

Corona beer

Food & Diet



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Having a large international presence, the brewing of beer has in the past been a local industry with only a few industries. In the previous decades there has seen increasing consolidation within the industry. In 2003, sales totaled more than 1, 400 million hectoliters. The major drive for growth came from higher consumption in developing countries, such as China. The better-known beer markets, volume growth was sluggish due to the rising saturation. The lifestyle trends are encouraging a big shift away from the beer consumption's, as health consciousness boost and engage consumers to cut back or cut down on heavy drinking.

In the fashion trends upon alternative drinks, such as wine, FAB's and bottled water, has also forced growth in beer sales. In addition, stricter drinking and driving legislation is discouraging consumers from drinking away from home. The rise in disposable income, enhancements in the quality of beer, marketing and advertising activities, and a gradually growing beer-consuming population base are predominantly driving global beer volumes. A continuing trend obviously in emerging and growth markets is the replacement of beer in place of customary beer, local spirits.

Rising incomes and increasing awareness towards brands and marketing compels this trend. Also, the demographic changes towards increasing westernization and urbanization of tastes among younger generations have sustained the change towards beer. In a full-grown market, consumption rates differ based on product isolation, and advertising and sponsorship activities. Discuss how Modelo's international expansion was made possible through strategic partnerships with experienced distributors in local markets.

Corona's rise to glory could be recognized to its distinctive and radiant marketing promotion, which was a direct effect of the international approach undertaken by Grupo Modelo when it extended into the United States. Corona beer which was sold only near the neighboring states near Mexico, end up being the number one imported beer in America. When Corona initially entered the American beer global market, it chooses Chicago-based Barton Beers Limited as its distributor.

Barton Beers Limited was a simple alternative because it was the biggest beer importer in the 25 western states and was knowledgeable in the sales and advertising of imported, quality beers. It was through Barton Beers that the advertising representation of " fun in the sun" was born. Beginning in 1986, Modelo determined to opt for a second distributor, which was Gambrinus Inc. , who was headed by a previous Modelo executive. Each advertising company was accountable for their own 25 states. Modelo's agreement with Barton Beer Ltd, and Gambrinus Inc. distributors was that each one would be in charge of basically all activities connecting to the sale of the beer, with the exception of the production, which took place in Modelo's factory in Mexico. Everything including shipping of the beer, assurance, custom authorization, pricing strategy, and creativeness of the advertising campaigns are the importer responsibility. On the other hand, Modelo had the ultimate say on anything relating to the brand image of its beers (Goodman 2003). Identify and discuss the next foreign market that Modelo should enter and discuss the strategy it should use to enter the market.

Australia is the next foreign market that Modelo should enter is in. Presently, Australia is positioned the fourth internationally in per capita beer consumption, which is about 110 liters per year. Australia's beer market is amongst the most cost-effective in the world, producing earnings of \$1 billion a year, which is shared, mainly between Lion Nathan and Foster's Group. Australia produces only 2 types of beer, which are lager, and light beer. With the exception of the family-owned Coopers Brewery, also the Lion Nathan or Foster's Group has possession of all of the big Australian breweries.

In the last 20 years, Victoria Bitter has sold the highest market share in Australia. The strategy Modelo should use to enter this market is their clever marketing values. These strategies consist of giving self-sufficient control to an experienced local distributor, with focuses on "fun in the sun". They should collaborate with Coopers Brewery. Corona beer is a pale lager that has a smooth quality with a sharp taste added by a lime wedge, which is favorable to Australia's climate. With a lack of selection to decide from in Australia, it makes Corona a wonderful beer to try something new (Wikipedia, 2011).

Discuss the challenges that Modelo faces from its competitor InBev, and how it might respond strategically to the industry giant. Modelo is one of the top brands in the global beer industry, and currently the fifth leading producer of beer by made by the volume. We must first determine the charisma of the beer industry, in order to decide future strategies for the company, The capacity of Modelo to contend successfully is to determine the strength of the external atmosphere against them. There are extreme aggressive forces

contained by the beer industry. This severe competition signifies the utmost threat for Modelo.

There is lofty separation in products and marketing. Inside the beer industry there is opposition from both import products and domestic products, therefore companies have many varieties of competitors to be aware of. There is also a large risk coming from the likelihood of acquisitions and mergers in the business such as Anheuser-Busch and InBev. As big companies obtain others, they can become prevailing industry players as they expand cost and brand profits from economies of scale and market shares. Anheuser-Busch is an influential market leader in the United States.

They have 75% of the beer industry's profits, and 45% of the United States market share. Anheuser-Busch has been bright to take advantage of economies of degree and manage their costs. Anheuser-Busch has also obtained over 50% of the shares that were outstanding in Modelo, but held minority-voting privileges. Anheuser-Busch manufactures its beers in the foreign markets, since it is cost effective for them to do just that. They are also the business leaders in the total amount spent on marketing promotions. Anheuser-Busch has joined with Modelo to issue its products in Mexico.

SAB Miller as well as InBev is also a huge factor in the global beer market. SAB Miller at this time has 23 percent of the United States market and InBev is world's leading brewing company in terms of quantity. There may be a potential for a merger between Anheuser-Busch and InBev, which would produce a super-company with one-fifth of the whole world market share that may facade a risk to minor beer companies as well as Modelo.

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Additionally, there are many smaller brewers in the beer industry that generate regional and differentiated beer. Modelo is also powerfully positioned against their competitors in regards to liquidity.

Over the previous 3 years, Modelo's liquidity has been declining as confirmed by decreasing existing and rapid ratios. Even with this downhill trend, Modelo remains much more liquid than any of its main opponents and compared to the industry and division as a whole. None of Modelo's opponents are able to cover up their recent liabilities while Modelo can do so roughly three times over. This dissimilarity may subsist due to the company's small operating expenses and small interest expenses. In respond to InBev, Modelo has the chance to utilize its Mexican heredity to detain the large beer drinking markets in Mexico and in the opulation of Mexican immigrants to the United States. There is rising attractiveness of flavored beverages and alcoholic light beverages, which may be valuable to devote in the development of these alternative products. Also, Modelo may potentially profit from partnering with Anheuser-Busch as it combines with InBev. This could permit them to continue to develop into other global markets, profit from economies of scale and distribution groups, and profit from strong brand recognition (Brown, Roath, & Pheann, 2009). Discuss whether or not Modelo should diversity its business.

If so, what business should it enter and why? I think Modelo should expand its business. At this time, they are in the business of selling and the producing of beer products. On the other hand, they do sell shirts, cups, mugs, and accessories. But what if the beer market decides to go south? There are quite a few reasons why this could happen: a decline in

population, which would eventually lead to a lesser drinking population; diversification of consumers' tastes and options; a completely saturated beer and small alcohol beverage market; and severe laws.

As a result, it is necessary for Modelo to approve strategies for future sustainability, one to build up its foundation liquor business and present a array of beverages other than just beer; the other is to increase business opportunities into regions other than just the liquor industry. These diversified businesses are essentially either founded upon the core competencies or vertically integrated, both of which are close to their key business, namely alcohol beverage business. In addition, Modelo is by now victorious in distribution so adding other options wouldn't be expensive.