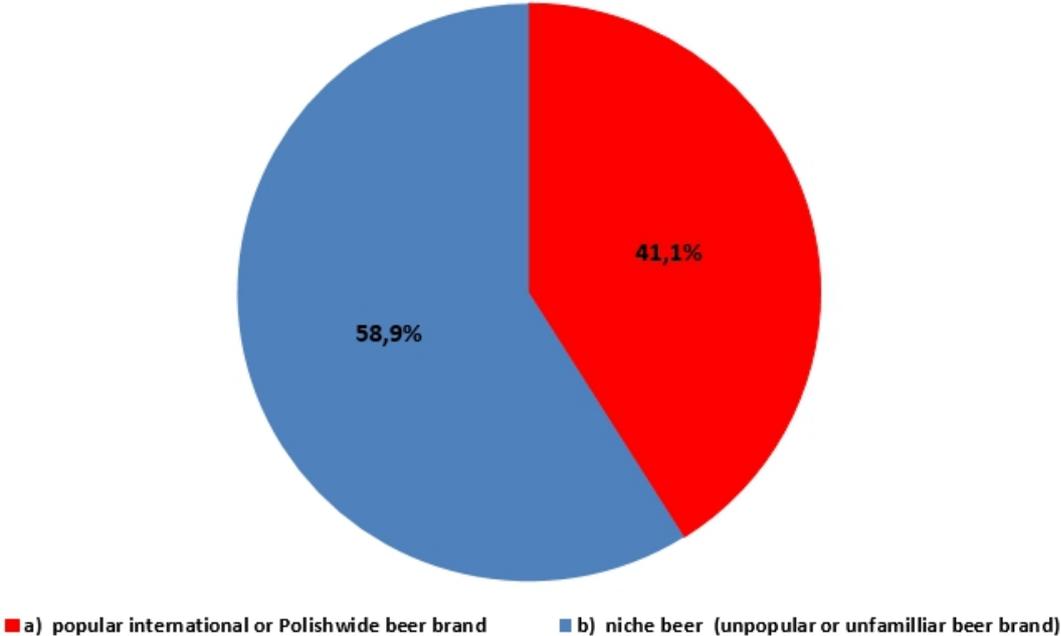
Figure 6 Frequency of beer consumption among the respondents



source: own elaboration (N=754)

The respondents were asked via a survey, to determine in percentage what part of their entire beer consumption (100%) make niche beers, and what percentage make popular international or Polish wide brand beers (so called concerned beers). The surveyed answered that the consumption of niche beer is 58,9%, whereas a popular beers of a well-known brand make 41,1 % of total consumed beer. This shows that people surveyed do not limit their preferences only to niche beers. They choose from both niche beers as well as concern beers and the entire beer consumption is not determined by one choice only

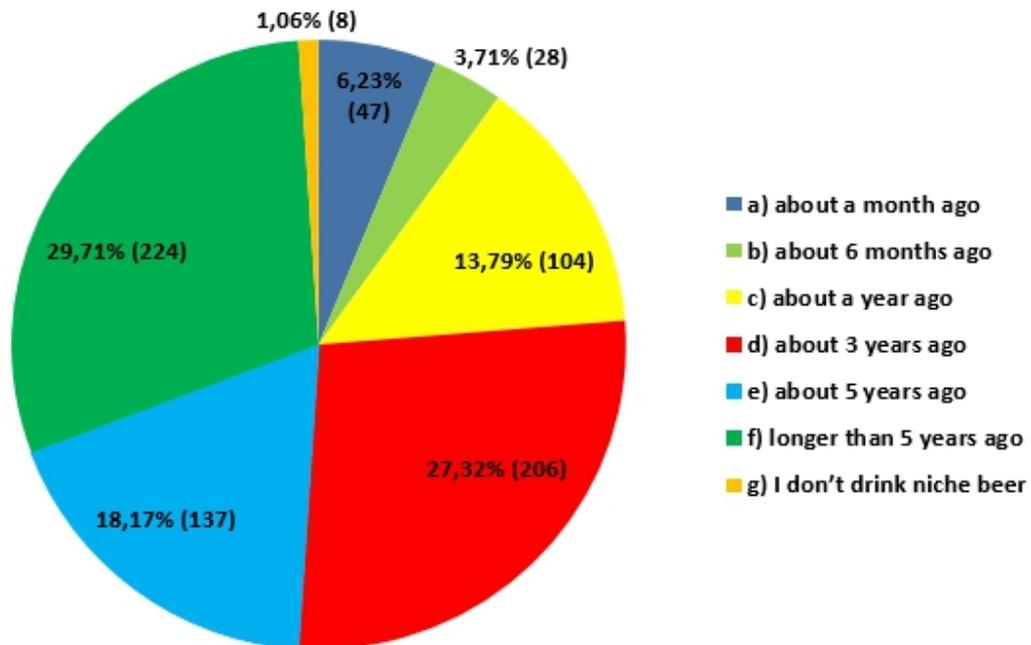
Figure 7 Certain beer brands share in the consumption within the researched group



source: own elaboration (N=754)

Over 3/4 of respondents make people who have been drinking niche beers for about 3 years and longer, whereas about a half of a total (47,88%) have been drinking niche or unfamiliar beer brand for over 5 years. Nearly 1/3 of the respondents declare that they have been drinking niche beer for no longer than 1 year. In the group surveyed 47 people (6,23%) are the niche beer consumers who have just started drinking niche beers (since about a month)

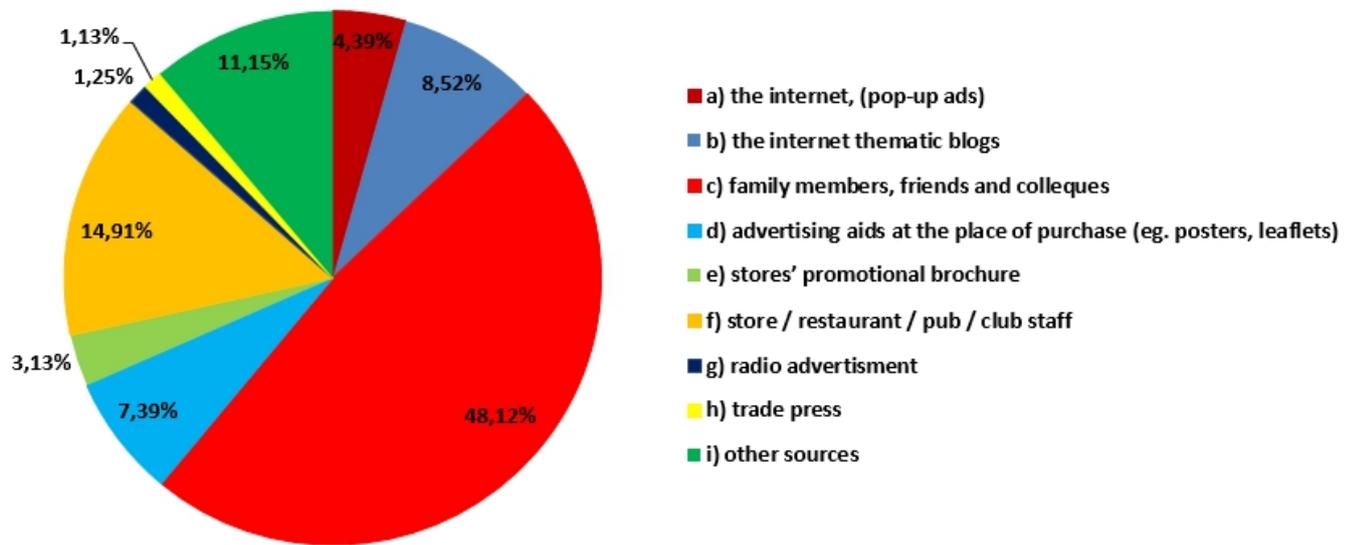
Source 8 Consumers' division based on the length of craft beer consumption



source: own elaboration (N=754)

Nearly over a half of the surveyed respondents (48,12%) declares, that it is the information they acquire from their family, friends and colleagues that influences their shopping preferences concerning the niche beers. Whereas 14,91% have learned about niche beer or an unfamiliar brand beer from a store, restaurant, pub or a club Staff, where they purchased that product. The least effective sources of information turned out to be: trade press (1.13%), radio advertisement (1,25%) and store's promotional brochures. It needs to be stated, that according to national law about sobriety and alcoholism prevention, the advertising of beer is possible only in restricted time between 8:00 p.m. and 6:00 a.m., which dramatically limits its influence.

Figure 9 Main sources of information that influence the purchase and consumption of niche beer



source: own elaboration (N=754)

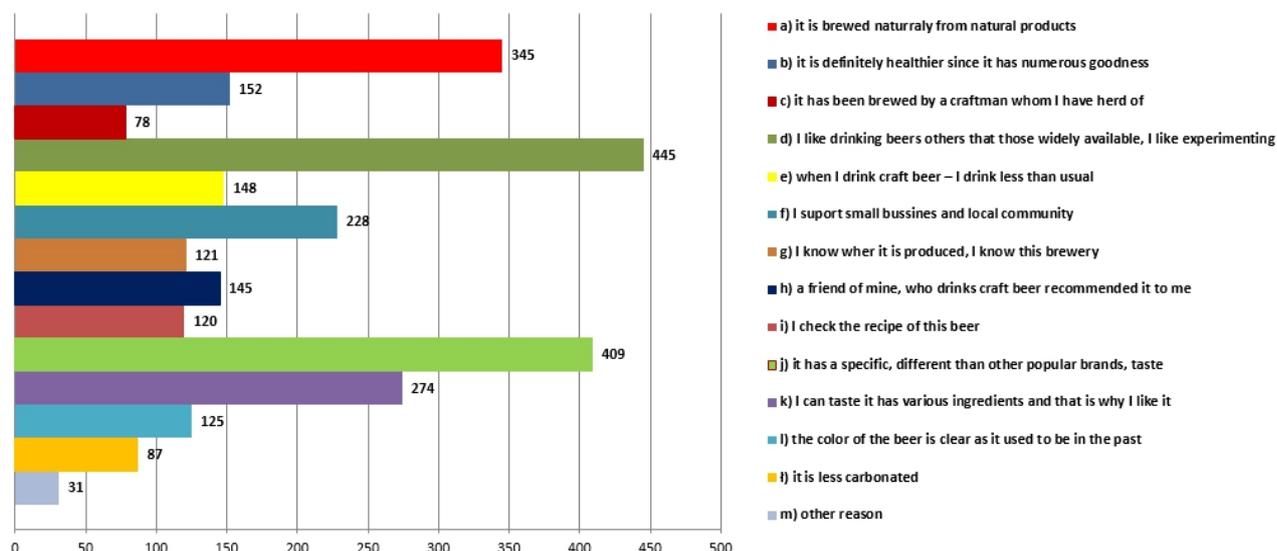
In the research, the interviewed were asked to choose 5 main reasons for buying niche or unpopular brand beer of 14 potential answers from the list. 754 respondents in total checked 2708 answers, which shows that each gave 3,59 indications on average. The results of the research let us determine main reasons for choosing niche beers and they are as follows:

1. I like drinking beers others that those widely available, I like experimenting (445 indications on total 2708 = 16,43%)
2. It has a specific, different than other popular brands, taste (409 indications on total 2708 =15,1%)
3. It is brewed naturally from natural products (345 indications on total 2708 = 12,74%)
4. I can taste it has various ingredients and that is why I like it (274 indications on total 2708 = 10,12%)
5. I support small business and local community (228 indications on total 2708 = 8,41%)

The least popular reasons for niche beer consumption:

1. It has been brewed by a craftsman whom I have herd of (78 indications on total 2708 = 2,88%)
2. It is less carbonated (87 indications on total 2708 =3,21%)
3. I check the recipe of this beer (120 indications on total 2708 = 4,43%)

Figure 10 Main reasons for niche beer consumption



source: own elaboration

The surveyed were asked to choose 3 from a list of 11 potential situations when they drink niche beer. A total of 754 respondents indicated 1899 situations, which means that each respondent made 2,52 indications. The research shows that the most popular situations when the respondents consume niche beers are:

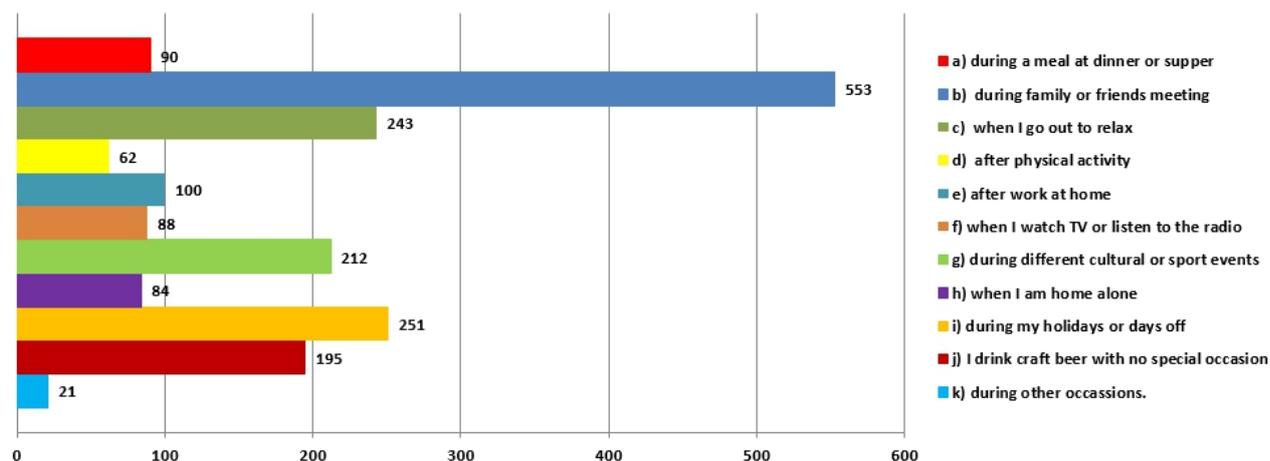
1. During family or friends meeting
(553 indications on total 1899 = 29,12%)
2. During my holidays or days off
(251 indications on total 1899 = 13,22%)
3. When I go out to relax
(243 indications on total 1899 = 12,8%)

Out of the 11 enlisted situations the least indications were given to the following options:

1. After physical activity
(62 indications on total 1899 = 3,26%)
2. When I am home alone
(84 indications on total 1899 = 4,41%)
3. When I watch TV or listen to the radio
(88 indications on total 1899 = 4,63%)

As the data shows, situations when the respondents drink craft beer are those connected with celebrating social and family life and widely defined relaxation. Situations generating the least indications prove the community craft beer drinking feature.

Figure 11 Most common occasions when the consumers drink niche beer



source: own elaboration

The respondents defined to what degree, the given statements describe their attitude and health-promoting life style. In order to get more versatile information a seven-stage Likert scale was used.

The analysis of this issue, allowed to group the statements according to the importance (significance) of the influence on a health-promoting lifestyle of niche product' consumers on the niche brewery market in Poland. The respondents declared, that in most cases (10 on 11), due to self health care they follow those recommendations. Only in case of one habit, most of the respondents do not follow the rules of a health-promoting life style. The difference, however, between the negative and positive answers is minor, only 1% (45% negative to 44 positive) compared to 11% of neutral respondents.

Figure 12 The classification of factors (habits) that influence healthy lifestyle of the respondents (percentage)

Statement / the level of acceptance	Classification „health-promoting“	All answers total	I definitely disagree	I disagree	I rather disagree	I have no opinion	I rather agree	I agree	I definitely agree	percentage of health-promoting answers (%)
h) Mental and physical rest is important to me	1	100%	2%	1%	3%	10%	19%	33%	32%	84%
c) I eat a lot of fruit and vegetables	2	100%	2%	4%	12%	9%	35%	28%	10%	73%
f) I check the expiry date before the consumption	3	100%	5%	5%	8%	9%	17%	27%	29%	73%
j) I like active rest during my vacation	4	100%	3%	5%	9%	12%	25%	28%	18%	71%
d) I look after my health	5	100%	2%	4%	10%	15%	37%	24%	8%	69%
k) I drink energy and soft drinks	6	100%	27%	23%	14%	8%	15%	8%	4%	64%
g) I watch my weight	7	100%	4%	5%	11%	18%	26%	21%	15%	62%
a) I do sport everyday	8	100%	10%	13%	18%	8%	26%	16%	9%	51%
l) I have a regular check-up at the doctor	9	100%	8%	14%	15%	15%	23%	16%	9%	48%
b) I do not eat processed food	10	100%	6%	18%	19%	14%	24%	14%	5%	43%
e) I eat at fastfood restaurants	11	100%	11%	16%	18%	11%	23%	15%	6%	44%

the majority of health promoting answers
the majority of negative answers

Source: own elaboration (N=754)

A vast majority of the surveyed, i.e. 84% declares that physical and mental relaxation is important to them. It should be stressed that a total of most definite answers makes 65% (I definitely agree = 32% and I agree = 33%). This may suggest a very high level of awareness among the respondents of the correlation between the physical and mental relaxation and a healthy lifestyle.

The surveyed were also asked to indicate a maximum of 3 out of 10 ways of spending their free time from the list. The results allow determining the interests and lifestyle of niche beer consumers.

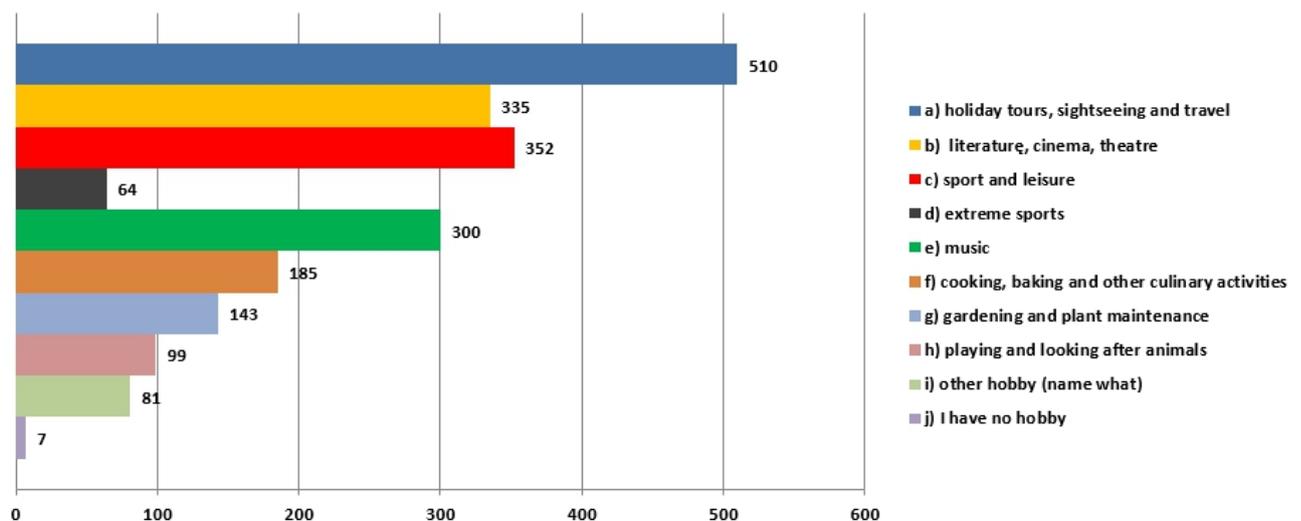
The research shows that most common ways of spending free time are:

- 1) Holiday tours, sightseeing and travel (510 indications on total 2076 = 24,57%)
- 2) Sport and leisure (352 indications on total 2076 = 16,96%)
- 3) Literature, cinema, theatre (335 indications on total 2076 = 16,14%)
- 4) Music (300 indications on total 2076 = 14,45%)

The least common ways of spending free time are:

- 1) Extreme sports (64 indications on total 2076 = 3,08%)
- 2) Playing and looking after animals (99 indications on total 2076 = 4,77%)
- 3) Gardening and plant maintenance (143 indications on total 2076 = 6,89%)

Figure 13 Ways of spending free time by the niche beer consumers



source: own elaboration

Section „other hobby – name what) most commonly given answers were: fishing (23), board games (23), crossword puzzles (5). Only 7 out of 2076 indications were ‘I have no hobby’, which means that nearly all consumers have their interests and passions.

Summary

Beer consumers have been reaching for niche products more and more. Most of them have been familiar with them for over three years. Social life as well and family relationships play an important role in their lives and that is where they most often get the latest information about new products. Niche beer consumers prefer active way of life and find participating in

cultural event as equally important. They care about their health and mental rest is particularly important.

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