The competitive position of adolph coors in the brewing industry

Business

The paper " The Competitive Position of Adolph Coors in the Brewing Industry" is a good example of a business case study. The case study revolves around describing competition in the United States (US) brewing industry and the competitive position of Adolph Coors Brewing Company within the industry. The company was established in 1873 in Golden, Colorado, and has experienced years of brisk business as well as stunted growth. This paper analyzes the case study with the view to understanding why Coor's competitive position in the US deteriorated between the 1970s and mid-1980s and what strategies need to be put in place for the brewing company to improve its future prospects. Deterioration of Competitive Position for CoorsAn organization’s competitive position in the industry is determined by a multiplicity of factors, including procurement, production, distribution, and marketing. In procurement, the case study is clear that Coor's competitive position worsened between the 1970s and mid-1980s due to the heavy investments made by the company as it attempted to achieve higher vertical integration of its business processes and practices. To achieve quality and self-reliance in procurement, the company made huge investments in machinery, ingredients, and facilities. For example, Coors invested heavily in recycling, manufacturing of labels and secondary packaging, energy sources, malt production as well as glass manufacturing. Although the company was able to achieve the intended vertical integration, the costs of maintaining these facilities and machinery were higher compared to other big brewers who relied on external suppliers. In production, it is clear that Coors was unable to maintain its competitive position during the mentioned timeframe due to a host of issues. These issues included (1) a longer brewing cycle which tied up the company’s capital, (2) extra costs associated with refrigerating unpasteurized beer, (3) stagnant demand for beer despite investing heavily in expansion strategies, (4) lack of product differentiation, (5) ineffective capacity extension strategy that led to stunted sales growth and subsequent shortage of beer during peak consumption periods, and (6) unethical operating practices that led to numerous strikes by employees, product boycotts, and occasional legal suits filed by federal agencies. An effective distribution strategy is associated with improved sales revenues and organizational competitiveness. However, Coors's distribution strategy resulted in more costs for the company as the unpasteurized beer could only be shipped in refrigerated rail cars and trucks. Although the Coors was known for its extensive distribution monitoring programs, the company’s tough policies toward its channels (e. g., restricting the geographic distribution of its beer, refusing to sell its draft beer to bars unless they carried it exclusively, and not allowing wholesalers to cut prices) worked to its own disadvantage. Furthermore, the company’s distribution expansion strategy of moving into two to three states each year negatively affected its competitive position by (1) increasing the median distance of beer shipment hence elevating the cost of getting the product from distribution centers to wholesalers, (2) spending considerable amounts of money in market development, and (3) having to deal with weaker wholesalers compared to other leading companies such as Anheuser-Busch and Miller. The establishment of Coors Transportation Company did not bring the intended competitive advantages due to incapacity to tap as many sources of traffic or as much backhauling as autonomous carriers, resulting in substantial cost overruns. Lastly, in marketing, the case study demonstrates that Coors competitive position worsened between the 1970s and mid-1980s due to proliferation of packages caused by the introduction of new brands, poor advertising strategy (advertisements failed to discuss product quality), and a mistaken belief that the company's main product could capture the market by virtue of its " drinkability." Additionally, the company failed to develop advertisements with a universal appeal.

Improving Future ProspectsTo improve future prospects in the US brewing industry, Coors must first and foremost streamline its business processes, practices, and operations with the view to cutting costs and ensuring that the company deals with its core business activities. Additionally, the company must come up with ways and strategies to ensure employee satisfaction in the workplace. This can be achieved by implementing employee benefit programs and using strategic leadership to motivate staff. The company also needs to add value in its distribution network by outsourcing noncore functions to external suppliers and distributors, removing barriers to effective distribution, recruiting strong wholesalers with a proven market development record, and facilitating product differentiation. In marketing, the company needs to ensure that it allocates sufficient funds to contemporary advertising and develops messages that have a universal appeal intended to demonstrate product quality. Furthermore, it is imperative for the company to develop products that serve all segments of the market and position them in such a manner that they are able to penetrate the market using minimal costs. This can be achieved through the development of well-structured franchises, recruiting independent suppliers, and outsourcing noncore business activities to third parties. Lastly, to gain a competitive edge over other brewers in the US brewing industry, Coors must develop effective strategies to ensure holistic market coverage, differentiation, value-based logistics, niche competition, as well as cost leadership (see appendix 1 for a summary). ConclusionThis paper has analyzed the case study with the view to understanding why Coor's competitive position in the US deteriorated between the 1970s and mid-1980s and the strategies that need to be implemented for the brewing company to improve its future prospects. To improve and sustain its competitiveness in the market, Coors must use the strategies underscored in this paper with the view to remedying deficiencies in its procurement, production, distribution, and marketing areas.