

Marketing plan: phase ii paper



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MARKETING PLAN II FOR DIAGEO Identify the segmentation criteria that will impact your target market selection. The main challenge faced by Diageo is the rapidly declining beer sales in the UK. According to the British Beer & Pub Association, beer sales fell about 4.5 per cent in the second quarter of 2008, compared to the previous year. The present consumption level is at 7.85 million barrels which represents the lowest level of consumption since the Great Depression. Given this reality, Diageo needs to apply effective and efficient marketing strategies to push up beer sales of the company in the coming months.

The beer market is made up of three segments, consisting of premium, mainstream, and budget priced. The premium segment accounts for 5% of the total market. The premium segment is a highly competitive market segment. The pricing of premium brands is thrice as high as the price of the other two market segments. Premium beer is sold in superior packages thus needing higher capital, operating and material costs. Mainstream and budget priced beer accounts for the remaining 95% of the market. These beers are packaged in returnable bottles and are distributed in returnable crates by local brewing partners.

Diageo can choose the budget priced market segment to push and improve its beer sales in the long run. Beer consumers in Diageo's five major markets, Great Britain, Nigeria, Ireland, the United States and Cameroon are getting to be choosy and relatively price-conscious. Hence, Diageo has to develop new types of beer variants that can be sold at affordable prices for the consumers.

Identify your target market. Diageo's faces two target markets. Diageo's first target market, which promises the maximum revenue potentials, are

working women and working men with ages ranging from 20 to 60 years old. Beer specifically developed for female drinkers in the five international markets mentioned above are very few. This segment presents the highest potential growth in revenue since working women are registering higher income and a higher corresponding consumption in beer products. However, beer choices for women are still limited. Diageo can make two to three new beer products for the working women. Diageo can pull out Guinness Red brand which posted lackluster sales since its introduction to the beer market. The company can improve the ingredients and beer concoction and introduce a new brand.

Diageo's second target market is the elderly drinkers of beer. The elderly in society presents a rapidly growing market for beer products as well.

Approximately eight percent of the total UK population enters the 60 year old age bracket each year adding to the country's social welfare burden.

Diageo can develop a new type of beer for the expanding 61-90 years old age bracket. Older drinkers may have a more refined taste preference for beer and a lesser degree of alcohol intake.

Describe the organizational buyers and consumers of your product or service and the factors that influence their purchasing decisions. About 300 British pubs buy Diageo's beer products. International hotels and restaurants in the US and UK also buy Diageo's products. These clients prefer high-quality beer products. According to the British Beer and Pub Association, beer sales have improved as 90 per cent of pubs had applied to stay open longer, generally until midnight or 1am. This is a positive news for the beer industry. Brand focus and efficiency are the major areas of competitive advantage for the beer market. (Mercer, August 9, 2005). Moreover, Roman Shuster of

Euromonitor International reports that European beer exporters are implementing stale marketing practices. Poor marketing of beer products is the main factor for poor beer revenues performance of international brands such as Diageo. Shuster highlighted the regional differences in the United States, and suggested that beer companies will register more sales if they tailor fit marketing efforts for local clients. Conversely, he said that the marketing of beer imports should be different from locally-made beers. Since the US and UK beer markets are dynamic, there is a need for European beer products to project a positive and “cool” image.

Shifts in lifestyle trends, such as health consciousness, encourages consumers to cut down on heavy drinking. Fashion trends towards alternative health drinks, such as wine and bottled water have negatively affected beer sales. Strict drink-driving legislation is deterring consumers from drinking away from home. Hence, there is a trend towards "light" beers as a consequence of consumer preference for low carbohydrate. The latest move is to reinvent light beers as low-carbohydrate beers to appeal to consumers on high-protein, low-carbohydrate diets.

Discuss how these factors will impact your marketing strategy.

One effective strategy is to get the customers to fully appreciate the inherent benefits of beer. Diageo needs to help doctors and nutritionists to publicize the research regarding the health benefits from moderate beer consumption. Marketing beer should include messages that beer can help prevent diabetes, help improve bone density and cognitive skills.

Dr. Meir Stampfer of Harvard School of Public Health, stated that a person is 60% more likely to have cardiovascular disease if he or she does not drink, versus a person who drinks moderately. People who drink alcohol in

moderation tend to weigh less than people who do not drink at all.

Analyze current competitors and define the competitive landscape for your product or service. Diageo can overtake its major competitors such as Anheuser-Busch through better products and marketing strategy. Diageo can introduce of a wide variety of new beer flavors, sophisticated packaging and increased marketing efforts aimed at beer drinkers and beer drinking occasions. Diageo can help its retailers in improving and enhancing their presentation of beer. Through its distribution channels, Diageo can ensure that its beer is delivered fresh to pub to satisfy the consumer.

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