

# Cobra beer Ltd project background marketing essay

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The purpose of this project is to create an outline for making Cobra beer a brand positioned over and above with synonym to Indian food. Since its establishment the beer has been conceived as a drink to be engaged with Indian food and specially curries, but now after award winning beer brand with a different taste and association the company wants to make it in to top 10 brands of UK. For this purpose an approach will be outlined in the project.

To do so, company has outlined the marketing activities around strap line saying, "Cobra, Splendidly Indian, Superbly Smooth." The new changes marketing campaign came into effect since Molson Coors and Karan Bilimoria had a joint venture of the brand in 2009, after which in 2011 the brand made its first full profit.[1]

Karan Bilimoria as owner of the Cobra group before the joint venture owned a substantial amount of money to creditors, which were losses of £71million. Since he got the dividends from the deal struck in late 2009, these debts were settled to some extent and as he promises even unsecured creditors will be paid in due time.[2]

As per the company reports published in 2011, the company did financially well when the joint venture was struck between Molson Coors and Karan Bilimoria. On the turnover of £50. 1million profit before tax achieved was £4. 5million. This is explained graphically below.

## **Turnover (2009 – 2011)**

**3**

## **Profit (Loss) before Taxation (2009 – 2011)**

Cobra beer is the most celebrated beer across the UK, in 2012 grabbing the most prestigious award of Monde Selection, standing for high quality beer across the world. According to the Nielsen survey made in November, Cobra beer showed year on year volume growth of 20% which is stronger than any of the brand placed above in the ranking.

According to Molson Coors' Brand Co MD for the UK and Ireland, Chris McDonough the brand is setting up roadmap for 2020, these are the stepping stones kept by the company to make Cobra beer a mainstream brand to outperform so called world beer brand.[4]

The path seen in cobra beers glorious past, the struggle to establish itself and making through mainstream brands excites a marketer to dig deep and understand its intricacies. And also comment on its future path for growth and recognition.

## **IMC project**

As growth strategy of brand, a vision 2020 has been proposed by the company officials, for which stepping stones are being kept in its marketing strategy. The beer is marketed in a way which will focus on its resemblance to Indian heritage, depicting the rich heritage and culture where the original recipe of its brewing lies.

UK market is already saturated, declining in its lager consumption from last five years, on trade sellers having tough time to compete with the prices given by retailers, and consumer's pattern changing of having a lager. All which will have impact on marketing a lager product in coming time.

Since Cobra wants to introduce itself to both On and Off trade market equally, this project will focus on developing an IMC plan to successfully introduce and enhance position of the brand in current market situation.

### **Situation analysis: Methodology**

Factors to be considered for analysis.

Analysis of Cobra beer as a brand and its perception among the consumers will be done by analyzing both quantitative and qualitative data. Cobra beers research of their consumers and their choices lead them to understand of products perception. This ultimately affected the decision of entering in both on and off trade business, even though the product was doing well in Indian restaurants all over the UK. Primary research of consumer choices backed by detailed understanding of geographical areas and UK beer market, competitors, and the complete beer market composed the secondary research.

For the purpose of IMC situational analysis Mintel and FAME reports were used including relevant sites having information related to cobra beer. This has been cited in bibliography. To conduct the detailed analysis following models were used, helping to analyze the brand and its performance over the period of time.

PESTEL analysis: to understand UK beer market

Porters 5 forces: to understand the forces and its implications

SWOT analysis: determining SWOT of the brand

Ansoffs matrix: decisions taken and the reasons behind it.

7 P's of marketing: detailed analysis with 7 parameters of marketing

BCG matrix.

## **Product Introduction**

F: COBRA BEERpicscobranew. jpg

Brewed first in Bangalore India, Cobra beer differs from its rivals appreciably giving a less gassy feel, adding a authentic feel of having an Indian Food which is highly appreciated in all parts of UK. Since its introduction to the market, the main basis of cobra beers sales in market was on sole understanding of being different than the beer or lagers available in the market, which were unfit for consumption with ' curry' food.

## **Ale vs. Lager**

Ale

Lager

Thousands of years old

Relatively new

Fermented warm

Fermented cold

Top fermentation

Bottom fermentation

Quick brew cycle – as little as 7 days

Longer brew cycle – up to several months

Usually brewed between 59 – 77 degrees F

Usually brewed between 40 and 55 degrees F

Strong, assertive, and more robust in taste

Smoother, crisper, and more subtle in taste and aroma

Served not too cool, usually 50-55 degrees F, 10-14 degrees C, sometimes called “cellar temperature”.

Served cold, usually 40-45 degrees F, 4-7 degrees C.[5]

Cobra beer belongs to lager family, where fermentation is cold and at the bottom, its smoother than ale subtle in taste and aroma. This contains brewed maize, rice, barley and hops adding a smoother taste and less gassy feel.

## **Cobra beer and Competitive advantage:**

A competitive advantage is the achievement of superior performance through differentiation to provide superior customer value or by managing to achieve lowest delivered cost, Cobra beer is a good example of this. When regular lagers and wine overpowered the taste of Indian cuisines cobra beer was introduced, giving it an edge over others. Now this lager positioned as Indian lager is sold in 50 countries in bars, pubs and restaurants. It certainly met the customer need of less gassy, suitable for Indian food drink which was better than competition of standard available lagers and beers.[6]

## **UK beer market:**

The beer market of UK is going through a rough patch, since last 5 years it has seen decline from £17.7 billion in 2006 to £15.5 billion in 2011.[7]The main factor which affected the decline in beer performance in the market is that, this drink is more relied on the on and off trade sales. Since the economic downturn has struck and the difference between the prices of retailers and pubs serving the drink have increased 44% of people see outside of home drinking as too costly.[8]

There is huge shift in demand from the 18-35 aged drinkers, who are more inclined towards sweeter versions of alcoholic drinks like cider and vodka. According to a survey conducted by Mintel, 45% of responses from this age group proffered to have sweet tasting lagers, Prompting companies to diversify the product line.

Following is the index showing comparison between lager and cider according to age group.

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## Age group and drink choice

(Mintel, 2011)

This shows age group of 18-24 are more inclined towards sweeter version of alcohol, where lagers are losing the ground. Attitude of youngsters is the band of consumers companies producing lagers have to take care of by producing new kind of lagers with different taste.

Since the change in taste and preference of consumers came into light, Cobra beer introduced the new Cobra zero, which saw a great acceptance and a growth over the period of time snatching the share of Kaliber by Diageo.[9].

## Drinking Out of Home

(Mintel, 2008)

Another hindrance to the sales of lagers in recent time is, people reduced the pattern of going out and drinking, most of them prefer to be at home and drink, which showed decrease in the sales on trade platform.

## New Trends:

Beer is expected to show 9% volume decline over 2011-2016 to 3.9 billion litres. The on-trade will continue to be worst hit by the economic situation.

Traditionally men are the main consumers of beer in the UK. However, but there are efforts from big brewers to attract more female consumers.



(Molson Coors has initiatives to attract more women to beer with its Bitter Sweet Partnership.)

The largest product area within beer is standard lager, which accounted for 41% of total volume sales in beer in 2011. However, this product category continued to see a sharp decline, with sales dropping by 6% in total volume terms in 2011.[10]

### **Macro environment Analysis:**

In terms of understanding the performance of brand or a product its very essential to recognize the factors included in macro environment. To analyze the factors which affect the entrance and performance of a product in market, we will analyze them according to PESTEL framework.

#### Political factors

The government introduced a ban on the sale of alcoholic drinks below duty and VAT tax levels in January 2011

2011 also saw the introduction of 20% VAT and further excise duty increases

Rise in duty on beer, lagers .

Duty free shopping is only available for those travelling beyond the EU, affecting buyers.

#### Economic factors

Economic downturn all over the European countries

Higher prices, lower rates of drinking and reduced spending capacity

Rising unemployment rates, public sector cuts and stunted retail sales growth also impacted consumers

drop in disposable income

Economy being vulnerable to the euro sovereign debt crisis and any collapse in EU economies.

Social factors

Awareness about health and effects of alcohol.

Decreasing fashion of drinking out with friends, more in-house parties than pubs & clubs.

Rules and regulation for selling alcohol on and off trade both.

Responsive drinking awareness campaigns.

Technological factors

To capture drink at home market, technology is used at its best to offer products which will have similar to pub taste by giving built in CO<sub>2</sub>.<sup>[11]</sup>

Packaging, cooling and bottle designs are the main purposes of technology used.

Innovating lagers with different tastes to attract woman consumers and students, eg. Cobra bite and Jubilee Strawberry Fruit Beer.

## Environmental Factors

Low carbon emission is the key factor which is asking manufacturers to produce, package and sell the product in more environmentally way.

Using production waste in environment friendly manner, as animal feed and marmite production.

Saving energy and water in production.[12]

## Legal Factors

Legislation and government rules regarding selling, Consumption and marketing of products.

Practices to reduce underage sales in on and off trade.

Following Portman Group code of practice naming, packaging and promotion of any alcoholic product.[13]

## **Porters 5 Forces analysis.**

In the year 1979, Michel Porter introduced model of 5 forces to analyze the products competitive position in the market and the different factors which are affecting it. Following is the detailed analysis of these factors affecting Cobra beer and its market position.

Potential entrants: High

Even though beer market is declining, young generation is always ready to try new brand, new taste. Consumers are attracted towards specialty and

craft brands. Consumers are day by day getting adventurous and open for changes. Imported premium lager was one type of lager which saw a growth in 2011. Strong brands with tradition such as Miller Brands' Peroni Nastro Azzurro, and new brands like

Carlsberg's Mahou 5 Estrellas and KC Brands' Cambodian beer King are getting consumer's attention. Attraction towards association of world food and complimentary premium lagers also helped to attract consumers towards imported lagers.[14]

Bargaining power of Customers: High

Since UK's economy is not in good health, it's obvious to see that spending has reduced significantly in last 5 years.[15]

Buyer and prices are closely related in any industry, in our case government regulations has set standard for minimum price to sell a beer. But at the same time due to economic situation and growing interest in other alcoholic products buyers are moving away from beers. Companies can't reduce the prices after certain level neither they can increase the demand of products. So as they are caught in this situation the threat is high from this factor which needs to be tackled immediately and wisely.

Threats of substitutes: High

Beer industry as whole is feeling threatened by the developments happening in other alcoholic drinks. Cider, wine has made lot of ground, taking away

beer's market share. Vodka, rum, whisky is introducing sweeter and customer favored flavors.

Since the success of Ginger flavored Halewood International's Crabbie's Ginger in just two years since its launched, many new flavours in alcoholic drinks followed. Product innovation is going to be important for alcohol beverage companies, making the sector competitive and creating lot of substitutes.[16]

This is where traditional beer, lagers are feeling threatened, yet people are attracted towards more premium brands, with quality, heritage and innovation. Rather than spending for regular brand people are ready to pay more for special and premium products. So to maintain profits premium, value added, limited edition products were introduced where quality matters the most.

So the substitute's threat is high.

Bargaining power of suppliers: low/ Medium

Supplier relations are long term, constitute lot of faith, understanding and importance of service. In case of cobra beer, since the production of the beer is customized to give less gassy feel, production and constitution of raw material is highly complex. Also supplier of 330ml and 660ml bottles are at least for the year of 4 years, which make the company less vulnerable to threats from suppliers. This makes the supplier for long term so as to minimize the cost of changes and time consumed.

Industry competitors: High

In such a consolidated market of beer, top 5 brewers constitute of 80% share of beer volume sales. In such saturated market, with a single popular product the share in market can show difference. And that is why the threat from industry competitors is always high. Molson and coors maintained steady market share, with a marginal growth in sales, where brands like cobra beer are doing well from last 2 years due to new trends in consumption of lagers.

To summarize Porters five forces, our brand Cobra beer has threats from 4 factors which are high. And since cobra beer is trying to expand in existing market it has to tackle each of them with great precision and in dynamic way. A well planned strategy towards desired growth in sales needs to be established which will actually boost company's expectation of brand to be the most popular in UK till 2020.

## **MICRO ENVIRONMENTAL ANALYSIS**

Marketing Mix- 7P's

Product:

Product is a good or service offered to customers by the company. It should integrate features and values that are important to customers. Since the beer industry scenario is changing a product with different taste, appearance and alcohol content needs to be introduced in the market. Cobra beer started with premium beer product then introduced King Cobra and cobra zero to attract customers with different needs.

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Cobra beer as a product is associated with rich Indian heritage, culture and fine quality of beer production. It depicts the premium quality of lager produced and served keeping in mind the needs of customer. The reason behind this products success is that, it was introduced to feel the void between a complimentary drink and a lager, an experience which every customer wants to be pleasant. A less gassy, extra smooth premium lager beer product was hence introduced and it's still doing strong.

To make the product more likable it depends on how it's shown, designed, served (in what size, color so on).

How it's different than competitors?

How does it look? What experience customers will get out of it?

Cobra beer, answers this all.

The design and appearance of the product is unique. Depicting products history and journey till now in the form of encrypted icons on each bottle.

Catchy color combination, simple yet unique bottling and off course the taste gives it differentiation than competitors

Place:

This is most important factor for product to do well. As cobra beer is Indian beer, it was first made available in Indian restaurants all over the UK.

Distribution channel of cobra beer is now taken care by UK's 3rd largest brewery molson coors, who have presence, reputation and experience of distributing famous brands.

As a bid to become one of the top beer brands, cobra beer is served not only in Indian restaurants, but also in pubs and retailers such as ASDA.

Price:

Cobra beer being a premium lager is priced competitively with competitors; a standard bottle in ASDA costs £2. 10

To attract the customers cobra has introduced smaller bottles in the pack of 4 bottles costing £4. 48 on which discounts are also offered various times.

Promotion:

Initially cobra beer got benefit of word of mouth to market its product. But as time changed the owner of the firm Karan Bilimoria and his own story became a good PR campaign making the product awareness.

Advertising through TV, press, cinema started when product was made available in pubs; where ' pub cast campaign' and ' Now you are talking' campaigns[17]were executed as part of marketing strategy.

Currently new TV advert ' India Live' is catching the attention of consumers.

People:



Specialist team of people for Cobra beer's branding is limited, but the front end staff of all the Indian restaurants across UK where the product is available are the one who are main marketers. Their support and faith in the brand creates its image of the most successful Indian beer in UK.[18]

Process:

More the crystallized process is customers get benefits. Demand and supply should be balanced in order to reach customer all the time. Cobra beer is available in on and off trade markets making customers easy to get one.

Physical evidence:

“ Is the environment in which the firm and customers interact and in which services or products are delivered; it can also be any tangible commodities which facilitate performance or communication of the service”[19]

Physical evidence refers to all the tangible, visible touch points that your customer will encounter before they buy, from any point of sale. Cobra beer's bottles and appearance is important physical evidence for the brand.

F: COBRA BEERpicscobra\_story\_0312. jpg

### **Segmentation, Targeting and positioning:**

Karan Bilimoria, as entrepreneur was very clear of what he was targeting as a market when he launched this less gassy, premium and mild beer. He wanted everybody who had Indian food to drink a beer which will not affect their appetite and taste.

Following is the discussion about three factors.

F: COBRA BEERpicsstp1. png

Cobra beer introduced through Indian restaurants is now in both on and off trade outlets, and so the Segmentation, Targeting and Positioning will have different approach.

Segmentation:

Having status of established beer brand in restaurants, cobra beer has awareness in customers. Having said, following is the segmentation done keeping in mind the required criteria's.

Geographic:

Country- United Kingdom

Demographic:

Sex: Male and female

Age: 18+

Life stage: Single, young, couples (flown the nest, Nest builders), Parents with one or more kids and retired population.

Social bracket: ABC1

Origin: religion and origin does not matter, until and unless they are alcohol consumers.

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Lifestyle: People, who find irresistible to have Indian food, are fond of to go out for a night out at pub, bars and clubs. Who adore beer of premium standard and enjoys good tasty beer.

Behavioral: Provides scope for analysing who buys cobra beer, when, how often, how much they spend, and through what transactional channel they purchase (On or off trade) since it's a dissimilar product than competitors choice of buying a cobra beer gives image of different, new, premium, intelligent buying.

Targeting:

This is second part of STP process, where it's determined which segments are to be targeted and have to be focus of marketing program.

Previously as a standard product targeting process of cobra beer was simple and niche. Since its trying to break in to mainstream brand it needs to be carefully drawn and executed to draw maximum results and profits. Current market scenario demands brands to serve male and female consumers keeping in mind their demands and changes in preferences.

Targeting needs to be concentrated, adopting exclusive marketing strategy to attract consumers.

Positioning:

“ Positioning is not what you do to a product; it is what you do to the mind of a prospect.” Ries and Trout (1972)

Purpose of positioning a product is to understand what the nature of the competition is in the beer market and what tangible and intangible attributes are customers looking for when buying these types of products? Since cobra beer entered on trade market also, one has to take in account what are the attributes that a customer looks for when he/she goes out to have a drink in a pub, club or bar.[20]

## **SWOT analysis**

SWOT analysis is the most fundamental tool for analysis of strategic analysis. It analyses companies existing strengths, weaknesses and possible opportunities, threats.[21]

Strength:

Strong Indian heritage

Presence across Indian restaurants

Unique brand appearance and image.

Unconventional branding.

Winner of Golden Monde award for high quality product.

Entrepreneurial work culture

Karan bilimoria's vision and determination.

Molson & Coors expertise in Beer market.

Weakness:

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Market presence from 1989, whereas competitors are in market longer than that.

Limited presence in market.

Other products less popularity and availability.

Within the boundaries of Indian curry complimentary lager.

Mainstream status not yet achieved

Opportunities:

On and off trade market yet to tap.

Indian restaurants are increasing in numbers.

New marketing approach and campaign.

Threats:

Sweet alcoholic beverages are gaining more popularity. (ciders)

Extensive marketing and sales by mainstream brands.

Decreasing trends in beer consumption.

## **Introduction:**

Cobra beer and its efforts to become top ten brands in UK are the most ambitious projects that we are going to discuss. Having discussed the company, its history and way of working we have an aim to

Achieve increase in sales

Increase brand presence in on and off trade market

create a market reputation for sustained growth and popularity

Develop a strategy with help of IMC combining various marketing frameworks to achieve project objectives.

### **IMC and its importance for brand:**

A brand needs to utilize all available media, method and technology to build solutions for problems and framework to capture available opportunities in the market. IMC helps us to merge marketing communication and advertising activities to build a strong brand and its market position.

imc

corporate advertising

sales force communication: trade shows, packaging, direct marketing, sales promotion

pricing, logistics, new product development

investor relation, media relation, public affairs

product publicity, sponsorship, brochures

Traditional mass media advertising.

As we can see from the figure, integrated occurs at consumer or perceiver level, by presenting the message in integrated way. In other words there is need to manage each point of contact between consumer, product or organisation.[22]

Successful IMC campaign rests on integration of advertising, public relation, sales promotion and personal selling. This creates an added value for receiver or consumer in terms of faster and better comprehension of communication.[23]

Above ingredients of marketing and communication, should be working together to achieve common goal of producing maximum result for particular product or a brand. When we are applying IMC, we need to merge the communication plan and the communication activities together, for desired results.

The communication plan:

Situation analysis and marketing objectives: why?

Target groups: who?

Communication objectives: what?

Tools, technique, channels and media: how and where?

Budgets: how much?

Measurement of result: how effective?[24]

To design a marketing communication plan for Cobra beer, we will follow the standard IMC planning, where the plan will discuss in deep the brands current position, our aims, steps to be taken and effectiveness to be expected.

IMC approach for cobra beer will consider all forms of communication, all message delivery channels, customers and prospects, and all brand contact points while they plan and achieve communication to capture attention of targeted population.

Target population:

UK population above 18 is allowed to drink alcoholic beverages; according to mintel's research 18-24-year olds (male-female) are 19% less likely than average to choose lager as their first choice pint/volume drink but 86% more likely to choose cider.[25]Target group will comprise of people who are not satisfied with mainstream lager brands and want a change which will be less bitter and smooth in taste, since this is our USP of Cobra beer. As more of the alcohol consumers are from the age group 18-24, 25-34 we need to address them by attracting towards our product and its different status in the shelves of on and off trade.

Following is distribution of our target group.

General segmentation

Geographic: all united kingdom.



Demographic: a) 18-24 and 25-34 male-female (flown the nest, nest builders)

b) ABC1, C2 social class

c) Generation X, Baby boomers, singles, just married

Geographic: Urban and semi urban.

Ideal customer portrait:

Male: Karl is a happy go lucky person, with lots of friends, in his mid 30's he is working with reputed firm. Loves to go party, his friends often visit him on weekends. His love for travelling is known by his knowledge of different cultures, heritage and history. He has visited India quite often and loves the food. On special occasions he loves to visit an Indian restaurant with his girlfriend and enjoy the food.

Female: Jessie is a girl who lives on her own terms. Strong decision maker, lives away from parents due to her work in a big MNC, has lot of friends from different countries. Loves to try out new places of food and party. More than pubs she and group of friends like to come back home watch their daily shows and have nice drink and food.

IMC campaign objectives:

IMC objectives are largely dependent on product life cycle position. Choice of goals depends on factors that are originating in situational analysis. Cobra

beer is going through growth stage, and hence marketing communication goals need to be determined regarding that.[26]

Emphasize cobra beer's premium positioning. : Off trade sales to be maximised by changing brand appearance and packaging. Also upgrading the positioning of cobra beer in retail stores such as ASDA, Tesco by placing product visible to consumers.