Heineken is one of the worlds pale lager marketing essay

Heineken is one of the worlds huge pale lager and is dedicated to grow and remain independent, made by Heineken International since 1873. The trade name that stand's for the founder's name – Heineken – is presented in almost all countries on the planet earth and is one of the world's most valuable international premium beer brand. It is very popular in the United States, Europe and even Middle Eastern countries such as Egypt, Syria, Iraq and Sudan. Their international brands are Heineken and Amstel, but the group brews and sells more than 170 international premium, regional, local and specialty beers and ciders, including Cruz campo, Birra Moretti, Foster's, Maes, Murphy's, Newcastle Brown Ale, Ochota, Tiger, Sagres, Star, Strong bow and Zywiec. It is available in a 4. 3% alcohol by volume, in countries such as Ireland. Heineken has been able to remain one of the world's leading consumer and corporate brands for more than 130 years. Famous brands include Amstel, Europe's third-largest selling beer, Cruzcampo, Tiger, Zywiec, Birra Moretti, Ochota, Murphy's and Star. They are more than 119 breweries in more than 65 countries brewing a Group beer volume of 139. 2 million hectolitres. In this report we going to Discover more about company, strategy, as well as their operations in EUROPIAN region.

1. 1 History

The Heineken story began more than 140 years ago in 1864 when Gerard Adriaan Heineken acquired a small brewery in Amsterdam. Since then, four generations of the Heineken family have expanded the Heineken brand and the Company throughout Europe and the rest of the world.

Values and principals

Heineken morals and ethics are not a lavish: they are essential to every level of business. Heineken is committed in sustainable development, in optimiseing their financial results with nominal impact to business atmosphere. To do this, they abide with number of governing business principles and three other core values such as- respect, enjoyment and quality – that reflect their passion for beer and respect for their employees, business partners, customers, shareholders and all others who are connected to company.

2. 0 Marketing audit for Heineken

The marketing audit is a fundamental part of the marketing planning process. It is conducted with implementation of the plan. The marketing audit considers both internal and external marketing planning, as well as review of the plan itself.

PEST analysis is an audit of an organization's environmental influences with the purpose of using this information to guide strategic decision-making. The PEST technique involves assessing four sets of factors: Political/legal, Economic, Socio-cultural, and Technological. The assumption is that if the organization is able to audit its current environment and assess potential changes, it will be better placed than its competitors to respond to changes.

PEST analysis is concerned with the environmental influences on a business. The acronym stands for the Political, Economic, Social and Technological issues that could affect the strategic development of a business. Identifying PEST influences is a useful way of summarising the external environment in which a business operates. However, it must be followed up by consideration of how a business should respond to these influences. The table below lists some possible factors that could indicate important environmental

Influences for a business under the PEST headings:

Political / Legal

Economic

Social

Technological

– Environmental regulation and protection

– Economic growth (overall; by industry sector)

– Income distribution (change in distribution of disposable income;

– Government spending on research

-Taxation (corporate; consumer)

– Monetary policy (interest rates)

– Demographics (age structure of the population; gender; family size and composition; changing nature of occupations)

– Government and industry focus on technological effort

-International trade regulation

– Government spending (overall level; specific spending priorities)

– Labour / social mobility

– New discoveries and development

-Consumer protection

– Policy towards unemployment (minimum wage, unemployment benefits, grants)

– Lifestyle changes (e. g. Home working, single households)

– Speed of technology transfer

-Employment law

– Taxation (impact on consumer disposable income, incentives to invest in capital equipment, corporation tax rates)

– Attitudes to work and leisure

-Rates of technological obsolescence

-Government organisation / attitude

– Exchange rates (effects on demand by overseas customers; effect on cost of imported components)

– Education

– Energy use and costs

-Competition regulation

– Inflation (effect on costs and selling prices)

– Fashions and fads

– Changes in material sciences

– Stage of the business cycle (effect on short-term business performance)

– Health & welfare

– Impact of changes in Information technology

– Economic “ mood” – consumer confidence

– Living conditions (housing, amenities, pollution)

– Internet!

2. 1. 1 Political

Efforts to reduce levels of alcohol consumption: Governments conduct promotion to change public consumption, e. g. anti-drink and drive behaviour. Associated with this is increased regulation on the nature and style of alcohol advertising. For example, it is prohibited in Austria, Denmark, Finland, Norway and Sweden. Alcohol promotion has been banned on TV in France and, in the UK to reduce its influence on younger TV and radio audiences.

2. 1. 2 Economical

Implementation of the Single European Market (SEM) enabling freedom of movement of goods and services, people and capital across national borders brought opportunities and threats to the brewing industry. It has allowed firms to invest equity to acquire full-ownership of established breweries across Europe, rather than minority holdings. At a production level, it has encouraged the location of breweries and associated logistics distribution centres to be made on cost-efficient criteria rather than regional or national obligations, enabling an international, and even global, approach to beer production. At the same time, the European logistics industry has been liberalized in the lead up to 1992 with the removal of national licenses, quotas and control within the road-transport sector, although there remains a dominantly national flavor to its provision.

As yet, the unification of taxation, especially excise duties across Europe which could ease administration, is only under discussion. The difficulties of implementing the proposals are considerable. However, with the current variations in excise duties encouraging a black market, especially between the UK and France, movement is afoot to reduce the extreme variations. The publicity associated with the substantial cross-Channel movement (or ' bootlegging') of alcohol and tobacco products between France and the UK, with adverse repercussions for UK suppliers and tax collection for the Exchequer, has concentrated minds on finding a solution to the taxation disparities.

The brewing industry relies on economies of scale in both production and distribution to be successful. The removal of trade barriers, with the chance to capitalize on economies of scale, is helping companies, especially those operating within small domestic markets. Both Heineken in the Netherlands and Carlsberg in Denmark have been obliged to internationalize as their own domestic markets are too small to provide sufficient scope for economies of scale for desirable growth. Expansion through joint venture, acquisitions and mergers, together with licensing and strategic alliance, has enabled an extension of brand franchising and complementary brands.

2. 1. 3 Social

Provision of environmentally friendly packaging: In Germany and Denmark drinks require returnable bottles for re-cycling and, since 1995, at least 65%

of packaging has had to be re-usable. In Denmark cans are banned for in-country production, although, due to European Union (EU) competition rules, import exemptions allow high imports of canned beer, from Germany in particular. These regulations incur short-term increases in the costs of packaging and distribution as new technology is introduced to meet the requirements.

2. 1. 4 Technological

Heineken use their technology to keep detailed documents of shipping, in their warehouses to make the beer more efficiently and for shipping purposes.

2. 2 SEGMENTATION – TARGETING – POSITIONING

“ proceeds to segment the market, select the appropriate market target, and develop the offer’s value positioning. The formula – segmentation, targeting, positioning (STP) – is the essence of strategic marketing.” (Kotler, 1994, p. 93) .

The process of market segmentation can also consist of the selection of those segments for which a firm might be particularly well suited to serve by having competitive advantages relative to competitors in the segment, reducing the cost of adaptation in order to gain a niche. This application of market segmentation serves the purpose of developing competitive scope, which can have a “ powerful effect on competitive advantage because it shapes the configuration of the value chain.” (Porter, 1985, p. 53).

Segmentation is the process of identifying sets of consumers. These sets must be homogeneous, distinct, attractive and reachable. It use demographic (i. e. age), geographic (i. e. ZIP codes), and psychographic (i. e. attitudes) information to describe and separate groups. Segmentation requires the marketer to look at pools of potential customers from multiple angles to consider their areas of focus. Heineken focuses on youth in different locations.

Targeting a specific segment or segments requires the evaluation of multiple segments. Choices can be hard to make and sometimes seem arbitrary. To aid the marketer, metrics for the most important criteria should be associated with each potential segment. In the end, the segment(s) with the greatest potential should be selected.

Europe’s largest brewer, Heineken NV, is to embark on an acquisition spree and attempt to make its flagship lager brand more appealing to young consumers as increased competition and sluggish sales continue to blight its more mature beer markets.

Positioning

Gunter and Furnham (1992) prescribe that after selecting target markets the trategist should develop positioning objectives to then develop them into a detailed marketing mix. However, Aaker (1996) recommends developing the positioning objective only after the brand identity and value proposition have been developed. In exploring the latter, it is useful to understand Aaker’s definition of positioning is “ the part of the brand identity and value proposition that is to be actively communicated to the target audience and that demonstrates an advantage over competing brands.” Kotler (1994) refers to it as the unique selling proposition.

Heineken is the world’s most valuable International premium beer brand Heineken hopes to consolidate its position within the high growth Romanian beer and mineral water market by acquiring Transylvania based brewer bere mures for an as yet undisclosed fee.

As of 2009, Heineken owns over 119 breweries in more than 65 countries and employs approximately 54, 004 people

3. 0 Global Brand Development: Since stage of beer market development in each country is different strategy should be used. In embryonic markets (Africa, Eastern Europe) pushing strategy is suitable. In growing markets (Italy, Spain, Japan) both pushing and pulling strategies are agreeable. In mature markets (North and Central Europe, Australia, USA) pulling strategy is the best. Global positioning target can be achieved through creative marketing communication. Heineken should develop a number of high-profile, quality television campaigns with universal appeal, featuring high profile, contemporary celebrities. However, within the marketing mix, there will always be a requirement for locally driven campaigns and support. By connecting to ‘ local situations’, consumer will develop a greater emotional tie to the company.

The term marketing mix refers to the primary elements that must be attended to in order to properly market a product or service. Also known as The 4 Ps of Marketing, the marketing mix is a very useful, if a bit general, guideline for understanding the fundamentals of what makes a good marketing campaign.

Product product refers to products or services. The product or service that offer the needs to meet a specific, existing market demand. Or, product should be able to create a market niche through building a strong brand. Heineken maintains it beer quality and special taste

Price: The price that set for Heineken product or service plays a large role in its marketability. Though Heineken has many competitors’ Heineken maintains its quality and price. It changes it price according to the situation and location.

Place: Heineken has huge marketing in Ireland and Netherlands. Compare to other brands Heineken is not available in all retails stores frequently.

Promotion: Heineken has quickly recognised that consumers are increasing seeking value and positivity in the current recessionary environment.

3. 1 Market entry

Heineken has a pragmatic view taking a cautious approach to entering new markets. While it encourages organic growth, it has expanded by using a combination of direct export, licensing, joint venture, strategic alliance and acquisition. While it exports its premium Heineken brand from its plant in Amsterdam in the Netherlands, it is also involved in local regional production. A typical entry strategy has been to begin by exporting using intermediaries such as local distributors, and then to develop licensing production agreements through joint ventures with local brewers. Ultimately, the goal is to acquire full ownership and control of the local production wherever possible.

The Netherlands

Heineken has been the dominant market leader in its home base in the Netherlands having 53% of the market in 1991, well above its competitors Grolsch (15%) and the 15% taken by Interbrew’s subsidiary Verenigde Brouwerijen. Unfortunately, the Heineken brand market share, 45% in 1980, itself dropped to only 30% in 1991. In response Heineken introduced the Amstel and Buckler brands, the latter being the first non-alcoholic beer available on draft.

Uk

In the 1960s, when Heineken entered the UK, the beer-drinking public was not familiar with the strong beer being drunk in other European countries. Consequently, it made a licensing arrangement with Whitbread to brew a weaker version of standard Heineken brand (3. 6% alcohol by volume (abv)) that proved popular with lager drinkers. By 1990, about 10% of all lager drunk in the UK carried the Heineken brand. As beer drinkers became increasingly familiar with the continental brands, the Heineken Export Strength (5. 0% abv) was introduced which Whitbread also brewed under licence.

In 1993, the UK was the second largest market for beer in Europe, consuming 224 pints per head of population, although that level dropped to 218 pints per head in 2002 (Tighe, 2003). The pattern of consumption is different from the rest of Europe with more than 80% being drunk in pubs, many of which are linked, or tied, to breweries. Heineken's route was through access to Whitbread's distribution network through a licensing agreement. Interestingly, these ties were broken in the early 1990s when the Conservative government introduced legislation to increase competition. This obliged Bass to dispose of its 7, 500 pubs most of which were expected to become independent small businesses. In practice, most were acquired by Pubmaster which currently owns 8, 500 pubs, reflecting the continued concentration of ownership within the brewing distribution network.

Ireland

In 1993, Guinness and Heineken dominated in Ireland with a combined market share of about 85%. From the 1970s the Heineken brand was produced under licence until Heineken acquired its own production site in 1983. Murphy's stout was a particular success story, becoming the number two brand of stout (behind Guinness) in both Ireland and the UK; by 1993 it was also being sold in the US and France.

Italy

Heineken entered the Italian market in 1960 when it acquired a minority stake in a small brewer. This was extended in 1974 when Heineken and Whitbread each bought a 42% holding in the company, renamed Birra Dreher. By 1980, Heineken was the sole owner of Dreher having acquired Whitbread's 42% share. Mergers with two former Henniger breweries strengthened Dreher so that, by 1993, it had a 25% share of the Italian market behind the market leader Peroni with about 40%. Despite the decline in the Italian beer market being more severe than in other European markets, Dreher maintained its margins although its market share fell. The

Heineken brand retained its position, while its Buckler brand benefited from the increasing growth of the non-alcoholic segment. As in other countries, Heineken, in this case through Dreher, increased its control of the distribution network by purchasing a number of drinks wholesalers. In 1991, Heineken began importing its other Heineken brands into Italy to provide more effectively for the premium beer segment.

Greece

In 1965, Heineken entered a joint venture agreement for Athenian Brewery to produce the Amstel brand. By 2002, it had 98. 8% ownership and a dominant 70% or so of the Greek market. This enabled it to strengthen its own Heineken and Amstel brands, and to import its associated Dreher and Coors beers. Heineken still dominates the Greek market.

France

In 1982, Heineken acquired Albra, which had an 8% market share and owned two breweries in France. In 1984, Albra was merged with Brasseries et Glacieres International to form the Sogebra group which in 1993 had 25% of the beer market, challenging the market leader, BSN Kronenbourg (50%). With the successful re-organisation of the Sogebra group, Heineken's fortunes continued to improve. However, the poor economic climate of the early 1990s, together with the increased competition for limited shelf space among retailers, has been challenging.

Spain

In 1984, as Spain was preparing to join the EU, Heineken purchased 37% of the local El Aguila brewer and increased its holding to a 51% controlling interest by 1993. El Aguila suffered from outdated production techniques and poor branding which necessitated investment in production and some re-structuring with resulting labour redundancies and short-term losses. The Aguila Pilsner brand was positioned for the standard market segment and a new Adlerbrau brand was introduced targeted towards the premium segment; Adlerbrau was then itself replaced by Aguila Master. Spain was a challenging market where many small family breweries operated within a federal infrastructure so hindering the implementation of economies of scale. Nevertheless, the Spanish market was attractive, with beer consumption the third highest in the EU, and increasing from 51 litres per capita in 1978 to 71 litres in 1989. Not surprisingly, by 1991 other companies were intent on acquiring a slice of the market through similar joint venture arrangements. They included Guinness/Carlsberg (Cruzcampo), the French group BSN (Mahou) and San Miguel Philippines (San Miguel).

4. 0 Heineken – SWOT Analysis

Heineken – SWOT Analysis company profile is the essential source for top-level company data and information. Heineken – SWOT Analysis examines the company’s key business structure and operations, history and products, and provides summary analysis of its key revenue lines and strategy.

4. 1 Strengths

The taste of Heineken beer is unique. The yeast that is used to make Heineken beer till today is developed in 1886. so the taste uniqueness of it has been there for a hundred years

Heineken is the world's second largest beer manufacturer. They produce 5. 6 billionl liters of beer each year. second only to anheuser busch who produce 10 billion ltrs . This gives economics of scale and a platform for futher expansion of their market capitalization.

In some markets like U. S. A and Hong Kong the Heineken brand is perceived as a premium brand and has successfully established a brand image.

Heineken has owned subsidiaries in Netherland, France and Ireland whereas they held majority stake in 15 other breweries all over the world. Which gives Heineken a global presence.

4. 2 Weaknesses

Insome countries the brand image of Heineken was too narrow such that the brand was seen appropriate for special occasions only, While in other countries like Latin America the brand is viewed just another imported European beer . In Netherlands It was viewed as a mainstream brand.

The company has limited its reach to the European and the Western countries and there still lies a scope for scaling up in countries like India where the beer is just imported and thus making it impossible to penetrate deep down

No production base in some area and TV commercials are just aired in larger markets

Lack of integrated marketing campaign

Lack of worldwide advertising campaign

4. 3 Threats

Increase in drunk driving laws

Competitors increasing market share

Mergers and acquisitions of other breweries

Other Breweries are becoming much larger than Heineken’s Brewery

5. 0 Recommendation to achieve the global brand

Introduce a number of innovations across liquid, packaging and format that will serve to further endorse international leadership credentials because innovation is the lifeblood of brand domain.

Heineken has a strong brand tradition. In order to flourish its brand reputation across the world, convince the consumers that the brand is some way superior.

Develop a relationship with customers, build affinity between brand and customers bysponsoring international rugby tournaments, and world soccer tournament such as -(the Champions Leagues, the UEFA Champions League, world’s premier club) where target audience of men from all over the world gather in one place.

Building the brand recognition for long-term to differentiate the brand Heineken and be sure to add value to the product in order to get the brand loyalty. (For example, Heineken can maintain its good quality or create benefits for society and culture, and provide an emotion to its consumers.

6. 0 Strategies

Macro analysis

Heineken has been able to remain one of the world's leading consumer and corporate brands for more than 130 years. It confronts directly the challenges in many of our markets to deliver organic profit growth, but also focuses on building the long-term future of our brands and business.

6. 1. 1 Current strategies

Key focus is on driving the growth of our brands and improving our financial performance on ensuring that acquisitions, partnerships and distribution strategies create value. The focus is also on enabling our employees to use their potential and building a true performance based culture.

Heineken aims for sustainable growth as a broad market leader and we aim for segment leadership. In both cases, the Heineken brand plays an important part. We establish broad leadership usually by acquiring strong brands, which are combined into a new, larger company. Offering training to the employees, improving the organization, and introducing new technology then reinforces the positions of the local beers. This results in economies of scale that create a distribution network for both the local beers and Heineken beer. If a market is already in the hands of other brewers, we devote all our energy to developing a premium segment with Heineken beer, and if feasible, specialty beers.

The goal of Heineken is to grow the business in a sustainable and consistent manner, while constantly improving profitability. The four priorities for action include:

To accelerate sustainable top-line growth.

To accelerate efficiency and cost reduction.

To speed up implementation: we commit to faster decision making and execution.

To focus on those markets where we believe we can win.

6. 1. 2 Failures in strategies

Heineken: Declining sales volumes now should explore new Strategies.

An expected drop in revenues for Heineken has been more than cancelled out through cost-cutting measures and a shrewd pricing strategy.

While beer volumes have suffered during the recession, this can be seen as the continuation of a more established trend. Plant closures have helped Heineken to reduce costs, but future profits

will need to be driven by alternative methods.

Heineken has revised its profit forecast for 2009 and now expects low double-digit growth for the year overall. The third largest brewer in the world reported a 4. 7% decline in volume sales, but strong cost-cutting measures and a sound pricing strategy have allowed the company to further grow its profits.

Beer v olumes have been badly hit by the recession, but this is largely a continuation of a longer and more established trend in established markets.

The category has lost significant custom to the wine and spirits segments in recent years, as beer has garnered a particularly unhealthy reputation.

Consumers' beer preferences were once widely predicted to enjoy

Resistance to the recession, but this has not proved to be the case and many consumers have switched to cheaper brands, with notable gains seen in the private-label beer market.

Heineken has been able to drive profits through an array of cost-cutting measures. A number of plants were closed after Heineken's purchase of Scottish & Newcastle. This acquisition gave the company the largest share of the European beer market, which allowed the undertaking of consolidation through the plant closures. Heineken has also increased prices, which has helped to offset some of the volume declines. Price rises in the beer category have become commonplace, but the company has ensured that its prices remain competitive without compromising the integrity of the brand.

The expected results from Heineken demonstrate the possibilities that still exist during a recession. Cost-cutting measures have improved profits and will leave the company in a stronger position during a recovery. However, reducing costs can only fuel profit growth for a finite length of time, and the company must ensure that it continues to grow its business in developing markets while consolidating in the established markets of Europe and the US.

6. 1. 3 Implementations:

The basic strategies of Heineken is to capture the local market. By merging with local firms Heineken has started capturing local market. Merger and acquisitions seems very good at for the present situation but according to servey (Dg internal market and services , 2005).

7. 0 Recommendations:

Heineken is one of the strongest products in the market and is dedicated to grow and remain independent, made by Heineken International since 1873. From the above repost accomplished that from macro analysis, there are positive conditions in Europe to increase profitability of Heineken. There are number of other steps in marketing plans can improve sale of Heineken.

The Heineken brand can be developed through the distinctive characteristics of the marketing communication mix:

multiple form of marketing communications are needed to communicated the value benefits of a product or market offering to larger and larger numbers of actual and potential consumers

The value benefits of a product or marketing offering is communicated to the target market through three modes: marketing communication mix, mass marketing forms of communication , personal marketing forms of communication

Creating strong associations and responses in the consumer’s mind: creating awareness of the brand, establishing the brand image brand judgments and feeling , and creating strong consumer-brand connect

By designing a marketing communication strategy that delivers a consistent message that aims at informing, persuading, and reminding consumers- directly or indirectly about the products and brand for sale in the market segment

It should focus on the markets that are in the embryonic stage and also on the developing markets and one of the being India, Heineken still has not penetrated India and the beer that is available in through imports. Company does not have fixed group that looks into marketing communication mix

They should go like “ When in Rome, do as the Romans do” that signifies that the communication mix should be different from country to country, and it should be significantly referring to the personalization of the masses representing the target population of a particular. It should keep learning from what happened to other brands that entered into foreign markets and did not do well and they should learn from their failures