

# [Marketing mix of a beer company essay sample](https://assignbuster.com/marketing-mix-of-a-beer-company-essay-sample/)

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It was in October 1992 when The Black Sheep Brewery beers first made an appearance in pubs in and around the Yorkshire Dales. The delivery of those first casks of beer over ten years ago began a new era for Paul Theakston, whose family has brewed in Masham for five generations.

It also allowed him to put behind him the heartache left by the often acrimonious battles that culminated in the “ old” family firm of T & R Theakston Ltd ending up as part of Scottish & Newcastle Breweries. The events that led to the loss of the Theakston brewery had rumbled on since the early 1970s, with Scottish & Newcastle finally seizing power in 1988. Although they offered him a position, Paul decided corporate life wasn’t for him. What’s more, it would have meant him leaving his beloved Masham.

Determined to stay in Masham and being a long, long way from retirement (both age-wise and financially!!) it didn’t take long for Paul to conclude that it was brewing that he was best at. The decision was made, create a “ new” brewery in Masham. Now Black Sheep Brewery has invested £3 million in more production facilities and has boosted by 20 per cent. The company is on course for doubling by 2006 and a new distribution depot is being constructed for completion by the end of 2004.

1. 0 The Marketing Mix on The Black Sheep Brewery

The marketing mix is looking at the right product, at the right price, what media to use and to use the right place. These are known as:

Product

Price

Promotion

Place

Or the four P’s

1a Product

Product is defined as a physical good, service, idea, person or place that is capable of offering tangible and intangible benefits that individuals or organisations regard as necessary or that they are prepared to exchange money or something of value for it. Peter, J. Paul, ‘ Marketing management: knowledge and skills’ Boston; London: McGraw-Hill)

If the product does not provide the services or covers the expected needs from the customer or does not deliver the expectations created by other elements of the marketing mix, then the whole project is not going to work.

The name of Black Sheep Ale does not have a marketing reason, and named after thinking and having discussion for long time. A name was needed to reflect the area and history of the place. Sheep have always figured largely in the history of the area. Masham was once an important centre for sheep trading and famous for its sheep fair. However, Sheep Brewery seemed a bit tame. In a timely stroke of inspiration Sue, Paul’s wife, coined the name Black Sheep Brewery.

Black Sheep has some different slogans, but has stuck mainly with the slogan of “ Black Sheep Brewery is a modern day miracle”. This is saying to the target market that The Black Sheep Ale is the best, and that there is no bitter beer this good.

Although, this has been on since 1992. Also there is a second slogan. The one is also their aim “ a traditional country beer”, which could be linked with the first one, showing that The Black Sheep Ale truly is the one of the best bitter beer.

The logo for Black Sheep goes with the name of black sheep and a traditional cottage house. The logo shows that they are focusing on a traditional country beer. Even the font on the bottle is Elizabethan type. It is written with old way, which shows that it is of class and is very traditional.

Although the logos and slogans are giving off the appeal that the rich mainly drink Black Sheep Ale, the product (and most other ales, bitter) are mainly consumed by people in the lower classes. Black Sheep, in my opinion, is marketed to men, aged between 35 and about 65 in socio-economic groups not very high. I thought that it would be marketed in these groups because these are the most likely to go down to the pub and drink beers and bitter such as Black Sheep Ale.

The packing of Black Sheep is really for marketing purpose. Because of this, there is something about the packing. Black Sheep is sold only in bottles and cash ale. It is not sold in cans. It shows that their quality and their marketing purpose about packing.

The Black Sheep Brewery have been brewing since 1992 and now have five Ales on sale. I think that The Black Sheep Brewery has five different of product because of they want to keep always selling the product.

In my opinion, they need to focus on younger people as well, with brewing a new beer to get young people attention. Like “ Ice Beer “ two companies named Tetley and Carlsberg formed a partnership in 1993 to make a new product for young people. It was “ Ice Beer”.

1b Promotion

Promotion is the direct way in which an organisation attempts to communicate with various target audience. Promotion consists of five main elements: Advertising, Personal selling, sales promotion, Public Relations and Direct Marketing.

Sales Promotion

As Black Sheep is sold in many different ways, they can have numerous different types of sales promotions. They can offer price reductions and Buy One Get One Free, such as at supermarkets, happy hours at pubs, and added value, e. g. extra free. They have also done charity promotions; see Public Relations, and competitions.

They don’t actually do many sales promotions, but they sell lots of merchandising. With over 1, 000 different items there is definitely something for everyone. They sell numerous items, such as caps, T-shirts, bottle openers. Most of the things that they do is to make more people buy their product over any other beer or ales. The merchandising is a bit different, because most people who choose to wear a caps with the logo of their favourite beer do not look cool, and end up looking stupid.(such as logo of black sheep). I think if they sell something like beer cooler to stock them in it. It will make the consumer feel as if they have the Black Sheep cooler and need to fill it with Black Sheep Ale, this makes them sell more Black Sheep Ale. It’s like they’ve caught them in a net, buy this, and so you can also buy all of these.

Sponsorship

The Black Sheep sponsors a number of different things. These mostly consist of local events.

There are at the Black Sheep Brewery Visitor Centre and in around Masham area.

The Black Sheep also sponsors of local drink and food festivals which shows that they are not trying to become popular around UK or the world.

It is obvious that the things that The Black Sheep Brewery sponsors event, which are mainly viewed by local people and old people. This shows that The Black Sheep is clearly marketed to people who live in that area and old people.

They should be sponsor of some events which known by everyone. As Budweiser does (they are sponsor of Manchester United, the BMW Williams F1 team.).

The events which are viewed, not only by people there, also by people watching at home.

Advertising

In the beer industry, the beer is bought by beer lovers which mean that advertisements in this case, should be targeted to the beer lovers and makes them understand the qualities of the beer. Normally this kind of product is advertised on TV or some times in undergrounds, sport events like football, rugby or car races. Short-term promotions could be placed in the package or even create brochures of discounts.

1c Place

The Black Sheep is sold in different ways (bottle, cash ale). So it is difficult to say what type of distribution method is used. It can be sold in cans, multi-packs, kegs, bottles, from the tap at a pub, etc.

The method that is sold by shops or supermarkets would be form the produce, to the shop/supermarket and then on to the retailer.

It can also be sold via a wholesaler to a shop, which means that the price goes up 3 times. When sold in a pub, it could even be sent straight from the producer to the pub.

The sale of the Black Sheep takes place in lots of different outlets, such as pubs, supermarkets, alcohol stores, off licences, and over the Internet. This means that it can cost a lot to supply it in all the ways that they do. But it also means that they may sell more, because some people are only able to buy it in one way, and if people can’t buy Black Sheep in a way that they would like to, the Black Sheep Brewery won’t make as much money as they could have.

So they should try to be found even in a corner shop by customers.

1d Price

As I have mentioned before, Black Sheep is sold in a number of ways, so for the Price part of this study, I will look only at the price of their best seller amount sold, which is the Black Sheep Ale 4. 4% of 500 ml. For a bottle of 500 ml, Black Sheep uses completive pricing, which involves giving a price similar to the competitors, psychological pricing, which is pricing to the nearest whole number e. g. £1. 29

I think that they can also use promotional pricing, which is like free amounts such as 25% extra free or Buy One Get One Free.

I think that these types of prices are used so that Black Sheep is bought more than the competitors. Even if the price of Black Sheep is only a few pence cheaper, people tend to buy it rather than another brand, and vice versa, this is because they are always after a bargain, and companies always have to make their prices cheaper than their other competitors to win the competition.

Task2

2. 0 Logistic Facilities on Black Sheep Brewery

The Black Sheep Brewery Company should realise that they will need to improve their logistic facilities. Because of the company is on course for doubling production by 2006.

In my opinion, they should describe that what mode of transport is appropriate for them and whether is the best for firms to operate their own warehouse and fleet of delivery vehicles or to sub contract all aspect of distribution to a specialist firm.

Paul Theakston says that they will probably be working more with wholesalers and the pub companies who continue to buy up the independent pubs in the future.

Brewers maintained a high level of control over the market by controlling distribution and routes to market. This was particularly true of draught beer, where brewers maintained a high-cost infrastructure operated on a dedicated basis to maintain control over the supply of The Black Sheep’s own beers from brewery to pub. This operated against the public interest. Brewers marginally-coasted such activities when pricing this service to direct customers, and recovered the costs in margin on beer sales. This excluded wholesalers and independent distributors from supplying beer to such outlets. Inefficiency and extra cost was built into the market with pubs receiving multiple deliveries from brewers with beer and from wholesale suppliers with wines, spirits and other products. Control of distribution provided brewers with the leverage to negotiate solus supply with direct customers restricting market access for other draught beer suppliers and limiting choice for the consumer.

Place is trying to get the right level of distribution in the right types of outlets. This is one of the most difficult, yet important marketing activities.

In simple terms physical distribution involves getting a product from A to B.

Logistics has a very important role to play in the process of distribution. This is because they start off the process and plan it from beginning to end. If they don’t do their job probably then they could end up with no beers in the shops and pubs, which loses sales and therefore profit. Logistics monitor demand for goods and co-ordinate the process from ordering raw materials through to the timely delivery to the warehouse.

Physical distribution must balance the need for customer service against the need to minimise costs. It is necessary to plan a physical distribution system carefully taking into account the need for warehouse space, stock, staff etc in order to maximise efficiency. On the other hand it is necessary to keep down costs and get the correct balance between these inputs and outputs and therefore provide an efficient but profitable service.

The Black Sheep Brewery

This is the distribution channel that I would advise The Black Sheep Brewery to use:

This is the distribution channel that The Black Sheep Brewery already uses, so I think they should also use it for the new products for the future. I think this because it is already set up and working well for their other products and is already in a good area, with experienced staff and known by their existing suppliers. They would need to incorporate this new product into their existing set-up, therefore keeping costs down as their will be no initial start up expense. Because it is already an up and running distribution channel the experienced staff should be able to get it up and running quickly, efficiently and cost effectively. If the Black Sheep Brewery becomes a big success then they might have to build an extension to their already existing warehouse, but if this is necessary it should finance itself.

The only slight disadvantage to this type of distribution channel would be that the distribution centre is a middle stage and extra staff would be needed but I think that this is necessary in a large company.

I would advise The Black Sheep Brewery to sell their products in a number of different retail outlets:

Supermarkets

Corner shops (news agencies)

Petrol stations

Hotels

Stadium (e. g. Wembley)

TASK 3

3. 0 International operation on Black Sheep Brewery

There are over 200 countries around the globe; companies such as The Black Sheep Brewery should consider the key environmental factors before entering new country markets. These factors are known as the C and SLEPT factors, Social/ Cultural, Legal, Economic, Political, Technological, and Competitors. These are the uncontrollable factors that will affect the companies’ decisions, as well as the success of a company.

3a Social/ Cultural

A single country may sometimes comprise several nations and independent cultures, and within each of these groups, there may be different religions, languages and attitudes. An example is Canada, where the main language is not just English, but as well as French. These factors affect the buying behaviour of a consumer. There are four categories in social/ cultural factor which marketers should consider before entering new country markets. Firstly, habits and conventions can influence the behaviour of a consumer. For an example, some individuals may not be interested in foreign goods/ products.

Secondly, there is the attitudes which affected by religions/ culture. This is considered as an extrapolation of the past, which is a learned behaviour rather than innate behaviour. For an example, some people may only be interested in doing businesses within their own cultures/ groups. The next category is the naivety and ignorance of countries/ cultures. Languages are one of the main factors, some words may have different meanings in different languages, and some of their meanings may be incomprehensible or insulting. Lastly, demographic aspects within a country are to be aware of. The number of population and their growth trends, ethnicity and education level of a country can be used to determine one country’s lifestyle or buying behaviour.

3b Legal

Since there is no actual body of law known as international law, there are various legal systems around the globe. Examples are common law and Islamic law. These legal systems concern the pricing of products, import/ export limitations, types of advertising and product safety. For an example, In United States, every state has its own laws. The Black Sheep Brewery should be aware of the laws where they are marketing.

3c Economic

Paliwoda suggests that “ Macro-environment is created when trade and transactions take place across, rather than within, national frontiers; but it is important to note that there may well be greater economic environmental differences between different parts of the same country than between countries belonging to the same geographical region.” in his book, “ International Marketing”. This means a single country may have different economic level. For an example, in some rural part of China is suffering from poverty, whereas in some parts of China, such as Hong Kong is to be considered as one of the richest cities in East Asia. Other factors to be aware of are, currencies used, where some countries may have weak currencies due to inflation or recession, also the kind if payment, some countries such as Columbia may pay by coffee beans. Secondly, the general economy, which can be determine by the average income of the public.

3d Political

Politics is a very important factor, it can either bring trading partners together or tear them apart. Government policies and attitudes towards imports are different around the globe. Some may set up trade barriers such as high tariffs, high import tax, in order to protect their own brands/ economy, or due to some tensions between countries. On the other hand, some may lower the import restrictions by setting up trade agreements between countries to minimise trade tariffs in bilateral trade exchanges, or to create job opportunities for their public. The Black Sheep Brewery should also be aware of the stability of the host country’s regimes, also the level of government control of company assets.

3e Technological

This factor concerns the technological level of a country, such as the existing facilities and infrastructure; some countries may be more “ high tech” than the others. Also the labour skills and training, some countries may have highly skilled labours, some may not. There may be a huge cost of new technology; also some government policies such as green issues may limit the use of some technologies.

3f Competitors

Since The Black Sheep Brewery is not the only company around the globe that supply beer there are various alternatives for consumers to choose from. Competitors such as Budweiser and Stella may have taken at least 90% of the consumers in some countries. Marketers should consider whether it is worthwhile to enter such countries.

In marketing audit, SWOT analysis suggests that companies should minimise their weaknesses/ threats, and turn them into companies’ strengths/ opportunities. When entering new country markets, there are weaknesses/ threats exist within and outside the company. These are the lacking of time, lacking of internal/ external knowledge and risks of competitors. By using methods of entry such as acquisition or merger can often minimise the weaknesses/ threats and turn them into possible strengths/ opportunities within and outside the company.