

# Good prices sales costs $> 0$ term paper example

[Business](#), [Company](#)



## **International marketing plan**

Molson Coors Company needs the expansions of its commodity market. The best way to do it is the entry on the foreign market, because the increase of the amount of selling on the existed market is not rational and effective.

The Thai market is interesting and suitable for the Molson's expansion. In this section we will examine the ways of Molson's entry on this market and the strategy of that entry. The product which we want to sell on the market is the beer. The type of the beer can be chosen from the production line of the company and has to correspond to the needs of the market.

The company (Molson Coors) will register the limited liability company in the Thailand and will operate as the trade representative. The main responsibilities of that trade representative will be the import of the beer and the selling it to local wholesales buyers overall the country. The company will try to cover all market of the country in the segment of the non-premium beer and to sell the product to common citizens of Thailand as to tourists from 21 years old.

We should consider all features of this market. The climate, culture and religion also is the part of it.

The climate in Thailand is a damp tropical and subequatorial with hot torrid temperature and a large amount of rains. This climate is favorable for tourism and distribution of our commodity as a refreshing product. So our product must be present in the places where the people feel thirsty.

The most widespread religion in Thailand is Buddhism, which forbids the drinking of spirits. But contemporary inhabitants rarely follow this rule. But

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the advertising has not to accentuate the attention of consumers on the alcoholic features of our product. The local inhabitants like the foreign commodities.

The important thing of the entry on the foreign market is a planning of the actions of a company. Our promotional strategy will consist of following 6 steps:

- Creation of trade representative in Thailand;
- Adjustment of delivery of our product and a creation of the commodity positioning;
- Conclusions of contracts with the most large retailer – off-premise channel (it includes sales to supermarkets, convenience stores, liquor stores, distributors, and wholesalers);
- Launching the mass and expensive advertising;
- Conclusions of contracts with other retailers;
- Maintenance the popularity and the quality of the product.

The 1 and 2 points will take about 2 months, the conclusions of contracts will take 2 - 3 months taking into account the features of the local population to delay their decisions. The 4 and 5 points will take about three month. So, the realization of the all plan can take approximately 6 - 7 months.

After realization of this plan, when the volume of selling will be satisfactory, we must gradually reduce our costs of the advertising in order to start to receive the profit and don't decrease our volume of selling.

Next important thing is the distribution of the information about the product and the way in which the customer will receive that information.

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Communications with the target market customers must be very different and attractive. First, it must be TV ads, radio and outdoor ads (banners, transport and stations), magazine advertising and online promotion. It is necessary to create the official website and online support of the customers. Then the company should conduct some events, sales, public opinion polls, social policy and promotional cooperation with the partners. This line item includes amortization costs associated with intangible assets, depreciation costs related to non-production equipment and share-based compensation. Advertising must include all factors that we considered and correspond to the needs of all customers (local citizens and tourists). Advertising should accentuate an attention of customers on the foreign origin of the beer, its correspondence of the international standards and quality, on the popularity of the producer, on refreshing characteristics, good price and taste. At the same time the presence some national and cultural peculiarities, for example, traditional clothes, national art or humor, would contribute to the perception of our product by local population and would interest to foreign tourists. Advertising should not accentuate on the alcoholic features of the product.

What about quality of our product? This thing is very important for the client. The beer will be brewed with high quality water and fine materials, using proven methods. Molson Coors tracks and reports a monthly Quality Index for each brewery and region. The quality of production of the beer will be monitored by the special Molson quality team on the plant-producer of beer outside the country. They will check products for freshness, examine

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packaging and monitor stock rotation to ensure that the products bought by consumers meet the exacting standards of quality and product integrity.

The long way of the beer from the production site to the customer hasn't to spoil the product, so packaging is also important and must correspond to all international standards. In 2012, Molson Coors established a Global Packaging Policy. It is indicative of the commitment of the company to delivering packaging that exceeds expectations for consumer safety and product integrity.

The packaging must be standard for products of this company with some cultural features. For example, we can add the national colors and a slogan on the bottle or pack of beer.

The amount of inventory will correspond to volume of the concluded contracts and will be 20% of that amount for unforeseen circumstances.

The market of beer is enough competitive and has an own history in

Thailand. There are the local producers of beer as the international companies on the market. Every company does its business in own niche.

The premium market of beer is presented by international brands, but our segment is a non-premium beer. So our competitors will be the local

companies such as Boon Rawd Brewery, Thai Beverage and the international companies: Carlsberg Group and InBev. All these companies produce the big variety of beer and will be the serious competitors for our company.

But there is one feature: Carlsberg Group and InBev realize their activities in the partnership with the local companies (InBev partnerships with Boon Rawd Brewery, Carlsberg Group partnerships with Thai Beverage) on the

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local market, so these companies are not completely present at the market. It can give some advantages for our company.

Our company should present the big range of beer with excellent taste that will differ from alternative products and it will get own place on the market.

The Molson Coors Brewing Company has some competitive advantages: this company has a great financial power and the famous brand, so we can realize a mass expensive promotional campaign; the company has a big global experience and already deals with Asian markets; it has a big amount of the recipes and methods of brewing; at last, the company has a large production of beer that gives to company the economy of scale.

The national currency of Thailand is the Thai Baht. The currency is issued by the Bank of Thailand. The exchange rate of the Baht is floating and there is a significant divergence between offshore and onshore exchange rates, they can spread of up 10%. The exchange rate has been growing for 15 last years. Now 1 USD is equal to 32, 5 THB.

For planning of our entry of the market we have to examine the principles of the formation of the price of a product and to do the forecasts, to consider some advantages of this point. The costs of the product will include such expenditures: purchase prices, deliveries, import duties and sticker, taxes. The interest costs are associated with borrowing to finance their operations. The price of the product on the local market will depend on the costs and exchange rate, on competitive environment and on the local prices of same products. Also the price must take into account the costs of the labor, advertising and some expensive promotional events. First time the return

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will be less than the costs by following reasons: first, the company will not have enough amount of sales, because the beer will be getting its popularity and working up the market; second, the costs of the advertising will be huge. But the amount of sales will grow and the cost will be reduced in due course. Finally, prices, sales and costs must be in such proportion:

And the rate of return of this profit must satisfy the Board of Directors.

The prices will be competitive and affordable for the market, because The Molson Coors Brewing Company is a very big company with huge amount of the production, therefore this company has the economy of scale and these production sites are located in Asia, hence the deliveries of beer will not be very expensive and long. The sales will be very sensitive to price for local citizens, but less sensitive to price for tourists.

In any case the company must have the alternative plan of the entry and we must consider it. We can buy the local brewery and produce our beer into the Thailand. It will give some advantages and disadvantages in comparisons with the main strategy. There are following advantages:

- Avoidance of some corruption schemes which are related with the import duties;
- The possibility to reduce the cost of the production;
- The prices are less dependent on foreign market and exchange rate.

Among the disadvantages are the large amount of the initial investment and the reduction of the flexibility, because the distributor always is more flexible than the producer.

In this case, the cost will include brewing materials, hops, and various grains, direct and indirect labor, utilities, maintenance costs, depreciation, promotional packaging and other manufacturing overheads.

For the economy of Thailand the business activity of this company is a large amount of taxes which the country will receive in the State Budget.

### **Recommendations and conclusions:**

In this part we consider the all facts from all sections such as the country statistics, its environment, economy, policy, general information about the Molson Coors and its economic impact, its corporate structure and its products evaluation of the country's market and its environment, positive and negative aspects of the market entry and such business in this country, consequences for the company and our recommendations about the decision making.

Thailand is the multinational country with the large amount of population and the high average life expectancy. The most part of the population is hard-working in the agriculture, but the amount of urban population grows every year. The population speaks the different languages and has own peculiarities and national traditions. The tourism is very developed industry in Thailand, so there is the huge amount of the tourists during the year.

The economy of Thailand is export-dependent, has a slow growth, but the growth is stable. Trade balance of the country is positive. The majority of imported goods are duty free. The economy depends on the seasons of the year. The government of Thailand is a constitutional monarchy, but it



corresponds to democratic principles as the parliament has all legislative power. But the country is very corrupted.

The Molson Coors is one of the world's largest brewers and has a diverse portfolio of owned and partner brands. In 2012, they operated on the following markets: Canada, the United States, Central Europe, NCI and the United Kingdom. The company has 16, 212 million of the US dollars of total assets. Gross sales of the company are equal to 5, 615 million of the US dollars and 3, 916 million of the US dollars net of excise taxes. Its gross sales including 42% of Miller Coors totaled 9, 300 million of US dollars or 7, 200 million of US dollars net of excise taxes. In 2013, the income of the company was equal to 443 million of US dollars. The company has very different shareholders and has a lot of methods to interact with them. The company pays attention to welfare of their employees and creates a comfortable workplace for them.

**The environment of Thailand has a lot of positive peculiarities and possibilities for this business. These peculiarities are following:**

- The economy of Thailand is relatively stable and gradually grows, has a good inflation rate and a large amount of export;
- This country has a huge capacity of the market with 67, 5 million population and large amount of tourists;
- Local population prefers the foreign beer. Most of the tourists also prefer to drink beer which has popularity in the all world, because tourists always strive to eat and to drink the well-known food and to taste the national food

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and drink, but the beer is not like that.

- The climate is very favorable for our business, because we can promote the beer as the refreshing drink. In the place where the temperature is over 20°C during the year, the refreshing drink is very necessary and has a popular demand.

- Thailand is also very popular place for tourists. It has many health resorts and ancient culture. People come here to see the sights of the country and to relax all over the world. This fact is very lucrative, because it increases the amount of the potential customers and allows to vary the prices of beer.

There are the negative factors in the environment of Thailand such as the corruption, the competitive market and thai religion. The religion forbids the drinking of alcohol, but this problem is less important than others, because the little amount of thai population follows this rule.

The corruption can be a great challenge for the market entry, because the governmental actions are uncontemplated in this case. So we don't know what problems we can encounter, what kinds these problems will be, how much it will cost and what consequences the company will have. It is a very serious problem.

The market is very competitive and we have the objective reasons of it. Bu in our case, the entry on the beer market can be successful owing to the expensive advertising and the famous brand of the beer. Therefore, the entry on the market must be fast and expensive. There are two serious risks. The time of entry can be delayed by corruption and the period pay-off period of investment can be very long and non-accepted by investors.

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Depending on the financial situation and on success of the campaign the consequences may be very different. If the company has enough free cash money, the failure of the company will not be catastrophic, but in other case the Molson Coors Brewing Company will increase own risks and suffer the losses. In case if the campaign will be successful, the company will increase also its risks in short-term period.

### **Based on the information above we have such recommendation:**

- If the company has not a lot of free cash or has some risks of liquidity or other risks. The entry on this market is not preferable, because this action is risky and can entail much more losses for the company than gains;
- The Molson Coors is presented in Canada, the United Kingdom, the United States, Asia and central Europe. If this company has enough free cash, the good financial ratios over last years, has a possibility to risk and the need of the expansion their commodity market, if the Board of directors don't want to depend on internal market and want to save the cost of this project, our plan of importation of the beer is optimum;
- The third way is a creation of the production into the country. This way helps avoid some problems which are related with the corruption. We can reduce the cost of production and the profitability of the company, the price will depend less on exchange rate. But this project requires the more large amount of the investments and the activities of this company will be more dependent on the internal environment of the country.

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