

Mexicali-marketing plan



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1 Mexicali – Marketing Plan EXECUTIVE SUMMARY The aim of this report is to develop a feasible marketing plan for the company Mexicali regarding the introduction of Mexicali beer to the United Kingdom. The report is divided into six chapters, including the marketing objectives, the product component model, the distribution, the promotion mix, the price strategy and determination and the financial statements. Mexicali's target group consists of women aged between 18 and 35 years, living in England and belonging either to the middle or working class.

The target group represents 5, 270, 100 women respectively, who are expected to purchase 8, 715, 000 Mexicali beers in the first year of operation according to the normal approach. These assumptions are based on the predicted market share of 1% of the cider and beer drinking women, as well as on the 0. 5% market share of the wine drinkers. To attract the target group, Mexicali needs to adapt Mexicali beer matching to their demands and preferences. Therefore, the label was adjusted with a new label and packaging to exude a more feminine and fresh look.

Additionally the added lime extract is emphasized with a lime on the label. Nevertheless the logo has maintained its recognizable features for the target customer. Furthermore, a slogan was developed, “ Fresh'n up your life”, to represent the advertising message of Mexicali beer, which is fun, freshness and femininity. Mexicali beer will be sold in 4-packs for a retail price of ? 4. 44 in order to stay competitive next to the primary competitors Corona, Sol and Dos Equis. In order to transport the beer from its production place in Mexico to England, Mexicali will make use of direct export on a CIF basis.

The company will venture with a distributor to get the products sold to retailers, wholesalers and catering. In order to gain bigger brand awareness it would be desirable for the beer brand to be sold additionally in off-license stores as well. However there is no real off-license store chain in England or the United Kingdom. That is why the company should sell its beer at the biggest two online liquor stores. To reach the target group Mexicali will make use of promotion tools that reach a wide audience. Accordingly, a media mix, consisting of internet, TV, print media and billboard advertisement was drawn. Furthermore, Mexicali will undertake trade promotion, for example trade shows and promotional packages, to promote Mexicali beer to the distributor and sales promotion through additional gifts as well as discounts to promote the beer to customers. The promotional budget is set at 40% of the yearly revenue for the first two years of operation. In the third year the budget will be decreased to 30% of the revenues. The financial analyses indicate that the introduction of Mexicali beer to the UK market is profitable and feasible.

Within the first year Mexicali will sell 8, 715, 482 units of Mexicali beer and generate a profit of ? 9587. 03. With an expected revenue increase of 10% per year for the first three years, profits are expected to increase. 2 Mexicali

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INTRODUCTION Mexicali is a Mexican beer brand with a long history, which dates back to the year 1923 when it started producing and serving beer to local customers and tourists. However, fifty years later the brewery closed its doors. Nowadays the company has reopened and is ready to serve worldwide the original, Mexican lime flavored beer, called Cerveza Mexicali Pilsner, with the traditional formula and logo. We, as a marketing firm, are hired by Mexicali to introduce Mexicali beer to the beer market of the United Kingdom.

In the United Kingdom, a lot of traditional British beers with their own rich histories are available, alongside with imported beer. Men usually have their own preferences regarding beer, e. g. bitter and ale, depending on the region. Women, on the other side, prefer wine and normal strength beer, cider and lager. Since the beer market for men is rather saturated, because of the abundance of imported beers next to the popular traditional beers, women aged between 18 and 35 years old will be targeted. It is planned to mainly distribute the beer to areas in England to reach a relatively high number of customers within a small radius.

After determining the marketing strategy, including target group and demand estimations, the marketing mix will provide the relevant information regarding product, distribution, promotion and pricing of Mexicali beer.

Finally, financial statements will be drawn, in order to conclude the profitability of this marketing plan. 8 Mexicali – Marketing Plan 1.

METHODOLOGY The purpose of this report is to develop a feasible, competitive and profitable marketing plan for Mexicali Company in order to introduce “ Mexicali” beer successfully to the UK market. Sources used for the marketing plan have to be reliable, valid and up-to-date.

The information given was gathered through primary and secondary research. Effective group work is the most important element to develop a successful report. Therefore group rules have been developed and fixed group meetings have been set at the beginning. Moreover the work has been divided, so that it was possible to work also at home. Nevertheless it was of great importance to meet with the whole group at least twice a week to develop ideas, agree on specific strategies, make important decisions and to have an insight into what had already been done and what was still missing.

First of all it was necessary to collect as much information as possible about the target country, the United Kingdom. Therefore a cultural, economical as well as a market and competitive analysis have been drawn, in order to get enough background information and to be able to understand the UK market. Based on this information it was possible to determine the potential target customers for “ Mexicali” beer and to decide on the target group that would be most effective to attract. The next step was to develop a successful marketing strategy and to choose on the right marketing mix matching “ Mexicali” beer? target group, including decisions on price, distribution, promotion and price. Primary research includes information obtained through field research and expert interviews. In order to get professional advice for <https://assignbuster.com/mexicali-marketing-plan/>

the distribution of “ Mexicali” beer, the management director of a distribution company, Rick Wright, has been contacted. Secondary research consist of information obtained through the Internet and topic related textbooks for marketing and international marketing in order to get facts and actual information about the UK market and related information concerning the target group and the marketing mix.

During group meetings everyone brought in creative ideas and knowledge. Moreover everyone was supporting the other group members and tried to help them out, in case they were not able to find the right information. Furthermore, deadlines were set to control the group work process and during meeting the finished work has been reviewed together, so that everyone was familiar with the whole content of the report. 9 Mexicali – Marketing Plan 2. **MARKETING OBJECTIVES** As a new beer brand to enter UK market, it is essential for Mexicali to successfully establish the brand name and image among the local customers.

Therefore, short-term, medium-term and long-term goals have been developed. **SHORT-TERMS GOALS (UP TO 1 YEAR)** ? ? ? ? ? ? Introduce Mexicali beer successfully on the UK market. Position Mexicali beer next to the primary competitors according to the positioning strategy. By the end of first year, Mexicali estimates to gain respectively 1 percent of UK’s beer market and additionally 0. 5% of the female wine consumers. The brand awareness of Mexicali beer is expected to reach 25% of the target group’s population due to the promotion strategy.

Apply a successful trade promotion Attract target customers through AIDA-orientated advertisement and sales promotion

MEDIAN-TERMS GOALS (1-3 YEARS) ? ? ? ? After the first year sales are expected to increase by 10% per year. Improve the brand awareness to 40% of the target group Create an image that suits to the target group to improve sales. Establish a loyal customer base within the target group.

LONG-TERMS GOALS (3-5 YEARS) ? ? ? ? Remain 10% increase in sales per year. Expand the target group to all regions of the UK Adapt promotion strategy to changing external environment that could accrue by that time.

Expand retailer base.

2. 1. MACRO-ENVIRONMENTAL FACTORS

3. 1. 1 POLITICAL FACTORS The United Kingdom has a Constitutional Monarchy and Commonwealth Realm. The political system is headed by a hereditary monarchy, which is a more or less ceremonial position, currently held by Queen Elizabeth II. The three arms of the state are the executive, judicative and legislative. The executive is lead by the Prime Minister, David Cameron, and the cabinet of Ministers. The judicative consists of the Supreme Court of the UK, The Senior Courts of England and Wales, The Court of Judicature, Scotland’s Court of Seniors and he High Court of the Justiciary. The legislative is represented by a bicameral Parliament, consisting of the House of 1 Lords and the House of Commons. 1 [https://www. cia.gov/library/publications/the-world-factbook/geos/uk. html](https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html)

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3. 1. 2 ECONOMICAL FACTORS The economical crisis had a strong impact on the United Kingdom; the GDP has been declining by 5% during the 2 3 4 period 2008/2009 and is just starting to recover while

inflation rates and unemployment are still up . Furthermore, the UK has to account the biggest fall in alcohol consumption in 60 years (Appendix 1).

This 5 negative effect is additionally supported by the remaining high taxes on beer. Even though the British economy might now find its way out of recession, the number of closing pubs is still historically on the highest 6 level, causing thousands of lost workplaces.

3. 1. 3 SOCIAL FACTORS The United Kingdom has about 62 million inhabitants , whereas the age group 45- 59 years is considerably the 8 9 largest, closely followed by the age class 35-44 years. The population growth rate is at 0. 3% in the year 2010. With regard to the gender distribution, women significantly outweigh men; however the latter recently catch 10 up.

3. 1. 4 TECHNOLOGICAL FACTORS The internet became the biggest advertising platform to reach potential customers. It is now a huge market for companies to easily find and inform buyers from all over the world. More than 75% of the British inhabitants 11 have access and also use the internet.

2. 2. THE TARGET MARKET 3. 2. 1 THE INDUSTRY The brewing industry of the United Kingdom is worth ? 52. 2 billion; selling more than 133 billion litres of beer 12 13 per year and earning global revenue of ? 147. 7 billion in 2006. In 2010 approximately 770 British breweries are producing beer in the UK.

However, the British beer market has been changing the last few years. The trend goes towards an international market with about 50% foreign control and higher concentrated industry with mass production. Nowadays, there are only a few big players on the British beer market such as Scottish & Newcastle PLC, Coors Brewers Ltd. , InBev UK Ltd, Carlsberg UK Ltd, Diageo PLC, Anheuser-Busch Europe Ltd, 14 Greene King PLC, Heineken UK Ltd,

Marston's PLC and Wells & Young's. 2 3 <http://www.statistics.gov.uk/cci/nugget.asp?id=19> 4 <http://www.bbc.co.uk/news/10604117> 5 http://www.beerandpub.com/newsList_detail.aspx?newsId=355 6 http://www.beerandpub.com/newsList_detail.aspx?newsId=317 7 <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=15354> 8 <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=15354> 9 <https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html> 10 <http://www.statistics.gov.uk/STATBASE/Product.asp?vlnk=15354> 11 <https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html> 12 <http://www.beerexpert.co.uk/BeerInTheUKAChangingIndustry.html> 13 <http://www.bbc.co.uk/news/uk-11323119> 14 <http://www.pr.com/press-release/56007> 1

Mexicali – Marketing Plan 3. 2. 2 MARKET TRENDS Several trends have a significant impact on the development of the beer industry. First of all, the continued demand for healthier lifestyle and wellness leads to higher sales in the “light-beer” sections. Furthermore new beer styles such as beer cocktails or for instance coriander/orange flavours affect the market and change the overall taste and flavour preferences of the customers. Hence there is an increasing request for experimental beer types, such as sour beer, extreme beers, with up to 30% alcohol or hybrid styles which are brewed together with fruits or whiskey.

Despite that, the trend goes forward local craft beer brands, a higher awareness for locally produced products and creative labelling. On the other side US-brands are now heavily penetrating the British market, for example with hop-heavy beers, that fill the gaps that British brewers failed to fill.

3. 2. 3 MARKET DEVELOPMENTS Number of Breweries Number of Breweries (UK) 8000 6000 4000 2000 0 Graph 1: Number of breweries in UK Major market developments are the general declining beer consumption in the UK, especially by youngsters.

However, many trends such as the increasing sales in Northern Ireland, the rising numbers of breweries and 19 women drinking alcohol show an opposite effect. Additionally, the British might not be Europe's heaviest alcohol drinking country; however, they are more likely 20 to drink large quantities at once. The government reacted to the bad image and implied new changes for licensing alcohol in pubs, in order to prevent anti-social behaviour and binge drinking. Now, the pubs suffer 21 from higher costs to get their licensees as well as more red tape. Furthermore in 2005 new licensing laws came into action.

Now, pubs and clubs can apply for a 24-hour-licence. The former closing time at 11 o'clock is 22 thereby abrogated. Future actions of the British government could be a raise on the VAT on beer up to 20%, 23 which would increase the price of a pint of beer by 6 pence. 18 15 16 <http://www.britishcouncil.org/poland-trenduk-new-uk-drinking-habits.htm> <http://blogcritics.org/tastes/article/this-years-top-7-craft-beer/page-3/> 17 <http://blogs.independent.co.uk/2010/09/09/british-beer-booming-or-boring/> 18 http://www.beerandpub.com/newsList_detail.aspx?newsId=355 19 <http://www.jrf.org.uk/publications/drinking-in-the-uk> 20 <http://www.elegraph.co.uk/health/healthnews/7616405/Britain-is-the-binge-drinking-capital-of-Europe.html> 21 http://www.beerandpub.com/newsList_detail.aspx?newsId=356 22 http://news.bbc.co.uk/2/hi/uk_news/4464284.stm <https://assignbuster.com/mexicali-marketing-plan/>

23 http://www.beerandpub.com/newsList_detail.aspx?newsId=347 12

Mexicali – Marketing Plan 2. 3. COMPETITOR ANALYSIS 3. 3. 1 PRIMARY

COMPETITORS Primary competitors are companies which sell nearly identical products or services. Our primary competitors are the Mexican based breweries “ Grupo Modelo” and “ Cerveceria Cuauhtemoc Moctezuma” that also export some of their products to the United Kingdom. Grupo Midelo” offers the famous and well-established beer “ Corona” on the British market, while” Cerveceria Cuauhtemoc Moctezuma “ has the two Mexican beers “ Sol” and “ Dos Equis” for sale. Name Image Corona²⁴ Sol²⁵ Dos Equis²⁶

Features Light lager Mild flavour, little hop bitterness 4. 6% vol. Served with a lime Clear bottle 0. 33ml bottles 0. 21ml bottles for cases in 4-pack’s, 12-pack’s or 24bottle-cases ? 4. 55 for a 4-pack or ? 11 per 12-pack, ? 32. 36 per case Interactive webpage, big ? 1 million advertising campaign in 2008 for the UK, “ The unmistakable colour. The one-of-a-kind taste. The unparalleled flavour of relaxation.

One of the most recognizable bottles in the world” The Bedford-based Wells & Young’s Brewing Company Neutral, advertising ambitions focus on “ getting friends together”, no explicit gender preference Light refreshing Pilsner-style lager Fresh molly-fruit flavour 4. 5% vol. Served ice-cold with a lime Clear bottle 0. 33ml bottles In 4-pack’s, 6-pack’s or 24bottle-cases ? 1. 39 per bottle, ? 4. 49 per 6pack or ? 32. 36 per case Interactive webpage, Known for sexy advertisement, “ la vida fresco” Package Refreshing golden lager-style beer Made with roasted malts, choice hops, a unique strain of yeast and purified water 4. % vol. Green glass bottles Or aluminium bottles 0. 33ml bottles In 6-pack’s or 24-bottle-cases ? 1. 45 per bottle or ? 33. 76

per case Webpage, “ official sponsor of the breeder’s World Cup 2010”, advertising campaign “ Most interesting Man in the world” ? personification of Dos Equis Price²⁷, 28 Promotion Distribution channels Brand appearance From the 4th of October 2010 on, owned by Heineken Masculine, company focuses on attracting men through e. g. “ attractive women”. From the 4th of October 2010 on, owned by Heineken Masculine, brand exudes a manly and sophisticated image. Table 1: Primary Competitors 4 25 26 www. corona.

com [http://www. sol-beer. co. uk](http://www.sol-beer.co.uk) [http://www. mexperience.](http://www.mexperience.com/bar/mexican-beer.php)

[com/bar/mexican-beer. php](http://www.beersofeurope.co.uk/) 27 [http://www. beersofeurope. co. uk/](http://www.beersofeurope.co.uk/) 28

[http://www. mysupermarket. co/uk](http://www.mysupermarket.co.uk) 13 Mexicali – Marketing Plan 3. 3. 2

SECONDARY COMPETITORS Secondary competitors offer replaceable products, such as wine, cider and lager. They differentiate by their regular customers, their product offer and concepts. The best selling lager in the UK is Carling, which is owned by the American/Canadian brewery Molson Coors Brewing Company. Second best selling lager is Foster’s by the biggest domestic brewery Scottish & Newcastle. 9 The best selling cider is Strongbow, produced by Bulmers with a market share of 63% of the UK cider market , followed by the cider Blackthorn, made by the Gaymer Cider Company. The best selling wines of the UK are Crisp & Fruity white wine California by Blossom Hill and Stamp Cabernet Merlot by Hardy’s. Name Type Carling’s 30 Foster’s 31 Strongbow Cider 32 Blackthorn Cider 33 Blossom 34 Hill White wine Hardy’s 35 Stamp Red wine Lager beer Lager beer Feature Light lager, 4. 1% vol. Bright golden colour, full malty character, crisp and clean hop finish, 5. 0% vol.

Dry cider with small quantity of sugar, nearly colourless, 5. 3% vol. Dry, sour
 cider, 5. 5% vol. Smooth, fruity citrus, 13. 5% vol. Ripe fruit character, sweet,
 slight dry character, 14. 0% vol. 750ml bottles Package 440ml or 568ml
 cans, 4, 10- or 15-pack's 440ml or 568ml cans, 4-, 10- or 15pack's 4-pack's
 for ? 3. 47 or ? 4. 89, 10-pack's for ? 8. 96 and 15pack's for ? 11. 00 440ml
 cans, or 2L bottles, 4-pack's or 15pack's 4-pack's for ? 3. 98, per bottle ? 2.
 99 and for 15-pack's ? 10. 00 Price 36 4-pack's for ? 3. 29 or ? 4. 89, 10-
 pack's for ? 8. 96 and 15-Pack's for ? 12. 0 440ml cans, or 2L bottles, 4pack's
 or 15pack's 4-pack's for ? 3. 00, per bottle ? 3. 00 and for 15-pack's ? 10. 00
 750ml bottles Bottles for ? 4. 69 Bottles for ? 6. 49 Table 2: Secondary
 Competitors 29 30 [http://www. hartwall.](http://www.hartwall.fi/en/Products/Drinks/Ciders/Strongbow/)

[http://www. carling. com/](http://www.carling.com/) 31
[http://www. fosters. de/](http://www.fosters.de/) 32 [http://www. strongbowcider. com/](http://www.strongbowcider.com/) 33 [http://www. blackthorn. uk. com/age. php](http://www.blackthorn.uk.com/age.php) 34 [http://www. blossomhill. com/](http://www.blossomhill.com/) 35
[http://www. hardys. com. au/pages/hardys/our_wines. jsp](http://www.hardys.com.au/pages/hardys/our_wines.jsp) 36 [http://www. mysupermarket. co/uk/](http://www.mysupermarket.co.uk/) 14 Mexicali – Marketing Plan 2. 4. SEGMENTATION

In order to identify our target group, we divided the segmentation in
 different categories, namely demographical, regional, behavioural and
 psychographical. 3. 4. 1 DEMOGRAPHICAL 3. 4. 1. 1 AGE In the UK alcohol
 drinking is equally divided among adults of all age classes from 24 to 64
 years . However, one can detect an increase of drinking among middle- and
 older-age groups as well as very young adolescents. On 38 the other side,
 drinking among 16-to24-year-olds has slightly been decreasing in the last
 years. 37 3. 4. 1. 2 GENDER With regard to gender preferences, men drink
 more and more often than women, e. g. en consume on 39 average 16 units

of alcohol per week, while women only drink 6.5 units. However, the behaviour of alcohol drinking females has clearly been changing over the last years, with growth rates of up to 15%. Accordingly, a 40 significant trend towards higher alcohol consumption among women is detectable. 3. 4. 2

REGIONAL The population of the United Kingdom is unequally distributed among the four regions. 84% of the inhabitants live in England, while only 3% live in Northern Ireland, 8% in Scotland and 5% in Wales. Furthermore the 41 population concentrates in England's fertile southeast and middle.

The picture beneath shows the population 42 density of the UK; apparently most citizens live in rural or sub-rural rather than urban areas. Map 1:

Population Density UK43 37 38 [http://www.marketresearchworld.net/index.php?option=com_content= view= 304](http://www.marketresearchworld.net/index.php?option=com_content&view=304) <http://www.jrf.org.uk/publications/drinking-in-the-uk> 39 <http://www.ias.org.uk/resources/factsheets/drinkinggb.pdf> 40 <http://www.aerc.org.uk/insightPages/library/Ins0068.html> 41 <http://www.state.gov/r/pa/ei/bgn/3846.htm> 42 <http://maps.howstuffworks.com/united-kingdom-population-density-map.htm> 43 <http://maps.howstuffworks.com/united-kingdom-population-density-map.htm> 15 Mexicali – Marketing Plan 3. 4. 3 BEHAVIOURAL British men and women above 16 years consume about 11 litres of pure alcohol per year, whereas beer makes up the largest proportion of 40%. 44 They prefer enjoying an alcoholic drink outside home, since they spend 2/3 of the money used for alcohol in pubs, clubs or bars.

However the market of home consumption increased over the last years significantly. 45 People in the UK are more willing to accept higher prices for beer in contrast to many other Europeans; 46 however price sensitivity

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strengthened during the economical slowdown of the 47 UK. 3. 4. 3.

PSYCHOGRAPHICAL British people consume alcohol on a weekly base, they are mostly mid-week drinkers. They drink alcohol and 48 especially beer when they want to relax, wind down, celebrate, commiserate or socialize. In general alcohol consumption is a deep-seated activity in the British history and also perceived as an important part of their culture. 2. 5. TARGETING: We consider women to be the key factor when establishing our product successfully. They have massive spending powers and also make the majority of purchasing decisions. So far women were not considered or barely targeted by the brewery industry of the UK.

Men are clearly consuming more beer, about 60% on a weekly base, than women with only 20%, when considering both strong and normal strength beer, cider and lager. Consequently marketing strategies are mostly customized to male demands and needs. The drink preference of women focuses in general on wine, with a consumption of 59% on a weekly base. Accordingly, 49 the potential of the beer market is not yet matured and leaves great space to attract women. 3. 5. 1 THE TARGET PROFILE 3. 5. 1. 1 CULTURAL Social class Mexicali lays its focus on women from the Working and the Middle class, where 92% of the total number of 50 British women belong to.

Members of these groups share similar buying habits and a distinct product and brand awareness. That fact makes it easier to determine the behaviour of Mexicali's target consumers. Geographical Moreover Mexicali targets England first. The population concentration is the highest in these areas; consequently one can reach a high number of potential customers within a <https://assignbuster.com/mexicali-marketing-plan/>

small radius. 44 45 <http://www.ias.org.uk/resources/factsheets/drinkinggb.pdf> <http://www.beerexpert.co.uk/economy-effects-beer.html> 46

<http://www.foodanddrinkeurope.com/Consumer-Trends/Price-not-a-factor-in-British-drinking-habits> 47 <http://www.ordbia.ie/industry/services/alerts/Pages/DrinkpreferencesofUK18-24yearsoldexamined.aspx?year=2010> = 32 48 <http://www.drinkaware.co.uk/alcohol-and-you/alcohol-in-the-uk> 49 <http://www.ias.org.uk/resources/factsheets/drinkinggb.pdf> 50 <http://www.businessballs.com/demographicsclassifications.htm> 16

Mexicali – Marketing Plan 3. 5. 1. 2

PERSONAL FACTORS Age Mexicali aims its attention at female customers in between 18-35 years, which is supported by recent trends, 51 such as increased alcohol consumption among middle and very young females.

Besides, Mexicali could basically attract this group of women with a single marketing strategy rather than with multiple, when including other age groups as well. Occupation Mexicali's centre of attention is from semi and unskilled manual women up to females with higher managerial, administrative or professional occupations. Lifestyle Mexicali's target consumers show interest in healthy food, fashion and music. Furthermore, they perform activities such as sports and shopping, or they like to socialize with people.

Personality and self-concept A “ brand personality” is a helpful tool to allocate human traits to a brand, so that customers can easily identify themselves with it. Mexicali's target consumers are “ down-to-earth women”, in principle the average happy woman that likes partying with friends, who enjoys fashion and music on an ordinary level, or exercises on a healthy

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base. These customers are likely to choose a brand with similar character traits that match their own; accordingly Mexicali wants to display an image of “ Sincerity”, which is attributed with words such as “ down-toearth”, “ honest”, “ wholesome” and “ cheerful” . . 5. 1. 3 PSYCHOLOGICAL:

Perception Beer is a rather masculine beverage, since the majority of consumers are men and the beer industry concentrates its promotion efforts mostly on them. The traditional image of beer consumption, drinking pints in pubs does not appeal to women that much. They are normally moderate drinkers, since misbehaving in public is less accepted for them in contrast to men. According to this, pints are too large in volume, moreover women are physically not able to consume as much as men. From a woman’s point of view the industry orientates too much on men’s preferences.

Thereby, women are deterred by the overall masculine appearance of traditional beers. Attitude Besides, many women do not like the smell and aftertaste of traditional beers. They consider them to be too strong or bitter. Women demand a rather sweet, healthier and less alcohol-rich product, that does not contain too much carbohydrates or calories. Furthermore they favor different flavors, for example enriched with fruits, fresh tastes, for instance “ Shandy”, and natural ingredients. In addition women seek for style and elegance by preferring a drink in a glass rather than in a bottle.

They pay attention to the outward appearance, for instance the label and design of the drink as well as the complexity of ingredients. 51 <http://www.jrf.org.uk/publications/drinking-in-the-uk> 17 Mexicali – Marketing Plan

Behaviour Thus Mexicali tailors its marketing strategy on women only; it will

be able to attract a small proportion of cider and wine drinkers besides the

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general beer drinking women. Even though, British women clearly favour wine, which is perceived as an “ unisex” drink, over beer, with its masculine image.

2. 6. POSITIONING To beer drinking women from the United Kingdom, Mexicali is a perfect drink to socialize with friends and enjoy a new, fresh beer taste. “

3. 6. 1 PERCEPTUAL MAP The following chart shows Mexicali’s position in the British beer market in comparison to its primary competitors “ Corona”, “ Sol” and “ Dos Equis”. The x-axis measures the appearance of the brand between “ masculine” and a “ feminine “. The y-axis describes a “ high” or “ low” price per bottle. Mexicali offers a fresh beer for females for a medium price; accordingly the brand is charted in the first quadrant.

In comparison to its competitors Mexicali’s unique selling point is its feminine image, which makes it attractive to female demands. By offering a new beer that is adapted to women’s needs and wants, Mexicali clearly distinguishes itself from its competitors on the British beer market.

Price (high) Image (masculine) Image (feminine) Price (low)

Graph 2: Perceptual Map 18

Mexicali – Marketing Plan 2. 7. MARKET PENETRATION AND COVERAGE

STRATEGY In order to decide which segment to cover in the marketing of the Mexicali beer, one needs to evaluate which coverage strategy to undertake.

Mexicali is a relatively small company in comparison to its strong competitors on the British beer market. Mexicali’s resources are basically limited and hence the company cannot compete with the big brands.

Accordingly, they have to consider market segments that are not covered or barely targeted by larger companies. Furthermore, Mexicali enters the British beer market with one single brand. Therefore the products life-cycle stage also needs to be taken into consideration. Mexicali beer, as a new brand on

the British market, can only appeal to the “ innovators” or “ early adopters”, as further explained in the promotion chapter.

To conclude, the coverage strategy “ Concentrated or Niche Marketing” is the most suitable for Mexicali to enter the UK market. Mexicali wants to gain market share on the British beer market, on this account the company needs to contemplate a penetration strategy. As mentioned before, Mexicali wants to enter and introduce its beer to the Britain for the first time, thus they have no market share so far. In order to penetrate the market, Mexicali should increase promotion and distribution expenditures to create customer awareness. In the future Mexicali may drive out competitors and gain parts of their market shares.

8. DEMAND AND PROFIT ESTIMATIONS Demand estimations are based on women aged between 18 and 35 years living in England. With regard to the chart beneath, the number of women aged between 18 and 35 years equals 5, 730, 100.

| Year | 18-24 | 25-34 | 35-18 |
|------|-------|-------|-------|
| 2001 | 5200 | 1800 | 52 |
| 2002 | 5200 | 1800 | 52 |
| 2003 | 5200 | 1800 | 52 |
| 2004 | 5200 | 1800 | 52 |
| 2005 | 5200 | 1800 | 52 |
| 2006 | 5200 | 1800 | 52 |
| 2007 | 5200 | 1800 | 52 |
| 2008 | 5200 | 1800 | 52 |
| 2009 | 5200 | 1800 | 52 |

Chart 1: Females living in England (numbers in 000's)⁵³ Then, beer and cider drinking women were taken into account. As seen in the chart below, women drink on average 4% strong beer, lager and cider as well as 15% normal strength beer, lager and cider.

Based on these figures, a market share of 1% has been assumed for the normal demand estimation. Further wine and cider drinking women will be targeted as well; therefore a market share of 0. 05% has been considered.

⁵² ⁵³ <http://www. statistics. gov. uk/STATBASE/Product. asp? vlnk= 15354>

<http://www. statistics. gov. uk/STATBASE/Product. asp? vlnk= 15354> 19

Mexicali – Marketing Plan Wine 59% Strong beer, Lager, Cider 4% Normal

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strength beer, lager, cider 15% Spirits 16% alcopops 4% fortified wine 2%

Chart 2: Division of alcohol consumption of women in 2009 for Great Britain.

4 For the normal scenario the target group will purchase 5, 035, 611. 88

units of Mexicali beer on a weekly base, which will total in yearly estimated

sales of 8, 715, 482. Mexicali's profit for the first year is assumed to be at ?

9587. 03. For detailed estimations and the pessimistic and optimistic

scenario, please refer to the Appendix 2 and the finance part. 3. MARKETING

MIX 3. 1. PRODUCT COMPONENT MODEL The product is a complex bundle of

benefits that satisfies customers needs, generally divided into three levels:

The core, packaging and support service component.

The core component is what customer are really buying, in fact the core

problem solving benefit or service that they seek. The packaging component

is the core component turned into a physical. The third level of the product

component model, the support service component, includes offerings of

additional customer services and benefits. In order to establish Mexicali beer

successfully and as a competitive brand it is of high importance to clearly

differentiate the product from its competitors by understanding and

satisfying the target customers needs and wants. 3. 2. CORE COMPONENT

4. . 1 FUNCTIONAL FEATURES The basic feature of our product is that it

enables the target customers to quench their thirst. Additionally the fresh

lemon flavour gives “ Mexicali” its unique taste. Another feature of drinking “

Mexicali” is that the alcohol inside the product (ALC/VOL 4. 0%) will make

you feel comfortable and relaxed and gives you the opportunity to enjoy

time with your friends or socialize with other people, for example at parties

or events. 54 Drinking: Adults' behavior and knowledge in 2009, Office for National Statistics (ONS) 20 Mexicali – Marketing Plan

Moreover it has been proven that, for women, drinking one beer per day, is beneficial in reducing stress, heart diseases and enhancing sleep, which makes “ Mexicali” a healthy product, provided that it would be consumed 1 the correct frequency . Furthermore, Mexicali beer will be available in bottles in supermarkets, online liquor stores and pubs in the UK, so that it can be easily transported to the desired place of consumption. 4. 2. 2 DESIGN FEATURES In contrast to traditional beers Mexicali's target group is women, so the key concept of the design is fresh, modern and joyful.

This unique design will enable the customers to identify with the product and create demand for our product. 3. 3. PACKAGING COMPONENT 4. 3. 1

TRADEMARK According to the research the name Mexicali is not yet established in the UK, so one can obtain a trademark protection by registering at the UK trademark registration website . The original logo will be kept in order to maintain brand awareness. However, the colours have been adjusted to green, white and yellow to give it a fresh and modern appearance. Therefore, the product will be attractive to women. 55 4. . 2

BRAND NAME: MEXICALI The brand name of Mexicali beer will be kept, as it is already an established and well-known brand name. Consumers will consider this as a typical Mexican brand name which creates an association with Mexico and the image people have of that country. 4. 3. 3 LABEL

Illustration 1: Mexicali Label 55 http://www.marcaria.com/register/Trademark_registration.asp?country=united%20kingdom=CLzy00a17KQCFQgw3god_yOx0Q 21 Mexicali – Marketing Plan The bottle

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contains a label as seen above, which displays the logo including the brand name.

The color scheme of the label, consisting of yellow, white and green, represents life, freshness, joy, and freedom, and additionally it reminds people of the national flag of Mexico . One can see the illustration of a lemon slice with beer-drops which refers to the lemon flavor and the beer itself. Additionally, the serving temperature will be displayed on the label to make sure the customers can have an enjoyable experience when drinking Mexicali. Furthermore, all the labeling requirements will be resent to meet the import regulations in the UK, such as a list of ingredients, the name and address of the company, the country of origin, the date of fabrication and storage instructions. 56 4. 3. 4 SLOGAN: “ FRESH’N UP YOUR LIFE “ The slogan displayed on the bottle is clearly perceivable for the consumer. The slogan is based on Mexicali’s promotion message “ fresh, fun and feminine. ” The intention behind the slogan is that the consumption of Mexicali beer provides a fresh and modern way of living. The slogan is short and catchy, so that it is easy to remember for the customer. . 3. 5 BOTTLE The model type is a long neck bottle. This type of bottle will give the beer a luxurious appearance. The bottle is sealed with a switch crown cap which makes it easy to open it. The standard size of the bottle is 0. 33 liters, which will be placed in supermarkets, pubs, clubs and online liquor stores. However, according to the UK law, product information must be placed directly on the package. The bottling date of transparent, colorless liquid containers may be marked on the reverse side of the label. Illustration 2: Bottle and crown cap 56 <http://www.inside-mexico.com/flag.htm> 22 Mexicali – Marketing Plan 4.

3. 6 INGREDIENTS The ingredients of Mexicali beer are hops and lightly sweet malt. Further aspects of the product are its light bodied nature and good carbonation, which creates a refreshing and light beer. This combination is perfectly suited for female consumers.

4. 3. 7 PACKAGE Mexicali beer is filled in clear glass bottles and will be sold in 4-pack's with a handle to make it more convenient for women to carry it. The carton package will be made out of economical and environmentally friendly material.

Concluding, the 4-pack with its unique design, especially aimed to women, differentiates Mexicali beer significantly from its competitors. Illustration 3: Carton package The illustration above is a draft version of the Mexicali package.

4. 3. 8 QUALITY The Mexicali beer has a lemon flavor, a mild aroma, a slightly grained and sweetish malty taste which meets British women's preferences. Mexicali beer is based on the original formula and its high standard quality control production process. The secret of this inherited formula allows its products to be distinguished by its unique flavor and precise alcohol concentration.

8 57 4. 3. 9 PRICE The retail price of Mexicali beer per 4-pack is ? 4. 44 and the retail price in pubs, clubs and restaurants for one bottle is ? 2. 79. The price is competitive and reasonable, as it is based on the primary competitor's prices. Besides, Mexicali's production and distribution costs will be covered with it as well. For further details, please refer to the price chapter.

57 58 http://alcoholism.about.com/od/women/Women_and_Substance_Abuse.htm <http://mexicalibeer.com/craftbeer.html> 23 Mexicali – Marketing Plan 3. 4. SUPPORT SERVICES

COMPONENT 4. . 1 WARRANTY AND SERVICE HOTLINE Mexicali has a quality

control standard; any product of Mexicali that does not meet this standard of quality will be replaced or refunded by the company. Customers can phone the service hotline number, which will be printed on the backside of every bottle. Refunds or replacements will only be provided when customer complaints are on a rightful basis. The service hotline may also be used by consumers as an after sale service to suggest improvements, and comments on the product or to enquire information.

As a result, the product may have to be adjusting to satisfy customer's needs and wants. 4. DISTRIBUTION Mexicali will make use of several transportation modes and distribution companies in order to reach the market of the United Kingdom. First of all the products will be transported via truck from Tecate to Ensenada, by " QuickTransportSolutions" , which is operating in Mexico and work with Mexican trucking companies in Baja California. Once arrived at the harbour of Ensenada, the load will be transported via ocean carriers to Rotterdam by " Hapag Lloyd" on a CIF basis.

When the freight will reach Rotterdam and custom- and excise duties will be paid, the company " DB Schenker" will transport the goods via railway to Swanley Village in Kent, England. There, the products will be distributed by " Pierhead Purchasing LTD", who is a specialist in distributing beer to supermarket and catering chains in England. Since Mexicali will use third parties for its distribution, the company will make use of direct export.

Information on CIF and the distribution destinations will be discussed in this chapter. 61 60 59 4. 1. INDIRECT VS. DIRECT EXPORT 4. 1. 1. INDIRECT EXPORTING:

Indirect export is a type of export in which a company sells to a buyer (an importer or distributor) in the home country; the buyer in turn then exports the product. In this way the exporting company will do business with an intermediary, relying on his knowledge, connections and other capabilities to distribute the product into a specific market, in exchange for a mark up. The exporter will lose some control over the product, however benefits from the knowledge and services of the distributor. 63 62 4. 1. 2. DIRECT EXPORTING: Direct export is the type of exporting in which a company sells directly to distributors in a foreign country.

It is the most difficult and time consuming way of exporting, because it requires a great deal of commitment since the company needs to manage its own distribution channel into detail from start to finish. However, if done correctly it could be the best solution for long-term growth and high profits, because it enables the 59 60 64 <http://www.quicktransportsolutions.com> <http://www.hapag-lloyd.com/en/home.html> 61 <http://www.schenker.nl/> 62 63 64 International Marketing By Cateora, Gilly, Graham, 14th Ed. <http://www.unzco.com/basicguide/c4.html> International Marketing By Cateora, Gilly, Graham, 14th Ed. 4 Mexicali – Marketing Plan company to have a greater span of control over its product. 65 Since Mexicali wants to keep control over the distribution of its products, it is most suitable for Mexicali to use direct export. Mexicali will firstly ship its products to Rotterdam before shipping to the United Kingdom. In this manner Mexicali avoids paying the high custom duties and excise duties of the United Kingdom. Of course the company will have to pay these types of taxes to the Dutch government, but these are significantly lower than from the United

Kingdom. Since the company has little knowledge of the infrastructure of the United Kingdom or The Netherlands so far, Mexicali will make use of the knowledge and expertise of third parties, by hiring distribution companies on contract who transport the beer from the city of Mexicali to Rotterdam and then to Dover. By doing so, the company will have more control over the product and has more possibilities on making higher profits in the long-term, provided that the product is exported efficiently. For further information about the excise duties and income duties, please refer to the cost price determination. 4. 2. PORT SELECTION 4. 2. 1. ORIGIN PORT:

The closest port to Tecate is called Ensenada and is approximately 120 km away from the city . The products will be transported by a trucking company called “QuickTransportSolutions”. The costs to transport Mexicali beer from the city to Ensenada has been based on the fuel costs of the truck. From Ensenada the beer will be transported via the shipping company called “Hapaq-Lloyd” to Rotterdam. 66 4. 2. 2. DESTINATION PORT: From Rotterdam, Mexicali beer will be transported to Swanley Village in Kent, England. This will be done via the railroad transport “DB Schenker”. 4. 3. MODE SELECTION

Mexicali will make use of ocean carriers, railroad transportation and motor carriers or trucks. For more information about the advantages and disadvantages of each transportation mode, please refer to Appendix 3. 65 66 <http://www.unzco.com/basicguide/c4.html> <http://maps.google.nl/> 25 Mexicali – Marketing Plan 4. 4. DISTRIBUTION CHANNELS: Illustration 4:

Distribution channels 4. 4. 1. TRUCKING COMPANY

“QUICKTRANSPORTSOLUTIONS” 67 Illustration 5: Distribution channel 1 In <https://assignbuster.com/mexicali-marketing-plan/>

order to forward Mexicali beer to the harbour in Ensenada, the product must be transported from Tecate to Ensenada via trucks.

'QuickTransportSolutions' is a trucking company that ensures that a specific truckload gets from place A to B on time, every time. They have a large network and are experienced in international trucking transport in the USA, Canada and Mexico, but also deal with domestic cargos within these countries. ⁶⁷ <http://www.quicktransportsolutions.com> ²⁶ Mexicali – Marketing Plan 4. 4. 2. OCEAN CARRIER "HAPAG-LLOYD" ⁶⁸ Illustration 6: Distribution channel 2 "Hapag-Lloyd" has been chosen as the ocea