

# Coors marketing case analysis flashcard



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EXECUTIVE SUMMARY Analysis of both Mr. Brownlow and the Coors distributorship opportunity has enabled an informed recommendation as per the best methods of determining the viability of the business endeavour. Mr. Brownlow is a young man who is currently completing his M. B. A. and has a great interest in running his own small business.

With his recent increase in cash availability, he is interested in doing something, which will prove to be both challenging and rewarding. With Mr. Brownlow's fantastic support system and strong educational background his opportunities are unlimited. With the news of a Coors distributorship availability, Mr. Brownlow's interest in having his own business increased.

With a quickly approaching application deadline, he must determine the feasibility of the business. Mr. Brownlow had enlisted the aid of Manson and Associates, a very prestigious research company, who have extremely expensive prices. With a currently small budget of \$15, 000, Mr. Brownlow must have the research most essential in coming to a decision completed. Manson and Associates are proposing that \$18, 549.

50 of research should be completed to make a formal decision. With Mr. Brownlow's \$15, 000 he can either, get a bank loan of \$3, 549. 50 and have Manson and Associates complete all suggested research, have Manson and Associates complete result of his choice up to the amount of \$15, 000, "shop around" for a cheaper firm to complete the research or finally have no formal research completed and attempt to do it himself.

The best method for Mr. Brownlow to determine the achievability of the Coors distributorship is to have Manson and Associates complete the research of his choice up to the amount of \$15, 000 and with the assistance of his family and friends attempt to complete the remaining research.

Method two will provide Mr. Brownlow with accurate, professional information and a strong idea of the business' likelihood of being successful. .

INTRODUCTION Whether or not to take on a new business venture or to create a business of your own takes a great deal of commitment and effort. Detailed research and analysis are also required to determine the feasibility of any prospective business opportunity. Mr. Brownlow, a young man from Delaware has been faced with the serious decision of giving direction to Manson and Associates regarding which research should be completed to determine market potential of a Coors beer distributorship for a two county area in southern Delaware (McDougall & Weinberg, p.

63, 2003). This decision will outline a future path for him and for his family. Mr. Brownlow who is currently completing his M.

B. A. as always dreamed of owning his own small business. Mr. Brownlow and his family have been living on an annual trust income of \$40, 000.

It was on the basis of this income that Mr. Brownlow decided to leave his sales engineering job and return to graduate school (McDougall & Weinberg, p. 64, 2003). Due to a recent family tragedy Mr. Brownlow will be the recipient of a \$500, 000 trust fund on his 30th birthday in July.

Instead of investing his money and enjoying an early retirement Mr. Brownlow longs for a challenge and the ability to interact with others. One opportunity to initiate this challenge was presented by the beer company Coors. Mr. Brownlow's interest immediately deepened in this fourth largest seller of beer in the United States. Coors, which dates back to 1873, when Adolph Coors built a small brewery in Golden, Colorado, is devoted to the quality of their product, to the environment and to giving people something in which to believe (McDougall & Weinberg, p.

64, 2003). This family operated business is a worldwide trendsetter, becoming one of the first breweries in the industry to recycle their beer cans. SITUATION ANALYSIS Mr. Brownlow is faced with the dilemma of determining the feasibility of applying for the recently announced Coors distributorship.

Coors expansion into the state of Delaware may be the perfect opportunity for Mr. Brownlow to pursue his dreams of one day running his own business. As consultants to Mr. Brownlow, it is essential to analyse the situation in a detailed manner before determining further action.

Mr. Brownlow is bringing an array of assets, many of which will be quite beneficial in successfully starting and managing a business. He has a very strong educational background as well as prior work experience as a sales engineer. Mr. Brownlow owns a \$500, 000 trust fund, which will provide him with an array of immense possibilities as well as his investment of the current \$15, 000 in research. Should he conclude that the Coors distributorship is a viable business endeavour he has a family who are willing to support him financially and emotionally.

He also has the ability and the credit to receive a bank loan of a substantial \$400, 000. Mr. Brownlow has many strong points to bring to the business, but he also will need to make some improvements. Although he worked as a sales engineer for a number of years he has no formal management experience. He is also still a full-time student and lacks the time to complete the research himself. The company Coors that Mr.

Brownlow is interested in has a number of both strengths and weaknesses, which he must analyze prior to making a decision. As previously mentioned, Coors is the fourth largest seller of beer in the United States. The Coors Company has consistent operation still directed by family with an unwillingness to compromise their high quality. Coors invokes an enthusiasm with customers even in troubled times.

For example in 1975, despite the recession, the issue of \$127 million worth of nonvoting shares was enthusiastically received (McDougall & Weinberg, p. 64, 2003). This trustworthy company maintains closely controlled facilities and constant refrigeration of their product. Coors displays a true interest and compassion for the environment, being one of the first breweries in the industry to recycle beer cans.

Although there is a definite Coors popularity in adjacent Delaware states, there is much uncertainty in the state of Delaware itself. This is just one of Coors weaknesses. Coors has very little flexibility in their methods of operation. Due to a labour disagreement at the Coors brewery approximately ten years ago there is a current perception by many consumers that corporate management carries anti-union beliefs and the company is

somewhat insensitive to minority issues (McDougall & Weinberg, p. 64, 2003). Upon outlining both the company's and Mr.

Brownlow's available strengths and weaknesses is it possible to more effectively evaluate his potential opportunities. Mr. Brownlow has the chance to start and manage his own business, where the opportunities are endless. Although there are a variety of distributors within the Kent and Sussex counties, there is a great opportunity for Mr.

Brownlow to fill a gap in the Delaware market, as there is no current Coors distributorship in the area. Before he can make these opportunities a reality, he must face the threat of submitting an application and possibly being denied due to intense competition. Also the research may prove that the business is not viable. Another definite threat is that the market research will not be completed within the proposed timeline. If the time to complete the research is exceeded, Mr.

Brownlow may not have enough information to make an informed decision and file an application. The greatest risk of all; Mr. Brownlow will spend \$15,000 on research only to prove that the business is not a sound investment.

**MANSON AND ASSOCIATES RESEARCH PROPOSAL** To assist Mr. Brownlow in making the best decision he has enlisted the help of Manson and Associates.

Manson and Associates is a Wilmington-based general research supplier, who is known for the quality of their work, particularly with respect to computer modelling. The firm has developed special expertise in modelling such things as population and employment levels for cities, counties, and other units of area for periods of up to ten years into the future (McDougall & Weinberg, p.

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64, 2003). John Rome a senior research analyst with Manson and Associates has developed a market research strategy for Mr.

Brownlow consisting of nine studies in two stages. These studies may not all be necessary and the prices of doing all nine studies exceed his research budget of \$3, 549. 50. For Mr. Brownlow to decide what research he wants Manson and Associates to proceed with he must first examine each study in detail. Beginning with study A, “ National and Delaware per capita beer consumption for 1988-1992.

” This study at a cost of \$1, 000 gives a direct look at Delaware’s beer consumption per capita versus the national average. When looking at this study it is noticeable that some of the secondary information is available through a variety of publications which Mr. Brownlow maybe able to find without the help of Manson and Associates. Though there is the possibility some of this information is public, the Manson computer model will be used to estimate future consumption patterns.

This study is also on both national and Delaware averages, Mr. Brownlow is interested in a distributorship for the two southern counties of Delaware only which accounts for approximately one third of the total Delaware population, therefore this data will be unrepresentative of the sample. Study B; “ Population Estimates for 1986-1996 for the two Delaware Counties in Market Area. ” This \$1, 500 study is proposed to give the past, present and future population estimates of the two southern counties in Delaware. This information is based on Government documents, which are used along with the Manson computer model to predict future population estimates for seven

years. This study will provide accurate information because it is based within the market area.

It maybe possible for Mr. Brownlow to complete some of this information without the assistance of Manson and Associates by taking average population changes and predict future populations. Study C; “ Estimates of Coors’ Market Share for 1990-1995. ” This study at a cost of \$2, 000 will estimate Mr.

Brownlow potential market share for Coors beer within the market area. It is projected for the next six years using the Manson computer model and is based upon the nationwide statistics for Coors. Because this study includes 100% future results, attempting to complete this himself may be extremely difficult and this study should accurately predict how Mr. Brownlow could expect to do in the next five years.

Study D; “ Estimated Liquor and Beer Licenses for the Market Area 1990-1995. ” This \$1, 000 study will give Mr. Brownlow the ability to predict how many retailers will be in his market area within the next five years. It will detail both the on-premise and off-premise operations in the market area. Through this current information maybe available from an array of publications, Mr. Brownlow will have no future projections without the aid of Manson and Associates computer model.

This study will also give Mr. Brownlow an idea as to the greatest market area within the two county regions. Study E; “ Beer Taxes Paid by Delaware Wholesalers for 1987 and 1988 in the Market Area. ” This \$200 study will allow Mr. Brownlow to see beer taxes paid by each of the six currently

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operating competing beer wholesalers. This study is based on populations within the market area.

The data is past information from the Delaware Department of Revenue and should be easily available to Mr. Brownlow for a much lower cost. Study F; “ Financial Statement Summary of Wine, Liquor, Beer Wholesalers for the fiscal year. ” This study, at a cost of \$49. 50, is coming from Robert Morris Associates Annual Studies, 1987 Ed.

Due to the nature and date of this information it may easily be purchased, however organizing and analyzing this information into a comparable state may be very time consuming and difficult. Although the information is relevant and inclusive there is a chance that an extreme statement can be present and may disproportionately influence the industry composite (McDougall & Weinberg, p. 3, 2003). The data from this study only represents 510 wholesalers, which may not represent wholesalers within Mr. Brownlow’s market area.

Now looking at the primary research proposed, study G; “ Consumer Study. ” This \$6, 000 study is the most detailed proposed by Manson and Associates; it involves in-depth focus group interviews and a mail questionnaire targeting the consumers directly. All of this research is intensive to Mr. Brownlow’s target market area.

Having this study completed by Manson and Associates will provide unbiased results, however time may be an issue. With only one month to complete the necessary research, mail surveys may prove to be difficult, especially because the surveys are very difficult to read and not straight forward. By

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only sending out 300 surveys, there may also be a very low response rate, not providing enough information to form clear, accurate results. This study is very expensive compared to the other sets of studies proposed.

Study H; “ Retailer Study. ” This study at a cost of \$4, 800 will go past the consumer to the actual retailers in the market area. From this study Mr. Brownlow will be able to determine which retailers may be willing to sell Coors beer. Six retailers will be interviewed to determine the appropriate questions to ask in a personal-interview questionnaire while still providing beneficial information. This costly study will be advantageous because it will be carried out within the two county market area.

Study I; “ Survey of Retail and Wholesale Beer Prices. ” This \$2, 000 study contains in-store interviews with 50 of the potential retailers in the market area. It focuses on the prices for which all competing brands of beer are being sold; wholesale beer prices will then be estimated. Surveying beer prices independently may easily be done by Mr. Brownlow to complete this study.

OPTIONS Manson and Associates intended research would provide sufficient information to make an estimate on the feasibility of the Coors distributorship, however it is very expensive. Before making a decision Mr. Brownlow must look at some alternative options in an attempt to get the most accurate information to fit his tight budget of \$15, 000. Mr. Brownlow’s problem is quite simple; the total estimates of necessary research that will aid him in making a wiser decision come to \$18. 549.

50. Manson and Associates are charging \$3, 549. 50 above Mr. Brownlow's budget of \$15, 000. In studying the situation, Mr.

Brownlow realizes that there are four options available to him. The first option is to accept the suggested research by Manson and Associates, which will require a bank loan. A local banker had reviewed Mr. Brownlow's financial capabilities and saw no problem in extending a line of credit when and if needed (McDougall & Weinberg, p. 64, 2003).

With his access to \$15, 000 on hand, as well as a loan, Mr. Brownlow will be able to cover the remaining \$3, 549. 50 and have all the research completed as stated in the proposal. Not only will he have all the information necessary to come to an informed decision, but also the results will deliver more accurate and unbiased information increasing his awareness and giving him better direction in making a final decision.

In addition, Mr. Brownlow is still completing his M. B. A. and dealing with the pressure of schoolwork. By not having to do any research himself, he will have more time to concentrate on his studies.

For the second option, Mr. Brownlow can choose to stay within his budget and chose the most relevant research from the proposal. With the assistance of his family and friends, he can then attempt to complete the research that he had not chosen from the proposal. Fortunately, Mr. Brownlow will not need to obtain a bank loan, therefore preventing additional debt.

However, because Mr. Brownlow is still in school, this may affect his studies and grades due to the amount of time and effort required to complete the

research. Also, because he will be performing some of the research himself, the results may be biased, not as accurate or professional and the quality of the results may not be as formal or intensive as it would be had it been completed by Manson and Associates. A third option Mr.

Brownlow can use is to “shop around” for a much less expensive firm to complete the research and attempt to stay within his budget. Although cheaper firms charge less there is a chance that another firm will not have the ability to accurately predict future events and information. Other firms may not be looked upon as being quite as prestigious as Manson and Associates. In addition, due to Mr.

Brownlow’s heavy workload at school, taking the time to search for cheaper firms may intrude on his study time and grades. The fourth option, Mr.

Brownlow can use is to opt out of the formal research altogether and complete the research on his own with the assistance of his family and friends. This is the least expensive option. Although Mr. Brownlow has a budget of \$15, 000 to be spent on research, he may not need to spend the full amount and may want to use the remaining money for something else.

With this option, he can gain more knowledge and experience of how to go about doing research for certain tasks. This will help him in the long run if he ever wanted to look into other ventures or distributorships in other areas. Also, potential investors (such as family) will get an inside view as to what their money is going towards if they decide to help Mr. Brownlow with his research.

As mentioned in other options, there is a risk that data results will be biased, unprofessional, and inaccurate and of a low quality – will not be as formal and specific as it would have been from Manson and Associates.

**RECOMMENDATIONS FOR OPTIONS** Now that the options have been evaluated, recommendations for each option must be made. Considering the first option we understand that although this obtains the most research conducted by Manson and Associates, which will help Mr. Brownlow make a wise decision, option one is more expensive and would require a loan. A huge loss will be incurred if the distributorship is not viable and/ or the application is denied. In other words, the expenses outweigh the advantages thus making the option very risky.

The second option would defiantly be the best and safest option for Mr. Brownlow. This will allow him to remain within his budget and understand the research more by doing parts of it himself. It will only take up a small portion of his time because Manson and Associates will be performing a large percentage of the research themselves.

This alternative is wise as Mr. Brownlow is still uncertain if he will submit an application for the distributorship. Therefore he will incur no additional costs or expenses than what is budgeted. As for option 3, although this alternative is less expensive, the computer model by Manson and Associates will not be used, therefore future projections of some of Manson's studies will not be obtained. This option is risky because he may not be able to find a cheaper research firm in time, but if he does, he may not receive the results back in time for the application deadline.

Therefore this option is not feasible. Lastly, option four may be cheap, but it is certainly not easy. Mr. Brownlow will need to do all the research himself, which runs the risk of affecting his grades, and may potentially prevent him from graduating from school. Another risk may be that he will not obtain all the research and data results needed for his decision in time for the application deadline. These results may be potentially inaccurate and will have a much lower quality.

**FINAL RECOMMENDATION & ACTION PLAN** Overall, the option recommended to Mr. Brownlow is option two. Option two will provide Mr. Brownlow with the most important information being researched by Manson and Associates in a professional manner. He then with the assistance of his family and friends will complete the minor, less important research in their spare time. The advantages most definitely outweigh the disadvantages and this method of will provide him with a solid understanding on why or why not he should apply for the Coors distributorship.

Since Mr. Brownlow has analyzed the studies, he can now take action and give direction to Manson and Associates on which proposed research he would like to have completed by February 20, 1989 (See Appendix 1). Upon consulting with Mr. Brownlow, it has been determined that Manson and Associates will complete studies C and G. Study C was chosen because of the necessary use of the Manson computer model.

With the study providing only future projections Manson and Associates are the obvious choice. As for studies G it will present strategic information. This study would be impossible to complete within the intended timeframe

without Manson and Associates. Studies A, B, D, E, F, H, I were not chosen based mainly on their ability to be found elsewhere.

Some of the studies not chosen are unrepresentative of the market area and provided information, which may be bias to the area and the fact that they overlapped with other chosen studies. Mr. Brownlow, upon explaining to Manson and Associates the research he wishes to have completed must now wait for the research results and commence research himself. Once he has received all the necessary information, Mr.

Brownlow will be able to effectively answer the key question – is this a viable business opportunity? BIBLIOGRAPHY Coors Brewery Company. (n. d. ) Coors. Retrieved on January 25, 2006 from. www.

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