

Corono – the mexican beers marketing strategy assignment

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MKS0030 " When a consumer brand does a really good job, it becomes a cultural icon, and that's what Corona has done. " " We have to keep up the image of the good life that other brands have tried to get into. " ??? Rohit Deshpande, Professor, Harvard Business School 1 ??? Fernandez, CEO of Grupo Modelo² Corona Extra (Corona), the beer brand of Mexico's Grupo Modelo (Modelo) Brewing Company had been the number one imported beer in the United States since 1997. Modelo's US importers, Barton Beers Ltd. (Barton) and Gambrinus Inc. (Gambrinus), played a vital role in promoting the brand and selling around 97 million packs (one pack equals 12 units) by 2003³ . But in early 2004, Corona faced challenges due to changing demographics such as the increasing young adult population, the growing Hispanic community, changing lifestyles and increasing incomes. Also, retail consolidation, which decreased the number of wholesalers and retailers distributing the brand, compelled distributors to stock too many brands at one outlet. Consequently, Modelo's US bound shipments of the brand, which grew in double digits through the 1990s increased by less than 2% in 2004⁴ . Furthermore, apart from the brands in the US like Heineken and Budweiser, other imported brands from Mexico like Tecate brewed by Formento Economico Mexicano (FEMSA), also gave Corona a stiff competition. Carlos Fernandez (Fernandez), the CEO of Modelo, reorganised the company's marketing strategies in the US to overcome the challenges. Modelo introduced new television ads targeted at the growing Hispanic consumers and introduced promotional offers. Acquiring an import contract from one of its two importers in the US and establishing its own distribution network, was also being considered as a part of the reorganising process.

This was to minimise the middleman fees and improve profits. But, the idea of setting up its own distribution network in the United States carried the risk of undermining the relationships with the importers who contributed to the brand's success. Corona in USA: The Challenging Times The growth in the US beer industry was triggered by the introduction of lager beer⁵ between 1840s and 1850s. Since then, the country was known to be the largest beer consuming market in the world. Beer accounted for 67% of alcohol consumption in the United States⁶ .

The market for beer in US consisted of essentially three segments-domestic, imports and speciality beers. Bud light, Budweiser, Coors light, Miller lite and Natural light etc were the top selling beers in the domestic beer category. Major drivers of the beer sales in the US included demographics, pricing, and product innovation. 1 2 3 4 5 6 Geri Smith, " Life's A Beach for Corona??? or is It," www. businessweek. com . com, February 7th 2005 Ibid. Ibid. Ibid. A general term for beer made with bottom fermenting yeast Center for science in the public interest, " Beer consumption in the United States", www. spinet. org, October 2001 This case study was written by Sujatha under the direction of T Phani Madhav, IBSCDC. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation. The case was compiled from published sources. ?? 2005, IBSCDC. No part of this publication may be copied, stored, transmitted, reproduced or distributed in any form or medium whatsoever without the permission of the copyright owner. Do No t Co py Corona: The Mexican Beer's Marketing Strategies in USA

MKS0030 Corona: The Mexican Beer's Marketing Strategies in USA To supply to the eastern United States, Modelo appointed a second importing agent, Gambrinus Inc. in 1986 headed by Carlos Alvarez, a former in-charge of Modelo's export department. With this, the sales of Corona increased by 170% by 1986 and by 1988, the sales throughout the United States reached 20 million packs. With increased sales Corona became the number two imported beer in the US after the Dutch beer, Heineken. During the same time, Modelo also set up a subsidiary, Procermex Inc. (Procermex) in San Antonio, Texas to monitor Modelo's operations in the US territory. Procermex coordinated, supervised and supported the activities of its two US importers and their network of around 800 distributors. Procermex also provided extensive marketing support to Corona and the other Modelo brands in the US while licensing Modelo's Corona trademark for a wide variety of collateral merchandise. Procermex also spent huge amounts on monitoring the use of its popular trademark on items of clothing. The distinctive image of Corona was that the brand was packaged in exclusive non-returnable longneck and clear bottles.

This packaging played a vital role in the sales of Corona, because all other brands (the domestic as well as the imported) in the US came in returnable longneck bottles, which were difficult to store. "That's quite an important aspect. You think back to before 1987, you couldn't drink off a longneck in any bar, unless you were in a small town bar and that bar was storing all those returnable. The distributor was picking them up and taking them to the brewery to be washed and refilled. The typical high-volume bar or nightclub would not be serving longnecks," said Carlos Alvarez.

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This distinctive packaging helped Corona quickly gain popularity in the imported beer segment. But soon, the domestic brewer Anheuser Busch followed by many other domestic brands began adopting similar packaging. Subsequently, non-returnable longnecks became common in the US beer markets and Corona's popularity for its unique packaging slowly declined which affected overall sales⁹. Moreover, at that time the government also doubled the federal excise tax on beer (an increase from \$0.65 to \$1.30 per 24 bottle pack), resulting in an increase in the consumer price of beer.

Consequently, by the end of 1991, the sales of the imported beers including Corona declined by 15%. Furthermore, Anheuser Busch, having a 50.2% stake in Modelo, regarded Corona as a threat to its brands in the United States. As a result, the company applied all the tactics it could to derail Corona in US¹⁰. Anheuser Busch was concerned about the decreasing sales of Budweiser and its other brands due to the popularity of Corona over the years. Also, in spite of a large stake in Modelo, Anheuser Busch was not granted the import rights of Corona in the US.

So it financially penalized the wholesalers who carried Corona and ran ads warning consumers that beers in clear bottles were likely to be stale. It also tried to highlight the absence of a labelled manufacturing date on the bottles of Corona. Anheuser Busch also offered continuous support to its distributors in the form of localised alternatives to Corona and launched two Mexican style beers 'Azteca' and 'Tequiza' in the US. However, Gambrinus reacted in time by absorbing the levied federal tax and preventing an increase in the price of the brand.

While other brands experienced decreased sales due to price hikes, Corona sales improved by 4% in 1992 7 8 9 10 “ The consolidation of Corona in North America”, [www. gmodelo. com](http://www.gmodelo.com) Bryson, Lew “ Carlos Alvarez Interviewed”, [www. beveragebusiness. com](http://www.beveragebusiness.com) Ibid. Khermouch, Gerry and Forster Julie “ Is This Bud for You, August IV? ” [www. businessweek. com](http://www.businessweek.com), November 11th 2002 2 Do No t Co Corona entered the United States import market in 1979 through a Chicago-based importer named Amalgamated Distillery Products Inc. (renamed Barton Beers Ltd.).

Barton Beers was the largest beer importer in 25 western states of the United States. Barton Beers gained momentum through experience and knowledge of its marketing and sales force contributing towards 45% of Corona’s sales in the United States. Corona was marketed as ‘ vacation in a bottle’ beer positioned in the ‘ fun in the sun’ image. By 1981, the Corona brand was launched in Austin, Texas and in four months, the brand became available in the whole of southwest and the western United States. The same year, its sales went up from 10, 000 to 30, 000 packs. y Imported beer was not very popular in the US till the 1980s. However, with the disintegration of the Soviet Union and dismantling of Eastern European communism in the late 1980s, trade opportunities increased in the US, expanding the economy. This saw a marked change in consumers’ demands and preferences in the United States. Higher income groups began to spend more on imported goods including beer. Subsequently, many foreign companies (especially Mexican) exported about 500 brands of beer to United States through importers serving as the middlemen.

Heineken, a Dutch export was the first to establish itself at the top in the imported beers category of the United States. In addition, vigorous marketing by leading brewing companies also contributed to the promotion of imports. Since then, the sales of the imported beers in the country showed a continuous growth and analysts predicted that the trend was to continue for many years to come. MKS0030 Corona: The Mexican Beer's Marketing Strategies in USA Meanwhile, Modelo was also exploring opportunities to expand into new markets and make new customers.

Based on a survey report that most people were unable to purchase Corona in places such as airlines, golf courses and stadiums because of restrictions on glass bottles, the company introduced Corona in a new packaged can. This offered Corona, an opportunity to penetrate into areas such as stadiums, swimming pool bars, marinas, hotel minibars, etc where glass bottles were not allowed. However, Corona in the clear non- returnable, longneck bottle remained the primary package. With expanded reach Corona went on to conquer 28. 4% market share in the imports category by 2001 with a volume growth of 16%¹⁴ [Annexure II].

The same year, Modelo spent about \$5. 6 million towards placing Corona ads on television promoting its can package. By the end of 2001, Modelo sold around 85 million packs in America through the distributors and retailers associated with Gambrinus, and Barton. Gambrinus attributed Corona's success in the US to Modelo's customisation of the product. According to the importer, Corona had the status of an import but was a domestic tasting beer unlike most of the imports, which had a heavier taste profile. Apart from

the uniqueness of the brand, Corona's packaging preferences also added to the popularity. Anybody can do fun-in-the-sun. But Corona's well-executed message of Escape is what has the brand as popular today as it ever was," said Mann, Modelo Group General Manager for Gambrinus¹⁵. Like any other Latin beer, Corona had focussed only on capturing the non-Hispanic market till 2002. Corona's sales in the non-Hispanic markets grew around 8 percent compared to a 2 percent growth of the overall beer market in 2002. Corona also commanded a 3.3 percent share of the total \$67.4 billion US beer market and 30 percent of the imported beer market.

The market share for imports in the US beer market rose from 9.1% in 1999 to 11.9% in 2003, hitting a milestone of 20 million barrels¹⁶. Commenting on the growth, a beer industry consultant Mike Mazzone said, "If a person is going to spend \$6 for a beer, the beer he's going to drink is probably an import, rather than spending \$5.50 for a Budweiser across the bar. It's the whole price-value thing." ¹⁷ According to Beverage Marketing Chairman Michael Bellas, the growth in the segment emanated mainly from Corona and Heineken, which have raised the ante and have become big national brands. It's the work of all the people who make it and support it, the retailers, wholesalers, marketers, all the way back to the brewers," said Bill Ligas Barton's public relations manager¹⁸. By the end of 2003, around 97 million packs of Corona were sold which was about 50% more than the sales of Heineken. However, after years of steady growth, problems began to surface for Corona in the beginning of 2004. The US bound shipments of Corona rose by less than 2% in the first quarter owing to changing demographics and the drinking habits of the American consumers. People

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are drinking less, but they're drinking smarter and they're drinking better. It's a very different

11 12 13 14 15 16 17 18 Chin, Ted "Imports pay off", www.beveragenet.net, April 1999 Prince, Greg W "Resident Aliens", www.highbeam.com, May 15th 2000 Bryson, Lew "Mexico is hot stuff in the beer store", www.beveragebusiness.com "Annual Report - Grupo Modelo", www.gmodelo.com "Gambrinus Drives Corona Sales Higher for 1st Half of 2004", www.prnewswire.com, July 7th 2004 "Future of speciality beer", www.beverageworld.com, August 2004 "Life's a beach for Corona-or is it?" op. it. "Mexico is hot stuff in the beer store", op. cit. 3 Do No t Co Continuing the trend, the sales of the brand grew by around 10% each year and it almost doubled its share in the import segment by 2000 to reach 27.3% (from 13.5% in 1995). Commenting on the success, Don Mann, Director of Mexican brands for the Gambrinus Company, said, "It's not about Mexican beer. It's about the brand. It's about the popularity of Corona. It outsells the second biggest Mexican beer, Tecate by 7 to 1. The Corona 12 pack was the number one SKU in grocery stores of any beer package, import or domestic". 3 py compared to the previous year. Modelo also spent around US\$20 million in the US, promoting the brand through television. Most of Modelo's US publicity was in English but around 20% of the budget was directed at the Spanish-speaking community, an increasingly affluent market niche where Corona was well-known. Since then, Corona enjoyed a doubledigit growth every year reaching a sales figure of about 45 million packs by the end of 1995. By the end of 1997, Corona became the number one imported beer in the United States ahead of Heineken.

During this time Anheuser Busch also realised that any serious challenge to Corona would affect the company's earnings from the stake it had in Modelo and thenceforth, it stopped its aggressive marketing against Corona. By 1998, the import segment grew by 15.6% and Modelo sold about 54 million (2.25-gallon) packs¹¹ of Corona to rank among the top ten largest brands in the United States beer market [Annexure I]. Corona was able to achieve a 20.5 percent increase in sales¹² in 1999, which was the best by any of the top 10 brands in the country. MKS0030 Corona: The Mexican Beer's Marketing Strategies in USA

The competition from domestic as well as the beers from Mexico also added to the deteriorating profit margins. By 2004, the consumer demand had increased the number of US brewers to 1800 which was seven times the number in 1990²⁰. In order to save the brand, Modelo reorganized its strategies in the United States. Modelo also took note of the major changes brought about by its competitors in the way imported brands were being marketed. The top brands were gaining momentum as they spent more along with all the major importers who increased their media budgets [Annexure IV].

Carlos Fernandez, the CEO of Modelo was quick to capitalise on the opportunities provided by the changing demographics. According to the industry analysts, beer industry volume was driven more by demographics than by the economy²¹. Those between 21-27 years old in the US accounted for more than 27% of beer consumption. It was projected that there could be an increase in the number of beer consumers by 4 million

young adults by 2010²² [Annexure V & VI]. Driven by the growth of this young adult population, beer industry volume was expected to witness an increase of 1-15% annually throughout the next decade.

The pricing environment in the US was also considered favourable since the consumers associated the premium image to quality. Unlike in Mexico, Modelo positioned Corona as a premium beer in the US at a price 30-40% higher than the domestic brands. Modelo communicated with its importers and distributors before initiating any kind of price change to ensure a right price in each market and on every package. Modelo launched its first national TV campaign in mid-2004, which urged the consumers to take a light-hearted look at the holiday, while suggesting everyone to celebrate the Mexican heritage such as ' Cinco de Mayo'25 with Corona.

Corona ads were telecast between T. V programmes such as Sports Center, Baseball Tonight, Saturday night live, Behind the Music 19 20 21 22 23 24 25 " Future of Speciality Beer", op. cit. " Feb 2004 AgMRC Action", www. agmrc.org, February 2004 " Anheuser-Busch 2002 Annual Report", www. anheuserbusch. com Ibid. " Mexico is hot stuff in the beer store", op. cit. " Future of speciality beer", www. beverageworld. com, August 2004 A celebration signifying freedom and liberty on May 5th every year by the Mexicans and Americans 4 Do

New consumers of Corona also included the Hispanic population [Annexure VII] in the US, which was growing steadily at an estimated disposable income of \$580 billion. In July 2003, there were 39. 9 million Hispanics in the United States (13. 7% of the US population). " We have this phenomenon in this <https://assignbuster.com/corono-the-mexican-beers-marketing-strategy-assignment/>

country with the influx of Hispanics, particularly Mexicans, and I think they're going to become more of a factor at retail. They'll definitely continue to drive that Mexican import category," said the beer industry consultant Mike Mazzoni²⁴ .

Experts predicted that by 2006, Hispanics would be the largest minority in the US representing 14% of the population. Hispanic media marketing led by national TV ads also witnessed a growth of 74% since 1999. Moreover, the advertising expenditure on the Hispanics was expected to reach \$1.41 billion by the end of 2005, and beer giants like Anheuser Busch were already spending millions on Hispanic marketing. Modelo followed suit by targeting Corona at the Hispanic groups through increased media coverage featuring new ads on network and spot television. No t

Further, to attract new consumers, Modelo followed the most successful beer marketing in the US that was centred on both socializing as well as fun at work place. " Corona used the parallel of a tropical vacation as an icon of representing that balance of life's priorities. It's something that has resonated with our consumers very strongly, and stands apart from other marketing. It's not really about ' fun, sun, and beach. It's about that change of mind, change of perspective that you get from a tropical vacation. Think about the Corona ads you've seen; you never see a person's face.

It could be you there on the beach, without a care in the world except finding the bottle opener. And it's worked tremendously, propelling Corona right out of the assumed bounds of the import category, which was always a tiny part of the overall American beer market," said Don Mann. ²³ Co Corona's

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Marketing Strategies in USA py environment. When you're in a bar and you're holding a can, bottle or glass, it says a lot about who you are. And people are more sensitive now to that than they've ever been," said Darrell Jursa, managing partner, Liquid Intelligence. 9 Higher incomes and increasing older population in the Hispanic community [Annexure III] in US also demanded better quality and variety in their purchases. In addition, health problems like obesity and lack of exercise were also fueling demand for lowcarb beverages. Anheuser-Busch created one of its top selling brands in the US by marketing its low-carb Michelob Ultra beer to the 50-plus individuals. MKS0030 Corona: The Mexican Beer's Marketing Strategies in USA Yet, the increasing competition from the Mexican brewing companies posed a threat to the sales of Corona.

FEMSA, Mexico's number two beer maker reached an agreement with Heineken in 2004 to distribute its Dos Equis, Sol and Tecate brews in the United States. According to the agreement, Heineken would support the distribution, marketing and sales of FEMSA's brands in the US. Tecate was already popular in the US occupying a position in the top ten of the imported beer category. Heineken attributed FEMSA's success to its extensive distribution network and its marketing strategies, which attracted the Hispanic consumers in the US, especially those in California, Texas, New Mexico and the cities of Chicago and Denver.

Distribution Dilemmas Under these circumstances, Modelo faced a dilemma regarding the renewal of its import contract with Gambrinus. Gambrinus officials in late 2004 reported that Modelo had approached them for buying

the company. Gambrinus officials also complained that Modelo, in lieu of the declined offer, opted not to renew its import agreement with them coming up in 2006. Still, Gambrinus sought to preserve its import rights beyond 2006 and hence initiated an arbitration proceeding against Modelo disputing on the termination clause of its contract. Gambrinus over the years accounted for 52%³⁰ of Modelo's sales 26 27 28 29 30

Sherer, Michael "Imports pay off", www. beveragenet. net, April 1999 " Gambrinus drives Corona sales higher for 1st half of 2004", op. cit. " Modelo Power Set Offers Velocity and Variety", www. prnewswire. com, January 28th 2005 Decrease in the number of wholesalers and retailers Latest news, " Gambrinus Initiates Arbitration Against Grupo Modelo", www. sanantonio. bizjournals. com, January 31st 2005 5 Do Apart from the competition, Modelo was also facing problems due to retail consolidation. Though the consolidation process existed since the 1980s, it gained prominence by 2004.

Generally, the alcoholic beverages in the United States were channeled to the consumer through a three-tier system [Annexure VIII]. The system was constituted to support the collection of federal and state excise taxes and mitigate the risk of sales to minors. Under this system, the imported beer was transferred to the distribution warehouses of the importer or the brewer for temporary storage. The stock was later reloaded onto distribution trucks and delivered to individual retailers through a routing system. Groceries, convenience channels as well as package stores played a vital role in this system. However, the trend towards retail consolidation²⁹ -both at the

brewer level and distributor level brought about a major change in the brewing industry. While consolidation at the brewer level combined capacities, skills and resources, in turn encouraging a stable competitive environment, the consolidation at the wholesaler and retailer levels had the maximum impact. Many wholesalers were forced to take on new brand portfolios either because their primary supplier had merged with another brewer, or because the wholesalers themselves had consolidated.

Analysts observed that in many cases wholesalers no longer had a single brewer providing majority of their volume, dividing the loyalties and diluting the focus. Since retail consolidation started, the number of wholesalers had declined from more than 5, 000 nationwide in 1970 to fewer than 2, 500 in 2003. Not to mention as a part of promotional activity and to further enhance the sales of Corona as well as other Modelo beers in the United States, Gambrinus introduced a 'Modelo power set' offer to its retailers to position their displays. The Modelo portfolio with Corona extra and light, Modelo especial, Negra Modelo and Pacifico brands is uniquely positioned to offer retailers velocity and variety. Out of stocks on brands like Corona are huge missed opportunities for the retailers," said Don Mann²⁸. The Beverage Marketing Corporation credited the success of the Corona brand to the ability of the importers' to market to both mainstream Americans and the Hispanic market. In addition, Modelo also continued its successful partnering with Jimmy Buffet (veteran singer in the United States) in promoting the brand.

According to Gambrinus, Corona never built its huge sales on critical acclaim of its light, quenching character. It was the 'vacation in a bottle' image supported by advertisements on beach. Commenting on the changing preferences of US customers, Jeff Coleman, president of Paulaner NA, said, "It used to be they wanted individuality, but now they accept mass-marketed imports." ²⁶ Though the beer industry experts predicted a further decline in Corona's profit margins after a year-end price hike in 2003, improved marketing and promotional activities proved otherwise.

Modelo's reported sales increased by nearly 8% in mid-2004. The growth in the sales was more than the 6% nationwide average. "We developed a Q1 promotional strategy to help offset affects of the increase with our distributor partners. Our investments in advertising and an improving economy have also helped," said Don Mann²⁷. MKS0030 Corona: The Mexican Beer's Marketing Strategies in USA volume in the country maintaining cordial relations with the channels of distribution. Nevertheless, Modelo believed that Gambrinus was unlikely to win the arbitration due to lack of an automatic renewal clause in the agreement.

As far as Modelo was concerned, it was analysing various alternatives for its east coast operations, working on two choices. Firstly, ending the contract with Gambrinus and continuing with a single importer, Barton. Modelo banked on Barton beers due to its industry knowhow and the relationship it enjoyed with its distributors and wholesalers in the United States. Also, Barton unlike Gambrinus represented only five of the top 20 imported beer brands focusing on a limited but carefully targeted portfolio. Barton also had

a record of adapting to changing industry trends quickly capitalizing on evolving consumer tastes and market place changes.

During the initial years of struggle to boost its export value to United States, Modelo sought out agreements with local importers and distributors taking advantage of their experience and knowledge of their respective markets. A number of these partnerships became very important to Modelo. Over the years, Modelo, itself mastered distribution skills and its steady relationship with the distributors or wholesalers made it more difficult to justify using importers. As a result, Fernandez was on the lookout for opportunities to exercise more control over operations by handling its own distribution.

But the choice had the likelihood of incurring increased operating expenses and lower gross margins as a result of heavy packaging costs. However, Modelo believed that the profit margins after eliminating the middlemen and a lower operating expense base would offset the risk. By eliminating middlemen, Modelo expected to add about 5.6% to the overall operating income in the United States or about \$64 million annually³¹. In 2004, Modelo's exports to the United States carried less than 4% of the expenses since the importer had absorbed the transportation costs.

But, though importers gave Modelo the opportunity to operate with a relatively low expense base by taking delivery of the goods at the factory, analysts believed that they also eat up a considerable portion of Modelo's profit margins. On the other hand, Anheuser Busch was also trying to get the distribution rights of Corona by allowing its wholesalers to stock the brand although it is a non-AnheuserBusch brand. By showing a good track record of

Corona sales at its distribution outlets, Anheuser Busch was looking to please Modelo when the importing contract comes up for renewal.

Nevertheless, Modelo's plan to buy the import contracts attracted displeasure of its major distributors in the US. Experts however predicted that, Modelo would take direct control of its imports into US, considering the company's knowhow of the US industry and its existing relationship with distributors and wholesalers. 31 " Life is a Corona ??? or is it? " op. cit. 6 Do Not Copy MKS0030 Corona: The Mexican Beer's Marketing Strategies in USA Annexure I Top Beer Brands in the US Bud Light Budweiser Coors Light Miller Lite Natural Light Busch Corona Extra Busch Light Miller High Life Miller Gen.

Draft Heineken Anheuser Busch Anheuser-Busch Coors Brewing Miller Brewing Anheuser-Busch Anheuser-Busch Barton/Gambrinus Anheuser-Busch Miller Brewing Miller Brewing Heineken USA Source: Sherer, Michael " Breewing up business: beer industry execs offer their take on what's Brewing", www. findarticles. com, November-December 2002 Annexure II Market Shares of the Leading Brands in the Imported Beers Category 1 2 3 4 5 6 7 8 9 10 Do Not Copy Corona Extra Heineken Labatt Blue Tecate Foster's Guinness Amstel Light Beck's Molson (all) Bass RANK BRAND

Source: Prince, Greg W " Here's to Diversify", Beverage marketing corporation (High Beam), May 15th 2002 7 Do Copy '01 GROWTH +15. 9% - 1. 1% +11. 3% +8. 2% +2. 2% -1. 0% +21. 7% 0. 0% -31. 7% +2. 7%

MKS0030 Corona: The Mexican Beer's Marketing Strategies in USA Annexure III Growth of Older Age Groups and Hispanics to 2020 80% 60% 40% 20% 0% 19. 0% 10. 4% 4. 4% 34. 0% 55. 8% Source: " Responding to Changing

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Demographics and Lifestyles”, www. deloitte. com, February 14th 2005

Annexure IV Increased Media Spending by the Beer Producers Low-Alcohol Refresher 8% No t Wine 6%

Source: The center onAlcohol Marketing and youth, “ Television: Alcohol’s VastAdland”, http://camy. org/research/tv1202/ , March 24th 2005 8 Do Co Distilled Spirits 0% Beer and Ale 86% Total 0-9 20-44 45-64 65+ py 67. 8% 5.

2% White/not Hispanic Hispanic MKS0030 Corona: The Mexican Beer’s Marketing Strategies in USA Annexure V Key Beer Consumer Targets

Average Per Capita Consumption Male Female 21-27 28 - 34 35 - 49 50+ 0 50 Per capita beer consumption among male consumers is 67% higher than average 100 Co 150 200 2000 2002 2004 2006 2008 Per Capita

Consumption Index

Source: “ Bud: This Bud’s for you”, www. som. yale. edu, November 17th 2004 Annexure VI Projection of the Increase in Population Between 21 to 27 years No t 29 28 27 26 25 24 23 22 1990 1992 1994 1996 1998 Population (in millions) Year Age 21-27 Source: “ Bud: This Bud’s for you”, www. som.

yale. edu, November 17th 2004 9 Do 2010 py Per capita beer consumption among 21-27 year old consumers is more than double the average 250

MKS0030 Corona: The Mexican Beer’s Marketing Strategies in USA Annexure VII Hispanic Population in the United States Central and South American 14.

3 Puerto Rican Cuban 8. 6 3. 7 6. Source: US Census Bureau “ The Hispanic Population in the United States”, www. census. gov/prod/2003pubs/p20545.

pdf, June 2003 Source: “ Bud: This Bud’s for you”, www. som. yale. edu, November 17th 2004 10 Do No t Annexure VIII Three Tier Systems in the

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Distribution Process of Beer Tier 1: Producers Wineries / Brewers / Distilleries

Excise taxes are collected on the transaction between producers &

wholesalers BUD, RKY, STZ, MOND Tier 2: Wholesalers Liquor / Wine / Beer

wholesalers Excise taxes are collected on the transaction between

wholesalers & retailers Southern Wines & Spirits, Charmer Industries

Tier 3: Retailers Convenience stores / Package stores / Grocery stores Bars /

Restaurants / Private clubs / Airlines Sales taxes are collected on the

transaction between retailer & consumer Stop & Shop, Shaws, Chili's, Costco,

TGI Fridays Co Other Hispanic py Mexican 66. 9