

Corona beer

Food & Diet



**ASSIGN
BUSTER**

Grupo Modelo S. A. de C. V. was formed in 1925, and opened its first brewery in 1925. It's Mexico's largest beer producer and distributor. Among the company's many brands was Corona Extra, which had been the world's fourth best selling beer in terms of volume. Under the operational direction of Diez, Modelo started producing Corona in clear quarter bottles in response to consumers' preference for clear glasses. It became the strength and let it become popular. What's more, Modelo bought the brands and assets of Toluca Mexico Brewery as well as the country's oldest established brand of beer, Victoria.

It led the company to have a strong growth. At this moment, the opportunity was that most local competitors were selling beer to the American army for WWII, so Modelo aimed to concentrate domestic market and improve distribution methods and production facilities within Mexico. Another economic factor was Mexico became industrialized, and it's infrastructure allowed for large scale distribution. Because of the two factors, Modelo was successful to be a local leader. And Corona was listed on the Mexican Stock exchange in 1994.

Mexico, the world's 11th most populated country was one of the largest beer markets in the world and it's also the birthplace of most affluent tequila. So there's no doubt Modelo have lots of competitors, especially FEMSA. Though Modelo had built up a strategic alliance with Anheuser-Busch to broaden its international impact, FEMSA was distributing Coca-Cola products in Mexico and had a partnership with Heineken—Modelo's international competitor to attack the U. S. Market. Heineken planned to be the market leader in US through aggressive campaign.

So Modelo made efforts to be more competitive. According to Modelo's expanding abroad, Corona distributed by Amalgamated Distillery Products Inc, and because of its unique products, it had become the second most popular imported beer in United States. Then, a political problem—coupled with federal excise tax on beer made Corona's distributors absorb the tax rather than pass it on to consumers. However, it turned to be Corona's strength that the sales increased ever since and Modelo also took advantages of NAFTA environment.

As a result, Modelo was exporting five kinds of beer to United States and three brands ranked among eight first. Since its entrance into the American beer market, Corona had built a market campaign around the idea of " fun in the sun. " It's a brilliant and unique market campaign. It was born out of Modelo's international expansion strategy of giving autonomous control to experienced, local distributors. It targeted on women and party scenes. Then Corona was able to get the non-beer-drinking population to drink beer by its unobtrusive and bland taste.

Furthermore, with its advertising slogan, it built strong images of escape, enjoyment and relaxation successfully. However, Modelo were still facing challenges. Though FEMSA did not experience the same in the international arena as Modelo, it is the exclusive distributors of Coca-Cola and Central America. Though Corona surpassed Heineken as America's top imported beer, but it's because the failure that Heineken always advertising for the superior quality , with little attention devoted to any other aspect of its brand.

So Medelo had to face its new status to make its success story a sustainable one. To conclude, for Modelo, it's strengths are

- Mexico's largest beer producer and distributor
- Corona Extra had been the world's fourth best selling beer in volume
- Top imported beer in US
- Distributors absorb the tax rather than pass it on to consumers
- Brilliant market campaign
- Strong brand image.

It's weaknesses are

- Lack of merger with other companies
- Lack of partners.

For the direct environment, it targeted those non beer drinking people especially women.

Modelo's direct competitor in Mexico is FEMSA. It's the distributor of Coca-Cola and Central America and it has high quality and have a partnership with Heineken to attack the US market. The international competitor is Heineken. It's main importer in US and it planned to be the market leader through market campaigns. For the global environment, the political factors are 1)North American Free Trade Agreement (NAFTA) environment. Federal excise tax absorb the tax rather than pass it on to customers. The economical factor is Mexico is the world's 11th most populated country.

The social factors are

- Mexico is the birthplace and still home of the most affluent tequila market.

- It targeted non beer drinking population especially women.

The technology factor is the advertising style and the legal factors are laws and regulations of alcohol. Above all, Modelo can focus on advertising more to increase the number of non beer drinking consumers and develop more customers to establish a supply chain to make products available in more places. What's more, Modelo can also expand its international market not only in US and Europe but in Asia.