

Competitive Intelligence

A study examining the profitability and strategy of the competitors of Royal Grolsch in the Dutch beer market.



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Samenvatting

Dit onderzoek is gedaan in opdracht van de Koninklijke Grolsch, de twee na grootste brouwerij in Nederland. De biermarkt in Nederland wordt steeds concurrerender met slechts 4 grote brouwerijen en een groot aantal kleine brouwerijen. In dit onderzoek zullen we ons richten op de concurrenten van Grolsch: Heineken, AB Inbev en Bavaria. Vanwege verhoogde concurrentie in de biermarkt, is het noodzakelijk voor Grolsch te weten met welke producten (en volumes) de concurrentie het meeste geld verdient om zo beter te begrijpen waarom de concurrentie zich met hun marketing strategie op bepaalde producten richt.

De hoofdvragen in dit onderzoek zijn:

Op welke producten en consument segmenten focust de concurrentie van Grolsch zich en verdient zij de meeste winst?

Hoe zal dit (de focus van de concurrentie op producten en consument segmenten) in de toekomst veranderen?

Wat is de impact hiervan voor Grolsch?

Revenue management is van toepassing in de bierindustrie, met name de op prijs gebaseerde revenue management. Kortingen zijn een hulpmiddel voor brouwerijen om hun prijzen te beïnvloeden. In de winst-en verliesrekening moet rekening gehouden worden met kortingen, kortingen kunnen worden gezien als het belangrijkste instrument van brouwerijen om hun prijzen en daarmee de winstgevendheid te beïnvloeden. Voor elke brouwerij is een winst-en verliesrekening (P & L) geconstrueerd op basis van informatie van Grolsch en veronderstellingen om de informatie aan te passen. De totale brouwerij P&Ls zijn met elkaar en met Grolsch vergeleken. Naast de totale brouwerij P&L zijn product P&Ls geconstrueerd voor de vier belangrijkste producten per merk: pijpje (statiegeldfles) 25/30 cl, 33 cl blik, 50 cl blik en de monofles 25 cl. Ook de product P&Ls zijn vergeleken met Grolsch. Daarna is de marketingstrategie van de concurrenten onderzocht door middel van een segmentatie-model gebaseerd op het consumptie moment van elk merk.

Management Summary

This research is performed for Royal Grolsch, the second largest brewery in the Netherlands. The beer market in the Netherlands is becoming more competitive with only 4 large breweries and a lot of small breweries. In this research we will focus on the competitors of Grolsch which are Heineken, AB Inbev and Bavaria. Because of increasing competitiveness, it is necessary for Grolsch to know with which products (and volumes) competitors earn the most money to better understand why the competition is focusing on specific products with their marketing strategies.

The main questions in this research are:

On which products and consumer segments does the competition of Grolsch focus and earn most profit?

How will this (the focus of competition on products and consumer segments) change in the future?

How does this impact Grolsch?

Revenue management is applicable in the beer industry, especially price based revenue management. Discounts are a tool for breweries to influence their prices. Discounts thus need to be taken into account in the profit and loss account and can be seen as the main instrument of breweries to influence their prices and thus profitability. For every brewery a profit and loss account (P&L) is constructed based on information of Grolsch and assumptions to adjust the information. The total brewery P&Ls are compared together and with Grolsch. Besides the total brewery P&L, product P&Ls are constructed for the four most important products per brand: returnable bottle 25/30 cl, can 33 cl, can 50 cl and the non returnable bottle 25 cl. Also the product P&Ls are compared with Grolsch. Then the marketing strategy of the competitors is examined by using a segmentation model based on the consumption moment of each brand.

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Glossary

Bad debts: all costs from financing to owners of outlets in on-trade which will not be paid (back) to the brewery.

Consumer: people who consumer/buy a product (a beer) in an outlet in on- or in off-trade.

Customer: outlets in on- or in off-trade who buy products in large quantities and sell it to consumers.

Discounts: reductions on the prices of the pricelist given to the customer.

Earnings before Interest and Taxes (EBIT): result of the EBITDA minus the costs for depreciation and amortization.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA): result of the Gross Margin minus the fixed costs for marketing, personnel, maintenance and insurance.

Excise duties: taxes on consumables.

Gross Margin (GM): Net Producer's Revenue minus variable production costs.

Gross Sales Income (GSI): income (price times volume) without the deduction of discounts.

Net Producer's Revenue (NPR): Gross Sales Income less discounts and excise duties.

Off-trade: home-use beer market, all the supermarkets, some liquor stores and the 'cash and carries', like for example Makro.

On-trade: the beer market with public places where beverages are sold, like cafés, restaurants, festivals and cinemas.

Product: is defined by the brand, beer type and packaging type.

Profit and loss account (P&L): summarizes the revenues, expenses and the losses or profitability over a period of time.

Revenue Management: short-term demand management to promote flexible real-time capacity allocation, customer (in this research consumer) segmentation, and pricing optimization.

Royalties: a percentage of the revenue for letting another brewery brew the beer brand under license.

Variable production costs: costs that are related to the production volume of a brewery.

1 Introduction

This research is commissioned by Royal Grolsch B.V. In this chapter first the company and the market it is operating in will be described. Then the relevance and method of this research will be explained.

1.1 Grolsch

1.1.1 History of Grolsch

In 1615 Willem Neerfeldt and Peter Cuyper started brewing a dark brown beer with a high fermentation in a small brewery called 'De Klok'. The brewery was situated in the small fortified town Grol (nowadays Groenlo) in the east of the Netherlands. In the Golden Century (1600-1700) beer was the most popular beverage in the country and soon Peter became the best brewer in Grol and surroundings. And of course that is the reason why the name of the beer became Grolsch. In 1684 Peter Cuyper dies and his family continues with the brewery. The brewery continues to grow until in 1876 first one and later a second brewery is built outside the rampart of Grol. In 1895 the brewery is sold to J. de Groen. In 1897 J. de Groen introduces the famous swing top bottle, because of three reasons: quality: beer remains fresh, comfort: no need to open a beer with an opener and providence: no need to drink it all at one. During the First World War the raw materials for beer got scarce and that is why in 1912 Grolsch started producing 20 different tastes of lemonade and syrup. In the fifties the lemonade got the name Grol. The lemonade factory burned down in 1974 and was not rebuilt. Until 1990 Grolsch produced the syrups but then decided to focus on beer only.

In 1922 the brewery 'De Klok' merged with the 'Enschedeesche Brouwerij' from Enschede. To promote beer after two world wars, Grolsch came up with the slogan 'Vakmanschap is Meesterschap' (Craftsmanship is Mastery), which still is its signature. From 1942 Grolsch started exporting its beer, and in 1954 the brewery got the name Grolsche Bierbrouwerijen N.V. In 1995 Grolsch gets the title 'royal', and therefore the new name of the brewery became Koninklijke Grolsch Brouwerij B.V (Royal Grolsch Breweries B.V.).

On May 13 in 2000 a fireworks factory, only a few blocks away from the brewery, exploded. The brewery was heavily damaged and down for half a year. Grolsch continued to grow and in 2004 the modern brewery between Enschede and Boekelo was opened. In February 2007 Grolsch introduced its new and green beer bottle for the Dutch market.



Figure 1-1 The green returnable bottle of Grolsch

1.1.2 SAB Miller

On February 12 in 2008 the family de Groen sold Royal Grolsch to SABMiller. SABMiller is one of the largest brewers in the world, with 96 breweries in 6 continents, a beer volume of 260 million hectoliters in 2009 and listed on the London Stock Exchange. SABMiller owns more than 200 premium and regional beer brands. Grolsch is a leading premium beer and one of the flagship beers for SABMiller, and is therefore sold in more than 60 countries worldwide (Company Snapshot).

The strategic priorities of SABMiller are (Strategic priorities):

- Creating a balanced and attractive global spread of businesses,
- Developing strong, relevant brand portfolios in the local market,
- Constantly raising the performance of local businesses, and
- Leveraging our global scale.

1.2 Competitors

With the 'competitors' of Grolsch the three largest breweries in the Netherlands are meant, these are: Heineken, Anheuser-Busch InBev (AB Inbev) and Bavaria. Heineken is the largest brewery with a market share of 41%, and owns the (beer) brands Amstel, Brand, Heineken, Desperados, Lingen's Blond, Jillz, Strongbow, Wieckse and Murphy's Red. AB InBev is the third largest brewery with a market share of 12% and owns the beer brands Jupiler, Hertog Jan, Dommelsch, Leffe, Hoegaarden and some smaller (foreign) beer brands. Bavaria is in volume the largest brewery after Heineken, but Bavaria brews next to its own brand (Bavaria) also beer for other companies under their own brands called private label beer, for example Albert Heijn and C1000. Bavaria has a market share of 7% with its own brand. In the Netherlands are many other smaller breweries with much smaller brewing volumes. Most of these breweries brew specialty beers or pilsner beers which hardly exist in on-trade and off-trade.

Grolsch has a market position of being the second largest brewery in the Netherlands. For Grolsch its competition comes from Heineken, AB Inbev and Bavaria and not really from the smaller, low volume breweries. Therefore we will mainly focus within this research on the brands Heineken, Amstel, Brand, Hertog Jan, Jupiler, Dommelsch and Bavaria.

1.2.1 Positioning

Every beer brand in the Netherlands has a different positioning to attract a different consumer group. For the Netherlands the brands can be assigned in the following way.

Positioning	Brand
Super Premium	Peroni, Pilsner Urquell
Premium	Hertog Jan, Brand
Upper Mainstream	Heineken, Grolsch
Mainstream	Amstel, Jupiler, Warsteiner
Lower Mainstream	Bavaria, Dommelsch
Economy	Aldi, Jaeger

Table 1.1 Positioning of brands

Peroni and Pilsner Urquell are two new super premium beers Grolsch is going to launch on the Dutch market, first in on-trade and then in off-trade. Jupiler has recently repositioned itself from being a premium beer to a mainstream beer. While Bavaria on the other hand, is trying to become a more upper mainstream beer.

1.3 Beer market: on- and off-trade

Sales within the beer market can be divided in two types, on-trade and off-trade. On-trade covers all the public places, like cafés, restaurants, festivals and cinemas, where beverages are sold. In the Netherlands there are approximately more than 42.000 (Kenniscentrum Horeca) public places where beverages are sold. The market is thus very opaque, because of the large amount of owners and different types of public places. Besides, the market for public places is risky, many businesses end in a bankruptcy. Because of this, banks and other financial institutions hardly provide loans to such companies. Breweries in the Netherlands do provide these loans, because they need places where they can sell their products. A brewery is thus not only a producer of beer, but can also be a financier and a provider of real estate.

Off-trade covers the market for beer used at home: all the supermarkets, some liquor stores and the 'cash and carries' like for example Makro. The supermarkets are united in three purchasing organizations; SuperUnie, BijEen and Albert Heijn. The off-trade market is very transparent, because of only three purchasing organizations. There is also a lot of information available about off-trade because of research offices such as AC Nielsen and GFK.

Unfortunately the distinction between on- and off-trade is becoming vaguer. Owners of public places and liquor stores start buying beer in the supermarket or at a cash and carry, because of the low prices caused by discounts.

1.4 Relevance

The beer market is a highly competitive market. Grolsch is the second largest player in the beer market and has a market share of 13%, but is nevertheless not able to influence the beer market by itself. Heineken brewery, the largest player in the beer market, is able to influence the market and therefore needs to be watched closely to be able to predict new movements and to stay competitive. Grolsch cannot act without taking its competitors into account, because of the competitiveness of the market and therefore Grolsch wants to know the strategies of other breweries.

For Grolsch it is necessary to know with which products (and volumes) competitors earn the most money to better understand why the competition is focusing on specific products with their marketing strategies. But also the other way around: the profit and loss account can be understood better with information about which products they are focusing on. With the information about the profit and loss account Grolsch is now able to understand better why for example Heineken is focusing on the non returnable bottle. Not as Grolsch thought, because of the high profit margin on this product, but because of selling a product to another consumer type which has a distinctive drinking moment. Besides the fact that the profitability of breweries makes the marketing strategy more understandable and vice versa, Grolsch also wants to follow the strategies of competitors to be able to adjust its own strategy. In addition Grolsch also wants to affect its competitors in a way to challenge their profitability and/or market share.

1.5 Research objective

Grolsch needs (more) information about the strategy and total profitability based on the product volumes of its competitors. Grolsch wants to know on which product(s) competitors focus most and what the cost structure and total profitability based on volumes of that/(these) product(s) looks like. Therefore, the objective of this research is: to distinguish with which products and focused on which consumer groups, competitors earn the most profit.

1.6 Problem statement and research questions

1.6.1 Problem statement

From the paragraph about the research objective, the following problem statement can be derived: *Grolsch does not have enough insight in the strategy and focus, on products and consumer groups, of its competitors.*

1.6.2 Research Questions

To give more insight into the competitors of Grolsch, the following main questions with below the sub questions for this research are composed:

On which products and consumer segments does the competition of Grolsch focus and earn most profit?

- How do the cost structures of the competitors look like?
- What reasons are there for these (different) cost structures?
- What are the profit margins on product groups of competitors?
- Which consumer groups do competitors distinguish?

The cost structures (P&L accounts) and assumptions will be explained in chapter 4 and 5. The product P&Ls can be found in the appendix. The (comparison of the) profit margins of the product P&Ls can be found in chapter 6. The consumer segmentation competitors distinguish can be found in chapter 8.

How will this (the focus of competition on products and consumer segments) change in the future?

- Based on current consumer segmentation, which changes in consumer preference can be expected in the future?
- How are competitors likely to adapt their product portfolio and profitability to this?

How does this impact Grolsch?

- What are the implications for on-trade, off-trade, marketing and production?

The future and the implications for Grolsch will be explained in the conclusions of chapter 9.

1.7 Research Design

1.7.1 Conditions

The following conditions are drawn for this research. The focus will be on pilsner brands on the Dutch beer market, with the exception of very small brands and private label beer. This means the focus will be on the following brands: Heineken, Amstel, Brand, Hertog Jan, Jupiler, Dommelsch and Bavaria. The other brands of the three breweries are taken into account for the construction of the P&Ls. Also a marketing segmentation table has been constructed for these brands, which can be found in the appendix of this report.

The products meant, are both products for on- and off-trade. Dutch products for foreign export will be out of scope of this search. Financial information will be used from the last 3 years, so the years 2007, 2008 and 2009. All other information used, is from 2007 until the moment of writing of this report.

1.7.2 Research method

This research will focus on the profitability and the marketing strategy of the competitors of Grolsch. First the profit and loss account (P&L) of Heineken brewery is constructed to know which information is needed to construct a P&L and to be able to achieve the benefits of repetition when constructing the other P&Ls. The P&Ls for the breweries as well as for the different products of the 7 brands are constructed in excel files. Every brewery P&L has got its own assumptions which can be manually adjusted which results in recalculation of all (product) P&Ls. Not only the assumptions can be adjusted, but also costs and prices. The P&Ls are thus a tool for Grolsch to calculate the influence the assumptions have on the total brewery P&L but also to the product P&Ls.

After constructing the P&L of Heineken the marketing strategy of the competition has been examined. For Grolsch the information about the marketing strategy of competitors is used in its strategic plan for the following year, which was needed at that moment already.

In the figure below the performance of the research is pictured.

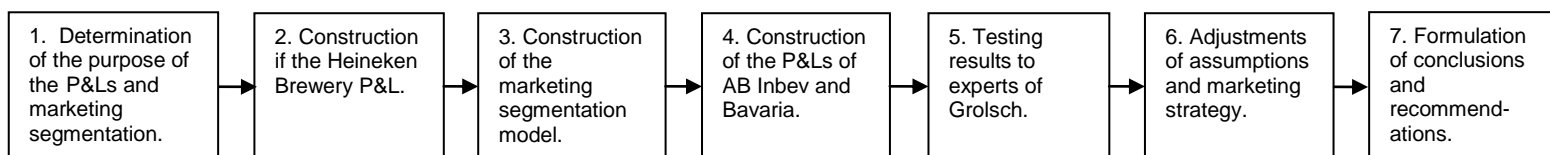


Figure 1-2 Research approach

1.7.3 Data sources

In order to perform this research a lot of documents have been read and databases have been searched. Data and information about the financials, number of employees and volumes is derived from the annual reports of the three breweries, financial reports written by large investment banks like Merrill Lynch, the websites of the breweries, price lists of the breweries, and the website of Missed Horeca. More financial data is derived from a database of Grolsch called SAP BW, Grolsch Beerbook which is composited by the department Consumer Market Insights (CMI), benchmark reports of SAB Miller and the database of AC Nielsen. For the marketing strategy many articles from newspapers, Distrifood (an independent website for supermarkets) and online marketing magazines and websites are used.

Besides all documents I have had interviews with more than twenty employees of Grolsch and with several more than one interview.

2 Breweries in the Netherlands

In this chapter more background information about the four largest breweries in the Netherlands will be elaborated.

2.1 Grolsch Brewery

2.1.1 Products

Grolsch produces different types of beer in different types of packaging. A product has been defined by the brand, beer type and packaging type. For the Dutch market Grolsch has beers under its own brand name and also the brands Amsterdam, Grimbergen (Double, Blond and Triple), Gulpener (Gladiator), Lech, Peroni, Pilsner Urquell, Tyskie and will soon release Blond Beer under its new brand name 'De Klok', named after the former brewery. For the export market Grolsch also brews Miller Genuine Draft. The beer types which Grolsch brews under own name are: Premium Pilsner, Premium Blond, Premium Malt, Oud Bruin, Lemon 2.5, Premium Weizen, Dunkel Weizen, Premium Herfstbok, Premium Lentebok and Het Kanon.

Besides, there are the following types of packaging: bottle 30 and 33 cl, swing top bottle 45 cl and 1,5 l, can 33 and 50 cl, non returnable bottle 25 cl (twist cap), home draft 2 and 6 l, 19.5, 30 and 50 l kegs and bulk (tank beer). Not all types of beer are available in every type of packaging. Around the year Grolsch has approximately 30 products.

A product group contains aggregated products, for example premium beer in bottle or can. A product group is an aggregation of SKUs (Stock Keeping Units), for example all premium pilsner sold in 33cl cans or all specialty SKUs.

2.2 Heineken Brewery

2.2.1 Company

Heineken is a Dutch brewery and has become one of the largest breweries in the world with a total beer volume of 125.2 million hectoliter in 2009. Heineken has more than 125 breweries in more than 70 countries in 2009. And brews more than 200 international premium, regional, local and specialty beers and ciders (Annual report Heineken 2009). In the Netherlands Heineken owns three breweries, two of them to produce Heineken, Amstel and other smaller beers and one produces Brand. In the Netherlands beer is produced for the Dutch market as well as for export.

With Heineken Brewery is in this report meant Heineken Netherlands, so only the Dutch part of Heineken.

2.2.2 Products

Heineken sells the following brands on the Dutch market: Heineken, Amstel, Brand, Wieckse, Jillz, Strongbow, Desperados, Lingen's Blond and Murphy's Irish Red (Heineken, Annual report Heineken 2009, 2009). Under the Heineken brand only Premium Pilsner, Oud Bruin and Tarwebok are brewed. Amstel brews the following types of beer: Pilsner, (Lente)Bock, 1870, Bright, Gold, Light and Malt. Brand has got the following types of beer: Pilsner, Dubbelbock, Imperator, Lentebok, Oud Bruin, Sylvester and Up. The information about the different types of beer under brand name is derived from the database of AC Nielsen.

Heineken brewery sells beer in the following packaging: bottle 30 and 50 cl, non returnable bottle 25 cl (twist cap), longneck 33 cl (for on-trade only), temporary l-cone (for on-trade only), can 25, 33 and 50 cl, coolcan 5 l, homedraft 4 l, David (keg) 20 l, keg 10, 30 and 50 l. David is a tap system especially made for Heineken Brewery products only (Heineken.nl). Not all types of beer are available in every type of packaging.

2.3 AB Inbev

2.3.1 Company

Since 1968 is Interbrew active on the Dutch market. The name Interbrew changed in 2006 to Inbev as a consequence of the change of name of the parent group. In 2008 Anheuser-Busch from the United

States and Inbev from Belgium merged to Anheuser-Busch Inbev. Its headquarter is still in Leuven, Belgium. This brewery is one of the five largest breweries in the world, with number 1 and 2 positions in 19 countries. AB Inbev has more than 138 breweries and brews a volume of more than 364 million of HL beer worldwide per year in 2009 (Anheuser-Busch Inbev, 2009).

In 2008 AB Inbev sold its export department called United Dutch Breweries (UDB) to an investment company (United Dutch Breweries.com). Since then AB Inbev still brews beer for the company, but the volumes are declining. UDB exports for example beers like Oranjeboom and Royal Dutch Posthorn.

2.3.2 Products

In the Netherlands AB Inbev sells the following brands: Hertog Jan, Jupiler, Dommelsch, Hoegaarden, Leffe, Stella Artois and Becks (Anheuser-Busch Inbev, 2009). Under the Hertog Jan brand the following types of beer are sold: Premium Pilsner, Bockbier, Meibok Dubbel, Tripel, Grand Prestige, Karakter, Primator and Weizen. Jupiler brews only Pilsner and Malt. Dommelsch has got the following types of beer: Pilsner, Malt and Oud Bruin.

AB Inbev sells beer in the following packaging: bottle 25, 30 and 50 cl, non returnable bottle 25 cl (twist cap), can 25, 33 and 50 cl, homedraft 6 l, keg 20 and 50 l. Not all types of beer are available in every type of packaging. The information about the different types of beer under brand name and packaging is derived from the database of AC Nielsen.

2.4 Bavaria

2.4.1 Company

Since 1764 the brewery is owned by the Swinckels family. Since then Bavaria has always been owned by the family Swinckels. It is the only brewery (in this research) who still is a family business. In 1955 the brewery starts with producing soft drinks under the brand name 3-es, which is related to the three brothers Swinckels. In 1998 Bavaria took over brewery De Koningshoeven, where the Trappist beer La Trappe is brewed (Cambrinus: Bierbrouwerij Bavaria n.v.).

2.4.2 Products

Bavaria sells the following products in the Netherlands: Premium Pilsner, 0.0%, Wheat 0.0%, 8.6, Hooghebock, Springbock, and Oud Bruin. In on-trade it also sells Swinckels Volmaakt. Under the La Trappe brand the following beers are sold: Blond, Dubbel, Tripel, Quadrupel, Witte Trappist, Bockbeer, Isid'or and Oak Aged. Moreeke is also brewed in brewery De Koningshoeven and has two types of beer: Moreeke and Moreeke Herfstbok (Cambrinus: Bierbrouwerij Bavaria n.v.).

The beers are sold in the following packaging: bottle 30 and 50 cl, non returnable bottle 25 cl (twist cap), can 33 and 50 cl, homedraft 6 l, keg 20 and 50 l. La Trappe beer is also available in jars of 50 and 75 cl. Not all types of beer are available in every type of packaging. The information about the packaging types is derived from the database of AC Nielsen.

Besides its own branded beer, Bavaria brews beer under private label. Private label beer is brewed for the following brands: Best Beer, Hollandia, Kroon, Jaeger, Schultenbrau (except for its 50 cl cans) and Albert Heijn's Euroshopper. In off-trade Bavaria brews about 50% of all volume in beer sold under own brand and 100% of all unbranded beers (Cambrinus: Bierbrouwerij Bavaria n.v.).

3 Revenue Management

This research is all about the profitability of the products of the competitors of Grolsch. To understand why pricing, profitability and consumer segmentations are important to Grolsch more insight about revenue management (RM) will be given in this chapter.

In order to not get confused about the difference between consumers and customers in this chapter, the following definition for consumers and customers are used. Consumers are the end users of the product: people who consume or buy the product in an outlet in on- or in off-trade. Customers are the (owners of) outlets in on- or in off-trade who buy products in large quantities and sell it to the consumer.

3.1 History

In 1978 the Airline Regulation Act loosened the control of the airline prices. Airlines were now free to choose their own prices, schedules and service. At the same time low-cost and charter airlines entered the market. These airlines were able to have lower prices, because of lower labor costs and simple operations, than the major airlines. Other passengers groups than usual began to fly and it appeared that air travel is quite price elastic. The major airlines suffered from the losses in their revenue and profit from the shift in traffic to low cost airlines. This problem ensured airlines started to sell their seats for different consumer segments, the high paying business customers and the lower paying customers, for example families on a holiday. The segments were separated by restrictions of durations and by limiting the number of discount seats on a flight (capacity controlled discounts). Then airlines discovered different patterns of demand on their flights and realized they needed a more intelligent approach to realize the full potential of capacity controlled discounts. This resulted in the DINAMO: Dynamic Inventory Allocation and Maintenance Optimizer system, which was the first large-scale RM system development in the industry (Talluri & van Ryzinn, 2004). Besides the successes in the airline industry, revenue management is driven by three other trends: widespread adoption of enterprise resource planning systems (ERP) and customer relationship management systems (CRM), the rise of e-commerce, and the success of analytic supply chain management software systems (Phillips, 2005).

3.2 Definition

The definition for revenue management from Talluri and van Ryzinn is:

Revenue management is short-term demand management to promote flexible real-time capacity allocation, customer (in this research consumer) segmentation, and pricing optimization.

In other words: revenue management deals with the decision of selling the right product for the right price to the right consumers at the right time. It is a technique to determine the optimal price to maximize profits. Phillips (2005) underlines the fact that effective segmentation is critical and the key to success for revenue management, because with an effective segmentation products can be differentiated to different consumers. If consumers are heterogeneous they are willing to pay different prices and products can be traded up in order to increase revenue. Chapter 8 will deal with the consumer segmentation part of revenue management.

Revenue management is concerned with demand management. Three categories of decisions can be addressed: *structural decisions* (e.g. which segmentation or differentiation mechanisms to use), *price decisions* (e.g. how to set prices across product categories) and *quantity decisions* (e.g. how to allocate output to different segments, products or channels) (Li, 2009). Structural decisions are normally strategic decisions not taken very often. Price decisions and quantity decisions are based on the ability to adjust them. The terms price-based and quantity-based revenue management is used when a business uses price or capacity allocation decisions as the primary tool to manage demand (Talluri & van Ryzinn, 2004). Breweries cannot easily and without large investments change their brewery volumes, but breweries are able to easily change prices to their customers. Grolsch uses price-based revenue management.

3.3 Conditions

Revenue management is applicable to all business in all industries. But in the literature conditions for businesses can be found which (probably) have the most benefit from revenue management.

3.3.1 Consumer heterogeneity

Revenue management has more potential and is more beneficial when the consumers are heterogeneous. This heterogeneity, variations in preference for different products and willingness to pay, can be exploited to improve revenues (Jerez, 2008). In a Dutch supermarket there can be found many different beer types, brands and packages of beer. This indicates that the Dutch beer consumer is highly heterogenic, with many consumers who all have different preferences and moments of drinking a beer.

3.3.2 Demand variability

Demand management decisions become harder when demand varies over time, because of seasonality, shocks, and etcetera. The chance for bad decisions increases and it becomes more important to have sophisticated tools to evaluate the resulting tradeoffs (Li, 2009). In off-trade more and more beer is sold when there is a promotion with a price off. It can be difficult to predict how much a beer brand will sell in such a promotion at a retailer when there are also other beer brands that have a promotion at other retailers.

3.3.3 Perishable inventory

The products or services should be perishable. An airline for example, cannot sell seats on a certain flight for a day later, because the flight has already left (Jerez, 2008). Beer is also a perishable product, but it is less perishable than services, because beer can be sold a day later but not three months later.

3.3.4 High ratio of fixed to variable cost

High production costs and low marginal costs is a characteristic of a firm that encourages revenue management. The marginal costs for, for example, selling a hotel room are relatively low, while the costs for increasing the capacity are substantial (Jerez, 2008). For breweries the marginal costs for brewing an extra Hectoliter of beer are not that high, while increasing the capacity of a brewery has a substantial cost.

3.3.5 Data and information infrastructure

To operationalize revenue management consumer data via IT is necessary to model demand. To obtain the data, advanced infrastructure is needed to collect and store data and to automate price decisions (Li, 2009). For off-trade a lot of data about sales, volumes and prices is available via market research company AC Nielsen. For on-trade however there is hardly any data available.

3.3.6 Price as a signal for quality

Price can be a signal for quality. Revenue management is more suitable to products where the price is not a status symbol and not a signal of value (Talluri & van Ryzinn, 2004). Beer brands are a signal for quality, for example Hertog Jan with its higher pricing is a qualitatively better beer.

3.3.7 Management culture

A company should have a positive culture towards innovation and should be confident with science and technology to implement revenue management (Talluri & van Ryzinn, 2004). After the take-over by SAB Miller Grolsch is even more dedicated to innovation and improvement. New ways and programs are embedded by the mother company.

3.4 Price based revenue management

Talluri and van Ryzinn describe two pricing mechanisms for price-based revenue only (mixed forms of price and quantity based revenue management do also exist), these are dynamic pricing and auctions. According to Grolsch (and other breweries) auction pricing is not relevant, because this type of pricing is not exercised in this industry (yet). The focus will thus be on dynamic pricing.

Various forms of dynamic pricing exist. Most of these pricing techniques are used in retail and industrial trades. Dynamic pricing has different forms, like for example markdown pricing, personalized pricing and consumer packaged goods promotions. Promotions are the most common form of price-based revenue management in the consumer packaged goods industry with products like coffee, candy and beer.

Consumers are aware of prices and promotions in the past. When running promotions too frequently, the brand may be viewed as a frequently discounted product, with lower brand equity in the long run. The awareness of past prices and promotions impacts the subjective reference price for products and consumers may stockpile products.

The structure for promotion is complicated, because three parties are involved: manufacturers (breweries), retailers (customers) and end consumers. Manufacturers can give discounts to retailers (trade promotions), these discounts may or may not be passed on to the consumers of the retailer (retailer pass-thru). Or retailers can give a discount to consumers (retail promotions).

In the beer market all promotions exist at the same time. Retailers get discounts from breweries if they sell a certain volume or more (trade promotions), which are not (directly) passed thru to the consumer. Breweries and/or retailers give a discount in the form of a price off (retailer pass-thru and retail promotion).

Manufacturers and retailers have different motivations to give discounts. A manufacturer only wants to increase its sales and profits, while retailers are interested in overall profits for a category of products. A discount for one product might lead to lower sales of a more profitable product and thus lower overall profits for a retailer (Talluri & van Ryzinn, 2004). Beer is a product which leads to more store traffic; more consumers come to the shop. When there is a (good) price off, more consumers will come to the shop and will also buy other products, and create thus an overall higher profit although the retailer might pay for the price off.

3.5 Conclusion

Based on the literature it can be seen that Grolsch and other breweries are part of an industry where revenue management can be applied to. Because almost all conditions point toward a positive benefit from revenue management. The Dutch beer market has many different types, brands and packages for beer, which indicates that beer consumers are *highly heterogenic*. *Demand variability* is increasing for breweries, because more than one beer brand is in promotion in the same week at different retailers. Beer is a *perishable product*, but not immediately because it can be sold a day later. Breweries have a *high ratio of fixed to variable costs*, the marginal costs for brewing an extra Hectolitre of beer is not that high. The *data and information infrastructure* in the beer industry for off-trade is very well established, for on-trade however there is hardly any data available. Grolsch has a positive *management culture* towards innovation. Grolsch only fails on one condition, which is the fact that beer is a product where *price is seen as a signal for the quality* of the product.

Furthermore it appears that price based revenue management in the brewing industry is used, which means a focus on discounts. The discounts are the most influential part and also a large part (on average 23% of the GSI) of the price, which breweries can easily change. Discounts thus need to be taken into account in the profit and loss account and can be seen as the main instrument of breweries to influence their prices and thus profitability. Unfortunately the discounts in on-trade are very difficult to derive, because of huge differences resulting from the tailor-made contracts to specific outlets and outlet types. For off-trade however there is more insight in the discounts, although the large purchasing organizations decide what prices to ask to retailers, which results in an extra margin for the retail organizations and makes it difficult to calculate the exact discounts.

4 Profit and Loss account

4.1 Introduction

In this chapter a (theoretical) description of the profit and loss account as used in the beer industry, like Grolsch does, with all its (cost) centers will be described. The P&L for breweries is different from other industries and will therefore be described. The profit and loss account will be used in order to describe the profitability of the competitors of Grolsch and to be able to make comparisons between the cost structures of products.

The profit and loss account summarizes the revenues, expenses and the losses or profitability over a period of time, in this case a year. The profit and loss account is also called an income statement. The profit and loss account is used by managers (and owners) to monitor the financial results of the company; whether the business is making a profit or not (Berry & Jarvis, 2006). A profit and loss account can be presented in more than one way. There are two options to make up a profit and loss account, the first is based on cost categories and the second is based on business functions. Besides, two presentation possibilities for the profit and loss account exist: the vertical presentation (which is most used) or the horizontal presentation (Epe & Koetzier, 2006). For the profit and loss accounts in this research the statements will be based on cost categories and vertically presented.

The profit and loss account presents the total amount per (cost) center. In order to be able to compare between the P&Ls of breweries and products, the per Hectoliter amounts are also pictured in the P&L for the last year. Small differences between breweries and products are better pictured and can explain more than total amounts.

4.2 Assumptions for the P&L account

The profit and loss accounts in this research will be based on the cost centers Grolsch (and also almost all other breweries) distinguish. In a P&L account normally everything above the Net Producer's Revenue (NPR) is not pictured. For breweries however, GSI and discounts are important centers, because they implicate the strategy of the brewery. A brewery can ask high prices, which results in a high GSI, but can at the same time give high discounts. The result is a NPR which can be the same for a brewery with lower prices and lower discounts.

The P&L account is unlike most other profit and loss accounts only pictured until EBIT. The reason is the complicated allocation of taxes to competitors and the fact that taxes can be highly convertible based on accounting principles and past tax results.

In order to create the P&Ls for the breweries and on a product level a lot of assumptions have been made. All the assumptions have been discussed with people within Grolsch who have the most knowledge about the specific assumption.

4.2.1 Accounting Method

Businesses prepare accounting statements based on accounting principles. The accounting principles used, are based on the International Financial Reporting Standards (IFRS), which is prescribed for all companies listed on a stock exchange in Europe. For the profit and loss account two accounting principles will be described, the realization and the matching principle (Sutton, 2004). The realization principle means that revenue should only be recognized when the sale is substantially complete, and when the exchange value for the goods or services is reasonably certain. The matching principle states that revenue on the profit and loss account is matched with the expenses used to generate the revenue. Expenses are all costs that a business incurs to generate revenue. An expense is: costs incurred in executing business, such as labor, utilities, materials and taxes, and the value of long-term assets consumed through business operations (Parrino & Kidwell, 2009).

4.2.2 Volumes

Most of the cost centers in the P&L are assigned based on volume. In an annual report only the total volume produced for a brewery is mentioned, not which part can be assigned to on- and to off-trade. The off-trade volumes are based on the research data of AC Nielsen. AC Nielsen is a market research agency which gathers the volumes of beer sold in about 80% of the supermarkets. AC Nielsen does not have sales information from the supermarket formulas: Dirk, Bas, Digros and the cash and carry

Makro. The volumes for off-trade are therefore multiplied by a factor of around 1,25. The on-trade volumes are based on the market shares multiplied by the total volume in on-trade as calculated by CMI of Grolsch and then adjusted to the total volume of the brewery.

In the table below the ratio between the breweries can be found, to give an overall view of the beer market and its players.

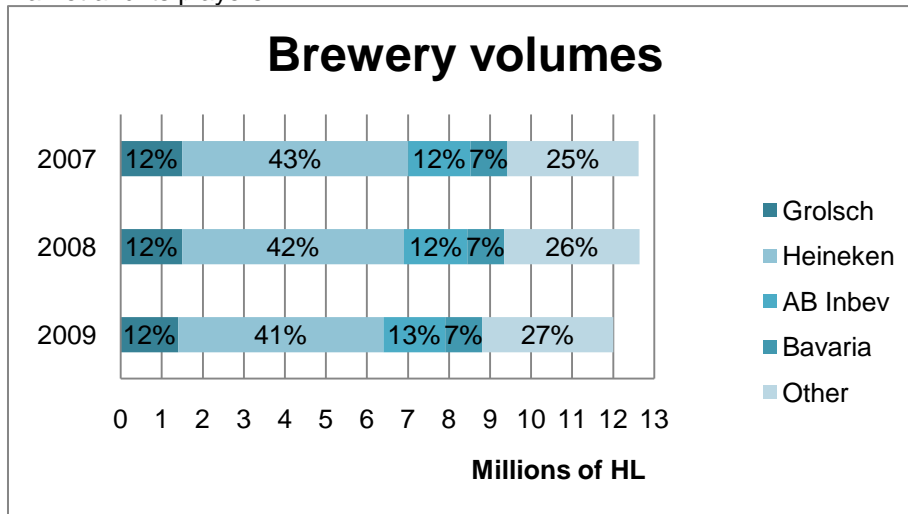


Figure 4-1 Total brewery volumes

4.3 Description of the P&L account

In this paragraph the P&L will be pictured and per (cost) center described.

4.3.1 The P&L Account

Below the P&L account for the beer industry is pictured.

Gross sales income (GSI)	
-/- Discounts	
-/- Excise duties	
	Net producer's revenue (NPR)
-/- Royalties	
-/- Variable Productions costs	
- ingredients	
- packaging	
- energy	
- water	
- logistics	
	Gross Margin (GM)
-/- Marketing cost	
- indirect marketing cost	
- direct marketing cost (media expenditure)	
-/- Personnel cost	
- office personnel	
- brewery personnel	
-/- Maintenance	
-/- Insurance	
	Earnings before deduction of interest, taxes and amortization (EBITDA)

-/- Depreciation

-/- Amortisation

Earnings before deduction of interest
and taxes (EBIT)

Figure 4-2 P&L Account

4.3.2 Gross Sales Income (GSI)

The GSI is the income (price times volume) without the deduction of discounts from the sale of beer. The GSI for bottles can be calculated from the pricelist from a brewery. For on-trade the prices for keg and tank beer are derived from the website of Misset Horeca (Misset Horeca). For both on- and off-trade, the prices for 2007 and 2008 are calculated by dividing the prices of 2009 by the same factor as Grolsch raised its prices in these years.

In on-trade, breweries do not sell beer directly to customers, but via wholesalers, who are sometimes also in possession of the brewery. The real price a brewery receives for its products is lower than the price on the pricelist of the brewery, because of a charge from the wholesaler. The GSI in the profit and loss account is thus based on the volume times the price (from the pricelist of the brewery) and deducted for the charge of the wholesaler. For off-trade there are no intermediaries, so the GSI can be calculated based on the pricelists times the volumes.

4.3.3 Discounts

Discounts are reductions on the prices of the pricelist given to the customer. The prices on the pricelist are base prices; customers almost always get a discount.

The discounts in on-trade consist of bonuses based on volume and discounts based on a lot of criteria, like whether or not an outlet is financed by the brewery, volumes and the range of beers (specialty vs. pilsner beer) sold. For on-trade the ratio between the discounts is very diverse, because every discount plan for each outlet is tailor made and can thus not be captured in a table. The discounts per brewery are calculated based on the absolute discounts of Grolsch per Hectoliter.

In off-trade Grolsch gives discounts based on contracts, volume and promotions. Once a year a brewery has negotiations with every purchasing organization about the price for its products, these are the contractual discounts. Next to the regular price there are also discounts for promotions for one supermarket formula only. And finally there are discounts based on volumes a supermarket formula sells.

In the table below the different discounts are pictured in ratio to the total discount.

	2009	2008	2007
contracts	72%	69%	70%
volumes	28%	30%	29%
promotions	0%	1%	1%

Table 4.1 Discounts in off-trade

4.3.4 Excise Duties

Excise duties are taxes on consumables (Van Dale online dictionary). In the Netherlands there are excise duties for the following alcoholic products (Excise duties and consumables taxes):

- Beer
- Wine
- Intermediate products (port, sherry and vermouth)
- Other alcoholic products (liquor and perfume)

The excise duties for alcoholic beverages in the Netherlands are based on the amount of Plato in a Hectoliter of beer. The Plato scale is used to express the concentration of extract in a wort as a percentage by weight. This extract contains mostly sugars which will be converted into alcohol. Wort is the liquid extracted from the mashing process during the brewing process of beer. The Dutch Customs Authority recognizes four excise duty categories, based on the amount of Plato. Each beer is assigned to a category based on the amount of Plato. The total amount of excise duties a brewery has to pay is based on the category and the volume of beer sold.

Category	Plato percentage	date	tariff per HL	beer type
1	< 7	1-4-2002	€ 5,50	Malt beer
2	7 to 11	1-4-2002	€ 18,84	Oud Bruin (2,5-3,5%)
		1-1-2009	€ 24,49	
3	11 to 15	1-4-2002	€ 25,11	Pilsner (5%) max. 13,5% plato
		1-1-2009	€ 32,64	
4	15 >	1-4-2009	€ 31,40	Bock beer
		1-1-2009	€ 40,82	

Tabel 4.2 Excise duty categories.

4.3.5 Net Producer's Revenue (NPR)

For breweries the Net Producer's Revenue is the Gross Sales Income less discounts and excise duties. The NPR is the income for a brewery without subtraction of all costs (fixed and variable).

4.3.6 Royalties

Royalties are a percentage of the revenue which a brewery earns for letting another brewery brew its beer brand under license. Grolsch for example, owns a part of Grimbergen and therefore brews some of the Grimbergen beer types. In addition Grolsch pays royalties to Grimbergen.

Heineken, AB Inbev and Bavaria all own their brands for 100% and therefore do not need to pay royalties.

4.3.7 Variable production costs

Variable production costs are costs that are related to the production volume of a brewery. For a brewery the variable production costs are: packaging, ingredients, energy, water and logistics. All variable production costs are calculated based on the per Hectoliter cost of Grolsch multiplied by the volume in Hectoliters of the relevant brewery.

4.3.8 Gross Margin

The gross margin of a brewery is the NPR minus its variable production cost.

4.3.9 Marketing costs

The costs for marketing are based on indirect and direct marketing costs. Indirect marketing costs consist of the costs for market research agencies and consumer market intelligence. Direct marketing costs consist of costs for advertising agencies, print campaigns and website. The indirect marketing costs for the competitors are calculated by multiplying the volumes with the indirect marketing costs per Hectoliter of Grolsch. The direct marketing costs are based on the media expenditure as calculated by the department Consumer Market Intelligence of Grolsch, which is based on the results of market research agencies.

4.3.10 Personnel costs

The personnel costs consist of the following costs: paycost, manning, administration and operating costs, IT and training. Not all costs relate directly to personnel, but according to Grolsch, imputing these costs based on FTE is the best way. Not all personnel has a permanent contract, however these costs are granted to the fixed personnel cost. The personnel costs are split in 30% office and 70% brewery personnel. The distinction is made, because of higher costs for office personnel, compared to brewery personnel.

In the annual reports of the competitors the total number of employees for the Netherlands can be found. The number of office and brewery employees is converted to FTE, based on the conversion factor for Grolsch of 1,08. Based on the number of FTE, the costs per FTE for Grolsch are calculated. Then based on the cost per FTE for office and brewery personnel, the total personnel costs for each brewery is calculated.

4.3.11 Bad debt

Bad debts include all costs from financing to owners of outlets in on-trade which will not be paid (back) to the brewery. The bad debts have been calculated by the costs for bad debt per Hectoliter in on-trade for Grolsch times the volume in on-trade for the relevant brewery.

4.3.12 Maintenance

For Grolsch maintenance is recognized as a fixed cost. To impute the maintenance costs for other breweries, the maintenance cost per Hectoliter has been calculated for Grolsch and multiplied by the volume for the relevant brewery.

4.3.13 Insurance

The costs for insurance are calculated in the same way as for maintenance. The insurance cost per Hectoliter for Grolsch has been calculated multiplied by the volume of the relevant brewery.

4.3.14 EBITDA

The Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) is the result of the Gross margin minus the fixed costs for marketing, personnel, maintenance and insurance.

4.3.15 Depreciation / amortization

Depreciation allocates the costs, for assets with a limited life, to the periods in which the brewery is assumed to benefit from the asset (Parrino & Kidwell, 2009). For breweries the depreciation is caused by the large brewing installations and real estate. Amortization allocated costs for intangible assets, to the periods in which the brewery is assumed to benefit from the asset. For breweries this can be the amortization of goodwill and brand value (Sutton, 2004).

Depreciation and amortization are expenses, but not a cost that has to be paid for directly. The amount of depreciation and amortization is highly influenced by the method of cost apportionment (e.g. activity, straight line or accelerated) and thus does not necessarily reflect the real amount. The cost for depreciation and amortization is therefore based on the amount of depreciation and amortization for the relevant brewery reports in its annual report (Sutton, 2004).

4.3.16 EBIT

Earnings before Interest and Taxes (EBIT) are the result of the EBITDA minus the costs for depreciation and amortization.

4.4 Excel files

The text and appendices with the P&Ls in this report do not fully present the whole research I have performed. And therefore this report is not the only deliverable of this research. Next to this report, I have constructed a tool in Excel where the total brewery and product P&Ls can be found. Every brewery has its own P&L tool, which is linked to the product P&Ls of that brewery. Every brewery P&L is constructed as follows, the first tab is an overview of the P&L, the second tab is the assumptions, and the next tabs are the (cost) centers of the P&L.

The assumptions that are chosen during this research are in a separate tab, so an overview of the assumptions is there, and assumptions are easily adjusted. If an assumption is changed the tool will recalculate the brewery and product P&Ls. Adjustments can also be made (manually) in each tab and then the tool will also recalculate the brewery and product P&Ls.

Almost every (cost) center has its own separate tab. In such a tab the unrounded volumes, prices, discounts, packaging costs, energy costs, and etcetera, per product per brand can be found. Also the sources where the data come from are shown. Almost all data from Grolsch is extracted from a program called SAP BW. For Grolsch these data is known and gathered in a file folder. New data from SAP BW or AC Nielsen cannot automatically be loaded into the files.

4.5 Amenability

Grolsch can use the tool to change the assumptions in order to see what the influence is of the assumption on the P&Ls. But can also calculate the profitability of the separate products and the total brewery P&L when there are changes in costs or prices. Cooper and Kaplan (1991) state in the textbook of Drury that when using activity based costing (which is used in the P&Ls) the product costs

do not provide information that can be directly used for decision making. Therefore they categorize the costs according to their variability at different hierarchical levels, in order to report different hierarchical contribution levels. Business costs for example, are not allocated to individual products. Aim of this profitability analysis is to assign all organizational costs to a particular hierarchical or organizational level where cause-and-effect cost assignments can be established so that arbitrary apportionments are non-existent (Drury, 2008). This means that from the results of the P&Ls not automatically conclusions can be drawn, especially not to base decisions on. The results can better be interpreted as indicative.

5 Profit and Loss accounts: the results

In this chapter the results for the profit and loss accounts of the breweries Heineken, AB Inbev and Bavaria will be presented. The P&Ls are rounded on thousands of Euros in order to not give spurious accuracy of the information. All amounts are approaches based on data as precise as possible and assumptions. In the appendix the results for the product P&Ls can be found.

6 Comparison of Profit and Loss accounts

In this chapter a comparison is made per brewery to Grolsch. More details and a comparison per (cost) center can be found in the appendix. To give an overview, in the table below the most important (costs) centers for breweries are compared. The first column under the competitors states the amount, and the second column shows the multiplier.

7 Comparison product P&Ls

In this chapter the product P&Ls of the brands will be compared to Grolsch and within the brewery. Only the most important cost centers to Grolsch will be discussed, these are Net Producer's Revenue (NPR) and Gross Margin (GM). The product P&Ls and written comparisons can be found in the appendix.

Product P&Ls are constructed for the products with the largest volumes and products which get a lot of marketing attention from the brewery. No extra assumptions have been made between products and brands. Because the assumptions will be too specific and not reliable enough.

8 Marketing strategy

People are drinking less and less beer in the Netherlands. In 1990 the beer consumption per capita was around 97 liters while in 2008 it was only 78 liters per capita (Beerbook 2009). Beer volumes are also dropping in the rest of Western Europe and that is why breweries are looking for value added beer products and products outside the beer category.

In this chapter a segmentation model will be explained and used to discover the consumer marketing strategy of competitors.

8.1 Segmentation model

8.1.1 Introduction

Market segmentation in pricing models is the fact that different groups of consumers attach different levels of importance to benefits offered by a type product. The market should first be segmented and then a difference price can be charged depending on the willingness of the customer to pay more or less for a product (Dolgui & Proth, 2010).

Market segmentation is a theoretical concept, which defines artificial groups of consumers to help managers to design and target their strategy. The market segments do not need to be physical entities that naturally occur in the marketplace.

The identification of the market segments is highly dependent on the bases (criteria) and methods chosen. The choice which bases to use, follows directly by the purpose of the study and the market, which is in this case to identify the drinking moment competitors are focusing on in the on – and off – trade market (Wedel & Kamakura, 2003).

Wedel and Kamakura distinguish four bases for segmentation: general and product specific and observable and unobservable. For this research we will use a product specific and observable segmentation base (Wedel & Kamakura, 2003). Observable and product specific because this base is able to show the situation the product is used and that is exactly what Grolsch want to know: the drinking moment of competitor's products.

Dolgui and Proth state that the parameters have to be identified based on the interest of customers of buying that specific product. For consumers their first interest in off-trade is brand preference, this is however usually not the case for on-trade, where consumers choose the type of outlet instead of the beer brand that the outlet sells. From the goal of this research a first segmentation based on brand is logical and makes comparisons between breweries and their brands clear.

The second parameter is the moment of consumption. Customers will not buy the higher priced 33 cl cans, when drinking a beer at home. The moment of consumption, in the model the *occasion*, thus determines the packaging (i.e. can or (none) returnable bottle) a consumer will buy. In the model the packaging is the *pack*. Besides the packaging the moment of consumption also determines the *channel* where the product is sold. With channel is meant whether the product is bought in an outlet in off-trade or in a certain type of outlet in on-trade (e.g. sports café or terrace). Furthermore are some brands sold more often in specific part of the Netherlands. This is called the *region* where a beer is mainly sold. An overview of brand preference per region can be found in the appendix. The last column is not a parameter for segmentation, but shows whether the brewery has a certain marketing campaign addressed to that specific segment.

On the next page the segmentation model can be found. In the appendix the segmentation tables per brand can be found.

rand	occassion 1	channel 1	region 1	pack 1	marketing strategy	
				pack 2	marketing strategy	
			region 2	pack 1	marketing strategy	
		pack 2		marketing strategy		
		occassion 2	channel 2	region 1	pack 1	marketing strategy
					pack 2	marketing strategy
	region 2			pack 1	marketing strategy	
			pack 2	marketing strategy		
	channel 2		region 1	pack 1	marketing strategy	
				pack 2	marketing strategy	
		region 2	pack 1	marketing strategy		
			pack 2	marketing strategy		

Figure 8-1 Example of segmentation model

8.1.2 Drinking occasion

Overall the following drinking occasions can be distinguished:

Men alone at home	men who for example drink a beer after work or with dinner.
Men with men at home	a small socializing event at home, like for example watching a football game.
Relaxation moment at home	drinking a beer for the special taste and/or experience.
Men with men out home	socializing event out of home, like for example watching football game at a café.
Students	students drink a lot of beer at their student association. Breweries expect that students will drink the same beer in their future life as they did when they were a student.
Night out	going out with friends to a club/café/discotheque, not necessarily at night.
Sports club	place where people can drink something after being active in their sport, for example a canteen of a football club.
Concerts	live music concert, like for example Sensation.
Festivals	a one or several day event, with live music acts.
Cultural events	events with a focus on culture, like for example the Parade.
Culinary moment	Beer as special part of the dinner.
Women	the female beer drinker, who has another taste than men.
Light user	malt beer or beer with a lower alcohol percentage, also smaller packaging of normal beer.
People > 45 years	a growing group of consumers, who have other preferences, like for example health, than younger people.
World Championship football	everybody who watches the football games.

All breweries distinguish the following segments: men at home as well as out of home, relaxation moment, students, night out, sports club and (cultural) events like concerts and festivals. Breweries have a portfolio of beer brands to be able to serve every segment. Heineken brewery for example, serves with Amstel the sports clubs, with Heineken the night out and with Brand the relaxation moment. Of course every brand focuses on more moments of use than described yet.

8.1.3 Channel

All brands discussed in this report are available in all off-trade outlets. Only differences in approach will therefore be mentioned in the following paragraphs. In on-trade all the brands are represented, but in separate outlets. For example Heineken will not be sold in an outlet where also Jupiler is sold. Since the crisis in 2007, the sales volumes in on-trade decreased dramatically (Grolsch, 2009). Breweries are now more careful when entering the real estate market. Grolsch is the only brewery who is still actively trying to purchase real estate, though at stricter terms and conditions. Bavaria was already the least active in the real estate market, Heineken is now more focused on leasing instead of buying and AB Inbev does only lease (Breuil, 2010).

Breweries can finance owners of outlets in on-trade by providing loans, sponsorship for a bank and subletting (lease of real estate). The directives of the EU about contracts and financing between breweries and customers will expire in 2010. All breweries were expecting the directives would be even more stringent according to the financing of its customers. It turned out that the directives will be continued as they are. For breweries this means that there will not be significant changes the next years. Therefore breweries will continue to finance their customers in these economic uncertain times (De brouwer als huisbaas, 2007).

8.1.4 Packaging

Crates are not only used as a packaging of beer, but more and more as a communication medium. Crate covers are used to promote other products or special actions, like for example discount on other products of the brand (Middelhof, 2010).

In off-trade crates offer the least margin of all packaging to retailers, because of price competition between them. When having a crate promotion, part of the discount is paid by the brewery. The other part of the discount is paid by the retailer himself, which results in a loss for the retailer. Retailers pay for these promotions, because beer is a product that increases the store traffic. From research it appears that people who buy such crates spend more on high margin products, like fresh products, and thus eventually the overall turnover is higher. Because of the low margins on crates retailers prefer other beer products with a higher margin, like for example the nonreturnable non returnable bottle (Vinken, 2010).

Breweries and brands have different sizes of packaging to create difficulty when comparing prices in off-trade. Heineken for example sells its 33 cl cans in sixpack, while Amstel sells its cans in an eightpack. A brand can also use different packaging sizes between retail organizations to make it difficult to compare prices (Vinken, 2010).

In the following paragraphs a description of the marketing strategy per beer brand is given. Not all the parts of the segmentation model are elaborated underneath, the following parts will be described in the appendix: region, packaging and additional parts like for example premia and events. In the appendix also the tables can be found where the information per brand has been pictured schematically.

8.2 Heineken Brewery

8.2.1 8.2.1 Channel

Recent years Heineken lost a lot of outlets in on-trade to other beer brands. Right now Heineken is trying to enlarge its number of outlets in on-trade. Its strategy is not the acquisition of more real estate, but is on leasing. Heineken has changed its financing strategy to owners of outlets in on-trade; it prefers to give discounts instead of loans and therefore it heavily increased the discounts for on-trade.

In the east of the Netherlands Heineken's focus is on good-looking outlets on A-locations, with a target audience of 25 to 35 years. The sales volumes of such an outlet is not important, Heineken is focusing on the appearance of its brands. Amstel is preferred above Heineken and Brand, for example if an outlet wants to sell Brand, than the owner gets even more discounts when also selling Amstel on tap. In the larger outlets in on-trade Heineken is almost always selling more than one beer. Besides Heineken on tap, they sell Amstel Ice cold and Brand Up on tap. Next to the tap beers it also sells the specialty beers in bottle. This practice is not region or outlet type specific.

8.2.2 New products

One of the latest product innovations in beer are the apple ciders: Jillz for women and Strongbow for men. With the apple ciders Heineken wants to reach those men and women who do not or hardly drink any beer (Smit, 2009). Heineken also wants to reach students with this new drink. In every student city a student is hired to be their brand manager (Laat je verleiden, word Jillz Student Brand Manager, 2009). Jillz has grown heavily since its introduction, mainly by promotional pressure like discounts and a free bottle of Jillz in a crate Heineken.

Besides beer, Heineken is broadening its product range with coffee and tea. Under the new brand name Bazar, Heineken introduced its own coffee and tea for owners of public places. The coffee and tea will not be available for off-trade (supermarkets) (Groot, 2009).

Heineken is also exploring the possibility of selling its own booze brand, like for example vodka, gin or whiskey (Pas, 2009).

8.2.3 Segmentation

In 2007 Heineken examined the different segments and positioning of its three brands Amstel, Brand and Heineken. Result of this search is insight into the size of the different segments. Seven segments have been distinguished: the wishes of women and seniors, usage of the brands, brand preference, and place preference (Eilander, 2007). Implications of this research are: Heineken and Wieckse who have a slim can for women and light users. And the draught keg for small gatherings which can be easily taken out of home to a party or barbecue.

8.2.4 Conclusions

- ❖ Heineken is trying to enlarge its outlets in on-trade with heavy discounts and no financing structures.
- ❖ Heineken is broadening its range of products by introducing other beverages: apple ciders, coffee, tea and maybe its own booze. In a declining beer industry this is a new opportunity for them to enlarge its sales volume by introducing new products and reach new consumer groups. With coffee and tea Heineken is reaching a consumer segment, which does not necessarily drink alcohol.
- ❖ Heineken is thinking very carefully which product to design for which occasion(s) and for which consumer group.
- ❖ The preferences of seniors cannot yet be discovered in the Heineken products. It is possible that Heineken will launch a special packaging for senior people, for example the same cardboard basket as Wieckse has, but then for Heineken with (non) returnable bottles.

8.3 Heineken

8.3.1 Values

The values for Heineken brand are: great, optimistic, inventive, social, trendy, fortunate and funship. In the Netherlands Heineken is positioned as an (upper) mainstream beer, while in the rest of the world Heineken is a premium beer (Eilander, Molblog.nl, 2007).

8.3.2 Occasion

For Heineken the following consumption occasions can be distinguished: men alone at home, men with men at home, students, festivals, music concerts, night out, women/light user and the soccer World Championship. Heineken is mainly focusing on men at home, men with men at home and all the occasions that have something to do with 'going out': festivals, music concerts and a night out (Vinken, 2010).

8.3.3 Packaging

Heineken has a lot of distinctive packages, for example the draught keg with a volume of 5 Liter (for men with men at home), the slim can with a volume of 25 cl (for women and the light user) and the longneck and I-cone (for night-out in on-trade) both 33 cl. As an investment in specific retail partners, Heineken introduced the 35.5 cl non returnable bottle in a cardboard crate during the World Championship soccer. The products of Heineken are highly focused on the user and the moment of drinking. For example, Heineken has a special packaging with the draught keg, glasses and beer mats available in off-trade. The draught keg is promoted as a product for going out at home: having a party, barbecue or other festive event at home. In retail Heineken also sells cooled beer in 33 cl cans in a special cool packaging (Sühre, 2010).

Heineken sells most of its volume in the returnable bottles of 30 cl, their second most sold product is the 33 cl can followed by the non returnable bottles. The focus of Heineken is besides its traditional returnable bottle shifting to its green non returnable bottle. The non returnable bottle is getting more attention by price offs in off-trade (Vinken, 2010).

8.3.4 Marketing

Heineken is one of the most progressive companies as to reaching its consumer group with new marketing canals, such as social media, narrow casting, own on-trade outlet concept and delivering content to other companies/parties. Goal of Heineken's marketing is to earn money instead of spending money. Therefore, all marketing efforts directly target specific consumer segments and/or consumption occasions (925.nl, 2009).

8.3.5 Campaigns

In 2001 Heineken started the famous and well known campaign "Biertje?". With this campaign Heineken was focusing on young adults, the campaign ended in 2007. The campaign's new line was "Serving the planet", to underline its global position and targeting a wider audience. The campaign gave more attention to the quality, innovation and international success of the Heineken brand (Eilander, 2007). From 2009, with the launch of a new website, Heineken is focusing more on the Netherlands and their young and trendy public. That is why it is using the line: "Maakt uitgaan nog leuker" ("Makes going out nicer"). All its commercial expressions are tested with its commercial idea: *refreshing your pleasure* (Creatief met bier, 2009).

Heineken's television commercials are focused on the non returnable bottle, the commercials are entertaining, funny, original and extended on its website and festivals. For example the television commercial launched in April 2010: the show Men with talent. This commercial has been extended on Heineken's website by letting visitors vote for the best man with talent and on festivals by recording your own commercial. Heineken also hopes that people will make their own videos and place them on the internet, to create an even larger hype around the commercial (Heineken.nl).

With the segment socially successful Heineken can address a large consumer group, because socially successful has a different meaning to each consumer group. With the promotion of its non returnable bottle and silent and online marketing Heineken is mainly focusing on socially successful people who have money to spend on going out. These are people who work for a couple of years, have a good job and according salary and are young enough to go out. But also teenagers who still live with their parents, have a part time job and thus have the money to spend on clothes and going out. With its television commercials Heineken reaches a broad type of socially successful people; from teenagers to mainly men who have a happy family with kids.

8.3.6 Online marketing

But not only through commercials Heineken is reaching its customers. In 2009 Heineken launched its new website, goal is to commit consumers with the Heineken brand, not to sell more beer. The website offers an online shop for Heineken products but also for music CDs, tickets for concerts, festivals and sport events. Visitors of the website can also buy a credit card which can be used to save e-points with every buy in the shop or Heineken event. These e-points can be exchanged for unique events, for example a meet and greet or a place on the guest list of Jimmy Woo (Werkhoven, 2009).

8.3.7 Heineken the city

Heineken has got its own experience shop, Heineken the city in Amsterdam. In this shop customers can buy tickets for concerts, record their own music in a real studio, rent a boardroom and buy high fashion clothes from famous designers especially designed for Heineken. Target consumer group are trendy, young people older than 16 years (Heineken.nl).

8.3.8 Social networks

The last years Heineken is more than other brands, focusing on social media and networks, such as Hyves, Facebook and Youtube. For example the Dance Valley mobile application (app) is in co-operation with M2Mobi developed (M2mobi.nl). For social networks, Heineken is focusing on basically all young people, in the range from 16 to approximately 35 years old.

8.3.9 Silent marketing

Other forms of marketing Heineken is *silent marketing*, (also called interactive marketing). The brand Heineken is not displayed, but instead the consumer has to pull this information (Borst, 2007). Examples are State Magazine, a magazine for the Hip Hop scene, and voetbal.nl. Each initiative has got its own target consumer group. These consumer groups are not only focused on young people, but also the more adult Heineken drinkers.

With this new marketing method Heineken is not promoting a single product, the goal is not directly to sell beer, but to integrate in the consumer's life and create more value for the consumer. The consumer will eventually find out who the supplier is and then the brand is highlighted.

8.3.10 Conclusions

- ❖ Heineken is market leader in the Netherlands and can influence the beer market heavily and is even able to create new markets, like for example the ciders as explained in paragraph 8.2.2.
- ❖ Recently can be seen that Heineken is focusing mainly on socially successful, young people who have money to go out.
- ❖ Heineken is focusing on the non returnable bottle. The non returnable bottle for off-trade and the longneck for on-trade look trendy and are associated with going out, fun and premium beer. Which is in line with the values Heineken wants to be associated with and the segment it is focusing on (socially successful).
- ❖ The focus on the non returnable bottle could mean a (small) shift in the beer market from the returnable bottle to the non returnable bottle.
- ❖ Though the brown, returnable bottle does not fit the brand value trendy, it does fit the value of being a great and social beer for everyone.
- ❖ Heineken is, besides the traditional ways, focusing on other, new ways to reach and bind its consumers. Heineken does this with: (new) products or packages for each occasion and consumer group, innovative commercials, premia, events and new marketing ways, like silent marketing. With this strategy Heineken underlines her values trendy and inventive even more.
- ❖ For Grolsch it is important to follow the (silent) marketing strategy of Heineken, because this will show the new marketing strategies for the rest of the beer industry and to avoid problems when stricter laws forbid the usual marketing expressions.

8.4 Amstel

8.4.1 Values

The values for Amstel beer are: 'our beer', friendship, humor, sociability, beer of the people. Amstel is positioned as the mainstream beer and therefore focusing on the average man. An Amstel drinker is 18 to 30 years old with an interest in sports and sociability.

8.4.2 Occasion

For Amstel the following drinking occasions can be distinguished: men alone at home, light user, men with men at home and out of home, night out, sports club, concerts and students.

Amstel has a special focus on drinking an Amstel beer while watching a football game, therefore its drinking occasions are men with men at home and sports clubs. Because of the mainstream positioning with according price, the beer is also attractive to students. Amstel is one of the four most sold beer brands in bars of student associations (Bier).

8.4.3 Marketing

The marketing of Amstel is focused on football and internet (online). Not only the traditional commercial expressions (push media), but more and more Amstel is focusing on pull media (consumers have to find out who is the sponsor) and binding its consumers to its products.

8.4.4 Campaigns

The last years Amstel has consistent television commercials about 'our beer', friendship and watching and playing football together with your friends. Its latest commercials, at the beginning of 2010, are again about 'our beer' and emphasizing the differences between men and women. Amstel is just for men and their friends. It has for example a television commercial about marriage and a honeymoon to South Africa, which is just a way to be at the World Championship Football. Amstel focused very recently in its television commercial also on its non returnable bottle.

8.4.5 Online marketing

Online Amstel has besides its own website a website called Teamlink (Eilander, 2009). This website is made for amateur senior football teams and made in co-operation with the Dutch football federation (KNVB). Teams can see their results of their matches and when and where they have to play. A part of the organization of an amateur team is being replaced by the website and therefore there is more time

for friends and fun. Teamlink is also available as an application for your mobile telephone (Amstel Bier geloof in apps en rolt TeamLink uit, 2010). Teamlink is used as a new canal for Amstel to reach the consumer, not as a commercial but as a service and therefore not perceived as such.

8.4.6 Conclusions

- ❖ Amstel is positioned as a mainstream beer for the average man, but with the introduction of the Loca-formula Amstel has tried to become a more premium beer in on-trade. After the Loca initiative there are no new initiatives to position Amstel as a more premium beer and is contradictory looking at its current campaigns.
- ❖ Amstel is focusing on new advertisement ways with which it can bind its consumers to the brand. Amstel focuses on applications which offer a service to the consumer and will be used by a large part of its target consumers.
- ❖ Amstel is not as innovative as Heineken, and will therefore probably not use new marketing techniques, before it is used for the Heineken brand. Amstel does not yet use the silent marketing in the way Heineken does, because the Teamlink website does picture the Amstel logo but not that notably.

8.5 Brand

8.5.1 Values

The values for Brand beer are: culture, specialty beer, tradition, quality, burgundian, Limburg-feeling and proud. Brand is positioned as a premium beer, with accordingly a higher price position. Brand is for people who love specialty beers. The drinker is around 20 to 49 years old (Brand).

8.5.2 Occasion

Brand is focusing on the following drinking occasions: relaxation moment at home, night out and cultural events. Brand does not make an explicit distinction between men and women (Vinken, 2010).

8.5.3 Marketing

Brand is positioned as a premium beer with tradition. The marketing for Brand is therefore based on more conservative expressions. The last years Brand did not get much marketing attention from Heineken Brewery.

8.5.4 Campaigns

The last years Brand beer was perceived by consumers as part of the large global Heineken Brewery. The beer was not perceived to be brewed in Limburg anymore. That is why in 2009 Brand launched a new commercial about the fact that Brand beer is still brewed in Wijnre, Limburg. With the campaign the real Limburg feeling is brought back to the beer.

8.5.5 Online marketing

Brand is not actively using online marketing besides their website. The website is used to extend the marketing expressions on the shopping floor. For example when buying Brand in a supermarket you get a scratch card with a winning chance for tickets for Pinkpop which have to be checked at their website.

8.5.6 Conclusions

- ❖ The new marketing strategy in which it becomes clear that Brand is beer from Limburg is working very well for its brand values.
- ❖ Brand is the only brand from Heineken brewery that is not actively focusing on new media, such as social networks. This is in line with their positioning of a premium beer, but is quite divergent from the strategies of Heineken and Amstel. Also for a premium beer there can be more online marketing expressions.

8.6 AB Inbev

8.6.1 Channel

In the larger outlets in on-trade Inbev is almost always selling more than one pilsner and specialty beers. Besides Jupiler on tap they sell Hertog Jan and sometimes also the cheaper Dommelsch. This practice is not region or outlet type specific.

Inbev is very good in positioning its brands in on-trade; it has a lot of point of sale materials (POS materials), nicely designed beer dispensers and a specialty beer program. With this program the owner of the outlet gets even more discount if they participate in such a program and sell next to their main beer also specialty beers which fit the type of outlet (Greeff, 2010).

AB Inbev is focusing less on the financing of outlets in on-trade and is more focusing on giving discounts on its products. For liberal outlets a discount up to 60 euro/hectoliter is negotiable (Greeff, 2010). AB Inbev is not very active in acquiring new outlets in on-trade in the East of the Netherlands (Breuil, 2010). In 2007 AB Inbev sold all its Dutch and Belgium real estate in on-trade to a company called Confinimmo. Inbev directly closed leasing contracts for the next 27 years. New outlets in on-trade are also leased. Inbev still has a stake of 5% in Confinimmo and is therefore allowed to ask for brewery exclusivity (Anheuser-Busch Inbev, 2009).

8.6.2 Segments

AB Inbev has a monthly qualitatively research on its focus groups, trying to understand and fulfill the wishes of its consumers. Implementations from the results are for example the light beer Jupiler Blue launched in Belgium and the growth of its home tap system. AB Inbev recognizes the new segments women and convenience consumer, and the extra segment seniors with a preference for healthy products. On women and the convenience consumer AB Inbev is already focusing with Hoegaarden in smaller packages, but not yet with other products. The senior segment is recognized but not yet practiced in the Netherlands (Express.be, 2009).

8.6.3 Conclusions

- ❖ AB Inbev offers its consumers a broad choice of beers by offering multiple beers in on-trade.
- ❖ AB Inbev also recognizes new segments in the beer industry well, but does not yet react with all its products. A reason can be that the market is not yet ready for a new type of healthy beer.

8.7 Hertog Jan

8.7.1 Values

The values for Hertog Jan beer are: quality, fairness, nature, enjoy, personal brewing and craftsmanship. Hertog Jan is the premium beer from Inbev, with accordingly a higher price position (Inbevhomeca.nl).

8.7.2 Occasion

The following drinking occasions for Hertog Jan can be distinguished: men with men at home, variety in beer at home, relaxation moment at home, culinary moment at home as well as out of home and night out. The premium positioning of the beer makes the beer special with accordingly a special drinking moment (Vinken, 2010).

8.7.3 Marketing

Hertog Jan uses the traditional, conservative marketing ways, such as television commercials and a website. Besides this, Hertog Jan is a premium beer winning prizes like the Superior Awards and therefore they get a lot of free publicity.

8.7.4 Campaigns

The premium positioning is strengthened by its television commercials about 'Hoogstpersoonlijk gebrouwen', ('highly personal brewed') and lately the campaign 'Het wachten waard' ('Worth waiting'). Hertog Jan wants to make clear that its beer is perfectly brewed and that it is worth waiting to decide the right moment to enjoy your Hertog Jan beer (Campagne Hertog Jan het wachten waard, 2009).

8.7.5 Online marketing

The website does not have any special features, but does give information and recipes for cooking with Hertog Jan. The website also has a tool where you can find qualitative Hertog Jan places (Hertog Jan.nl). Hertog Jan does not have any other online marketing.

8.7.6 Conclusions

- ❖ The sales volumes and brand equity of Hertog Jan are increasing. This can be explained by its high promotional pressure in off-trade and consistent commercials about the quality and 'highly personal brewing', with values such as craftsmanship and passion. But also the enlargement of outlets in on-trade as second beer on tap with higher price and profit margin for the owner.
- ❖ Hertog Jan will probably continue to focus on the values highly personally brewed, quality and craftsmanship in the future. This campaign is working very well for them with high annual growth numbers (around 10% per year), so they will not change the campaign in the near future.
- ❖ In the near future Hertog Jan will probably try to establish a campaign even more towards the experience of drinking this premium beer.

8.8 Jupiler

8.8.1 Values

The values for Jupiler beer are: friendship, sociability, sharing nice moments with friends, fun, masculine, powerful, sportive, and best from Belgium (Inbev Horeca.nl). Consumers in the Netherlands perceive the brand also as trendy, exclusive and special (Huinder, 2008).

8.8.2 Occasion

The following consumption occasions can be distinguished for Jupiler: men alone at home, men with men at home, sports clubs and a night out. Jupiler is clearly focusing on men with the line: "Mannen weten waarom" ("Men know why"). Besides their focus on men Jupiler is sponsoring the premier football league, and therefore they focus on men watching and playing sports (Inbev Horeca.nl).

8.8.3 Marketing

Jupiler is only 10 years available in the Netherlands. The first years with no marketing budget at all, but still the brand showed huge growth numbers year after year of more than 10%. From 2008 to 2009 its media expenditure in the Netherlands almost tripled. Its goal is to become one of the top three beer brands in the Netherlands (Luit, 2010).

The growth strategy of Jupiler is also stimulated by exposing the brand. In cafes, for example with a beer tap with the form of a hoof of a bull. On the streets by sending shops orange Jupiler attributes to decorate their windows and having a contest for the nicest decorated shop. And with actions such as the change your shirt for an orange World Championship shirt of Jupiler (Tragter, 2010).

8.8.4 Campaigns

Jupiler got, almost by accident, the rights for the premier football league. In 2009 it made its first commercial for the Dutch television. Just as in Belgium the line is 'Mannen weten waarom' ('Men know why') and is focused on young and sportive men in the range of 18 to 40 years old. The first commercial will be followed by a second commercial which claims the Friday night to be the football night, which strengthens its position as sponsor of the Jupiler League. AB Inbev is also the sponsor of the World football Championships and Jupiler is one of the brands they are promoting (Meer, 2010).

8.8.5 Online marketing

In 2010 Jupiler launched a Dutch variant of its website. On the website are no innovative or special features, though information can be found about the Jupiler league and about its promotional actions (JupilerLeague.nl, 2010).

8.8.6 Conclusions

- ❖ Jupiler has grown very fast the last 10 years in a declining market with heavy competition, without almost any marketing budget at all.
- ❖ Jupiler grows without special, innovative or striking marketing, but does use the Jupiler League very effectively in their positioning as a beer for sports loving men and its claim on Friday football night.
- ❖ If Jupiler would use an even more aggressive marketing strategy it will grow even more, especially in off-trade.

- ❖ Amstel and Jupiler are each other's closest competitors, they both focus on men, being a mainstream beer and have a focus on sports.

8.9 Dommelsch

8.9.1 Values

The values for Dommelsch beer are: recalcitrant, no nonsense, playful and humoristic (Inbev horeca.nl).

8.9.2 Occasion

The consumption occasions for Dommelsch are: men/women at home, night out, concerts, festivals and students. Dommelsch does not make the distinction between men and women. The focus of Dommelsch is on live music concerts and festivals (Vinken, 2010).

8.9.3 Marketing

The last years Dommelsch is not very visible with its marketing expressions, only on the radio they advertise (Inbev horeca.nl).

8.9.4 Campaigns

Dommelsch is a supporter of music. They express this by organizing concerts and sponsorships of festivals. Owners of public places who sell Dommelsch have the possibility to book live artists for a reduced price via the website Dommelsch Live bookings. Also the bands and DJs from the different contests can be booked here (Dommelsch Live bookings).

8.9.5 Online marketing

Dommelsch has got a simple website which is not always up to date (Dommelsch.nl).

8.9.6 Conclusions

- ❖ A lot of public places switched from Dommelsch to Jupiler.
- ❖ The marketing expressions of Dommelsch are diminishing. This will probably continue in the near future.
- ❖ AB Inbev will probably reposition Dommelsch as a lower mainstream beer with according outlets in on-trade. The brand will then focus on men with a lower salary and do not want to spend much money on their beer. Packaging will be simple, like it is right know.

8.10 Bavaria

8.10.1 Values

The values for Bavaria are difficult to distinguish, because of its different campaigns and commercials. Values that can be distinguished for Bavaria are: quality (for a low price), worldly minded, innovative, Brabant, challenging, cheeky with a wink and pure and natural product. Bavaria is positioned as a lower mainstream beer (Bavaria, 2009).

8.10.2 Occasion

The following consuming occasions for Bavaria can be distinguished: men at home, light users, night out, students and the World Championship soccer. In the light user segment is Bavaria market leader with its 0.0% beer. Bavaria is one of the cheapest main stream beers and therefore attractive for students to drink (Vinken, 2010).

8.10.3 Marketing

Bavaria is trying to add value to its brand, by for example its new look, but Bavaria will not increase its price to stay in the same segment. Bavaria more than doubled its marketing budgets in 2008 (compared to 2007). Though its market share did not increase significant (Luit, 2010). Besides the traditional media, like television commercials and a website, Bavaria tries to create media attention with guerilla marketing. It succeeded with the DutchDress, the dress was worn by a large group of models in a stadium at the World Championship soccer. A lot of media attention followed because the dress was forbidden in the stadium (Fasotte, 2010).

8.10.4 Campaigns

In 2009 Bavaria has made several television commercials. The most striking one was the parody on Heineken's Walking Fridge commercial. Later that year Bavaria made a commercial about a water drop which ultimate dream was becoming Bavaria. Referring to the fact that the water Bavaria uses is from its own mineral source .

Bavaria launched in 2010, as first brewery in the Netherlands, the 0.0% wheat beer. The new product is launched with a television commercial of the famous, American actor Mickey Rourke. In the commercial the line "Zo.0%" has been used, continuing the earlier used line "Zo." and "Zo ... Nu eerst een Bavaria". The wheat beer is also promoted by offering a free can of beer in a crate of pilsner (Bavaria.nl).

In 2009 Bavaria introduced Bavaria Entertainment in collaboration with Music Office Jan Vis. Owners of public places can book artists with discounts until 40%. In 2010 Bavaria extended the entertainment for public places with an agency where DJs and MCs can be booked, again with a discount (Bavaria Entertainment.com).

8.10.5 Online marketing

Besides its website, Bavaria established a new fictive football club called Bavaria United in 2008. The club is established for the amateur football player and club. Clubs can buy defibrillators and flat screens from Philips with a discount or book the PSV-Bavaria tour. Every club gets an amount of credits to spend, the credits are based on the volumes of beer bought. With those credits you can buy on fun-items, like for example the Bavaria Angels and Albert van Benthem (Bavaria United.nl).

8.10.6 New Products

Since a while Bavaria is also selling Waater. Waater is a mineral water in stylish bottles from the same mineral source as where Bavaria gets water for its beer. Waater is only sold in on-trade (Waater.nl). To broaden its beer portfolio, Bavaria bought the brewery Koningshoeven which brews the specialty beers La Trappe and Moreeke (Cambrinus.nl). Bavaria announced very recently, that it wants to brew biological beer (Levensmiddelenkrant.nl, 2010).

8.10.7 Conclusions

- ❖ Bavaria is behaving like a cheeky boy, with its guerilla marketing campaigns for free. But with this strategy it generates a lot of free publicity and also higher sales volumes.
- ❖ It is unclear where Bavaria stands for with all its different marketing expressions, which results in an unclear and confusing understanding of the brand for consumers.
- ❖ Bavaria is, just like Heineken Brewery, also trying to broaden its portfolio with side products, like Waater, but also with the take-over of the specialty beer La Trappe and the introduction of 0.0% wheat beer.

9 Conclusions

In this chapter the conclusions on the main questions in paragraph 6 of chapter 1 will be presented. Besides these conclusions and recommendations a P&L tool is build for Grolsch to change assumptions and data (e.g. prices, packaging cost, etc.)

In paragraph one to three the first two research questions per brewery will be answered. In the fourth paragraph the third research question will be answered, explaining the impact for Grolsch off-trade, on-trade, marketing and production.

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1 Volumes per brand

Heineken Brewery

Off-trade	Volumes in HL	2009	2008	2007
Heineken	can 33 cl	297.066	301.425	295.725
Heineken	can 50 cl	123.091	113.396	93.431
Heineken	returnable bottle 30 cl	1.274.710	1.311.805	1.262.569
Heineken	returnabe bottle 50 cl	29.307	35.094	37.042
Heineken	non returnable bottle 25 cl	123.954	128.403	114.289
Heineken	non returnable bottle 1,5L	96	19	11
Heineken	keg 4 L	24.245	32.906	39.842
Heineken	keg 5L	11.621	15.922	20.505
Heineken	keg 10 L	119	251	284
Heineken Tarwebok	returnable bottle 30 cl	5.469	6.468	7.827
Heineken Oud Bruin	returnable bottle 30 cl	16.820	19.209	21.451

Table A 1 Off-trade volumes Heineken

Off-trade	Volumes in HL	2009	2008	2007
Amstel	can 33 cl	103.372	101.071	94.997
Amstel	can 50 cl	145.633	173.686	227.101
Amstel	returnable bottle 30 cl	946.047	1.008.349	1.055.416
Amstel	returnabe bottle 50 cl	21.167	24.397	31.005
Amstel	non returnable bottle 25 cl	13.351	21.565	8.386
Amstel	keg 4 L	11.720	13.606	16.401
Amstel Malt	can 33 cl	7.603	8.194	8.548
Amstel Malt	returnable bottle 30 cl	22.135	22.480	23.556
Amstel Strong	can 50 cl	3.895	4.143	0
Amstel 1870	returnable bottle 30 cl	5.833	7.195	8.650
Amstel Light	returnable bottle 30 cl	2.383	2.971	3.153
Amstel Gold	returnable bottle 30 cl	7.055	7.738	8.221
Amstel Bock	returnable bottle 30 cl	7.887	10.005	8.901
Amstel Bock	keg 4 L	324	759	1.142

Table A 2 Off-trade volumes Amstel

Off-trade	Volumes in HL	2009	2008	2007
Brand	can 33 cl	4.212	4.356	4.628
Brand	can 50 cl	1.850	2.560	2.082
Brand	returnable bottle 30 cl	103.186	123.776	114.195
Brand	returnabe bottle 50 cl	20.643	26.329	27.275
Brand	keg 4 L	2.932	4.526	6.242
Brand Cuvee	returnable bottle 30 cl	0	18	0
Brand Dubbelbock	returnable bottle 30 cl	894	1.086	359
Brand Imperator	returnable bottle 30 cl	734	510	0
Brand Meibok	returnable bottle 30 cl	332	192	0
Brand Oud bruin	returnable bottle 30 cl	1.901	2.094	2.054

Brand Sylvester	returnable bottle 30 cl	629	108	0
Brand Up	returnable bottle 30 cl	2.504	2.794	3.054

Table A 3 Off-trade volumes Brand

On-trade: Tank (volume in HL)	2009	2008	2007
Heineken	474.886	534.247	563.928
Amstel	229.255	257.912	272.241
Brand	114.628	128.956	136.120
Amstel light	8.270	9.304	9.821

Table A 4 On-trade volumes tank beer Heineken brewery

On-trade: Keg (volume in HL)	2009	2008	2007
Heineken	437.923	492.664	520.034
Amstel	209.622	235.825	248.926
Amstel light	402	453	478
Amstel (rijpe) bock	1.387	1.560	1.647
Brand pilsener	79.640	89.595	94.573
Brand Imperator	440	495	522
Brand Dubbelbock	536	603	636
Brand Lentebock	199	224	236
Brand Sylvester	377	424	448
Brand Up	1.501	1689	1.783
Wieckse Witte	12.190	13.714	14.476
Wieckse Rose	9.152	10.296	10.869
Murphy's Irish Red	1.670	1.878	1.983

Table A 5 On-trade volumes keg Heineken brewery

On-trade: bottle (volume in HL)	2009	2008	2007
Heineken Pilsener	10.095	11.357	11.988
Heineken Oud Bruin	29	33	35
Heineken Tarwebok	90	101	107
Amstel Pilsener	4.639	5.219	5.509
Amstel 1870	22	25	26
Amstel Light	9	10	11
Amstel Bock	31	35	36
Amstel Gold	26	30	31
Amstel Malt	111	125	132
Brand Pilsner	2.383	2.681	2.830
Brand Up	45	51	53
Brand Imperator	13	15	16
Brand Oud Bruin	34	38	40
Brand Lentebock	6	7	7
Brand Sylvester	11	13	13
Brand Dubbelbock	16	18	19
Wieckse Witte	95	107	113
Wieckse Rose	76	85	90

Murphy's Irish Red	8	9	9
Desperados	180	203	214

Table A 6 On-trade volumes bottle Heineken brewery

AB Inbev

Off-trade	Volume in HL	2009	2008	2007
Hertog Jan	can 5L	0	0	32
Hertog Jan	can 33 cl	28.129	30.361	28.633
Hertog Jan	can 50 cl	7.870	4.780	0
Hertog Jan	keg 6L	8.240	9.625	10.207
Hertog Jan	non returnable bottle 25 cl	1.251	433	1.691
Hertog Jan Dubbel	non returnable bottle 25 cl	0	13	19
Hertog Jan Grand Prestige	non returnable bottle 25 cl	47	47	27
Hertog Jan Tripel	non returnable bottle 25 cl	0	11	18
Hertog Jan Bockbier	returnable bottle 30 cl	3.343	3.377	2.105
Hertog Jan Dubbel	returnable bottle 30 cl	73	56	51
Hertog Jan Grand Prestige	returnable bottle 30 cl	5.173	4.644	3.654
Hertog Jan Karakter	returnable bottle 30 cl	6.690	7.044	7.579
Hertog Jan Meibok	returnable bottle 30 cl	961	1.181	1.012
Hertog Jan	returnable bottle 30 cl	311.970	276.229	242.581
Hertog Jan primator	returnable bottle 30 cl	413	658	650
Hertog Jan Tripel	returnable bottle 30 cl	2.949	56	51
Hertog Jan Weizen	returnable bottle 30 cl	377.182	2.240	0
Jupiler	can 33 cl	16.478	19.437	17.182
Jupiler	can 50 cl	5.166	5.173	3.175
Jupiler	keg 6L	3.115	4.268	5.183
Jupiler	non returnable bottle 25 cl	5.756	4.524	2.270
Jupiler Malt	returnable bottle 25 cl	22.909	86	43
Jupiler	returnable bottle 25 cl	47.508	134.965	113.673
Dommelsch	can 33 cl	26.223	24.546	17.591
Dommelsch	can 50 cl	10.069	12.297	5.561
Dommelsch	keg 6L	811	1.660	2.516
Dommelsch ice	non returnable bottle 25 cl	0	22	178
Dommelsch malt	returnable bottle 30 cl	24	92	77
Dommelsch Oud bruin	returnable bottle 30 cl	157.105	342	348
Dommelsch	returnable bottle 30 cl	187.681	168.903	191.447
Hoegaarden Rose	can 25 cl	952	21	0
Hoegaarden wheatbeer	can 25 cl	4.314	4.255	4.125
Hoegaarden wheatbeer	can 50 cl	1.481	39	0
Hoegaarden wheatbeer	keg 6L	259	476	534
Hoegaarden wheatbeer	non returnable bottle 75 cl	25	27	41
Hoegaarden wheatbeer	non returnable bottle 25 cl	0	151	1.364
Hoegaarden Citron	returnable bottle 30 cl	2.513	32	441
Hoegaarden Grand cru	returnable bottle 30 cl	1.668	1.800	1.888
Hoegaarden Rose	returnable bottle 30 cl	13.209	12.180	954
Hoegaarden Verboden vrucht	returnable bottle 30 cl	155.670	639	1.127

Hoegaarden wheatbeer	returnable bottle 30 cl	193.051	25.281	16.723
Leffe Blond	non returnable bottle 75 cl	0	2	4
Leffe Blond	can 50 cl	924	101	0
Leffe Blond	keg 6L	118	327	400
Leffe Blond	non returnable bottle 75 cl	56	41	19
Leffe 9%	returnable bottle 30 cl	1.191	99	1
Leffe Blond	returnable bottle 30 cl	15.450	15.200	14.547
Leffe Dubbel	returnable bottle 30 cl	12.605	13.302	13.057
Leffe Radieuse	returnable bottle 30 cl	302	56	38
Leffe Tripel	returnable bottle 30 cl	7.450	7.340	6.791
Stella Artois	can 50 cl	660	23	22
Stella Artois	non returnable bottle 25 cl	506	19	17
Becks	keg 6L	14	16	15
Becks	can 33 cl	7	12	11
Becks	can 50 cl	225	8	7
Becks	non returnable bottle 25 cl	65	12	11

Table A 7 Off-trade volumes AB Inbev

On-trade: Tank (volume in HL)	2009	2008	2007
Hertog Jan	91.085	149.550	146.292
Jupiler	132.487	102.815	97.528
Dommelsch	117.582	132.725	169.699

Table A 8 On-trade volumes tank beer AB Inbev

On-trade: Keg (volume in HL)	2009	2008	2007
Hertog Jan	71.929	118.099	117.530
Jupiler	104.624	81.193	78.353
Dommelsch	92.854	104.813	136.335
Hoegaarden Wheatbeer	14.015	15.820	15.101
Hoegaarden rose	9.344	10.547	3.775
Leffe Blond	9.344	10.547	13.213
Leffe Dubbel	9.344	10.547	13.213

Table A 9 On-trade volumes keg AB Inbev

On-trade: Bottle (volume in HL)	2009	2008	2007
Hertog Jan Pilsener	1.602	2.618	2.621
Hertog Jan Dubbel	0	1	1
Hertog Jan Grand Prestige	23	38	34
Hertog Jan Tripel	0	1	1
Hertog Jan Bockbeer	15	28	19
Hertog Jan Karakter	30	57	70
Hertog Jan Meibok	4	10	9
Hertog Jan Primator	2	5	6
Hertog Jan Weizenbier	13	18	0
Jupiler Pilsener	2.458	1.907	1.840

Jupiler malt	1	1	1
Dommelsch Ice	0	0	3
Dommelsch malt	0	1	1
Dommelsch Oud bruin	3	4	5
Dommelsch Pilsener	2.179	2.457	3.195
Hoegaarden Wheat beer	335	417	372
Hoegaarden Citron	29	0	7
Hoegaarden Grand Cru	19	25	31
Hoegaarden Rose	164	168	16
Hoegaarden Verboden Vrucht	2	9	18
Leffe 9%	191	213	267
Leffe Blond	14	1	0
Leffe Dubbel	145	181	233
Leffe Radieuse	3	1	1
Leffe Tripel	86	100	121
Stella Artois	37	42	45
Beck's	37	42	45

Table A 10 On-trade volumes bottle AB Inbev

Bavaria

Off-trade	volume in HL	2009	2008	2007
Bavaria	can 4,4L	2.662	2.234	406
bavaria wheat beer 0.0%	can 33 cl	0	0	0
Bavaria 0.0%	can 33 cl	26.976	23.880	20.488
Bavaria	can 33 cl	70.954	69.405	57.847
Bavaria 8.6	can 50 cl	7.948	5.211	2.154
Bavaria 8.6 gld	can 50 cl	204	0	0
Bavaria Hooghebock	can 50 cl	972	892	620
Bavaria 0.0%	can 50 cl	153	0	0
Bavaria	can 50 cl	51.862	39.697	26.238
Bavaria	keg 10 L	0	4	46
Bavaria	keg 6L	2.207	2.877	3.640
bavaria mono 8.6	non returnable bottle 25 cl	140	759	1.462
Bavaria 0.0%	non returnable bottle 25 cl	253	999	1.086
Bavaria Millennium	non returnable bottle 25 cl	1	3	3
Bavaria	non returnable bottle 25 cl	2.656	3.348	4.084
Bavaria	pet bottle	54	31	53
Bavaria Hooghebock	returnable bottle 30 cl	3.536	3.578	4.269
Bavaria 0.0%	returnable bottle 30 cl	38.983	41.896	42.083
Bavaria Oud bruin	returnable bottle 30 cl	910	866	746
Bavaria	returnable bottle 30 cl	472.962	447.897	456.603
Bavaria Spring bock	returnable bottle 30 cl	1.093	1.813	2.356
bavaria wheat beer 0.0%	returnable bottle 30 cl	0	0	0

Bavaria	returnable bottle 50 cl	84	739	1.526
La Trappe Tripel	non returnable bottle 75 cl	0	0	0
La Trappe Dubbel	non returnable bottle 50 cl	12	6	8
La Trappe Quadrupel	non returnable bottle 50 cl	1	3	4
La Trappe Tripel	non returnable bottle 50 cl	0	0	2
La Trappe Blond	non returnable bottle 75 cl	16	9	5
La Trappe Dubbel	non returnable bottle 75 cl	2	10	1
La Trappe Quadrupel	non returnable bottle 25 cl	1	0	0
La Trappe Tripel	non returnable bottle 25 cl	3	0	0
La Trappe Blond	returnable bottle 30 cl	777	988	1.311
LT retour bockbier	returnable bottle 30 cl	1.014	1.245	918
La Trappe Dubbel	returnable bottle 30 cl	4.834	4.683	4.758
La Trappe Isis d'or	returnable bottle 30 cl	704	0	0
La Trappe Quadrupel	returnable bottle 30 cl	1.808	1.505	1.580
La Trappe Tripel	returnable bottle 30 cl	4.527	3.836	3.720
La Trappe Witte	returnable bottle 30 cl	1.139	902	1.308
Moreeke Herfstbok	returnable bottle 30 cl	0	12	9
Moreeke	returnable bottle 30 cl	550	670	669

Table A 11 Off-trade volumes Bavaria

On-trade: Tank (volume in HL)	2009	2008	2007
Bavaria	116.303	129.225	136.979

Table A 12 On-trade volumes tank beer Bavaria

On-trade: Keg (volume in HL)	2009	2008	2007
Bavaria	102.886	114.554	121.236
La Trappe Blond	167	373	429
La Trappe Bockbier	218	949	1.008
La Trappe Dubbel	1.040	1.163	1.291
La Trappe Isid'or	152	247	356
La Trappe Quadrupel	389	308	249
La Trappe Tripel	974	0	0
La Trappe Wit	245	223	354
Moreeke	106	118	125

Table A 13 On-trade volumes keg Bavaria

On-trade: Bottle (volume in HL)	2009	2008	2007
Bavaria 8.6	30	25	17

Bavaria Pilsener 0,0%	237	281	293
Bavaria Millenium	0	0	0
Bavaria Pilsener	2.154	2.383	2.531
Bavaria Hooghebock	16	19	22
Bavaria Oud bruin	3	4	3
Bavaria Springbock	4	8	11
Bavaria wheat beer 0,0%	0	0	0
La Trappe Quadrupel 0,75L	3	3	3
La Trappe Tripel 0,75L	8	8	8
La Trappe Dubbel 0,75L	8	9	10
La Trappe Blond 0,75L	1	2	3
La Trappe Bockbier 0,75L	2	2	2
La Trappe Isis d'Or 0,75L	1	0	0
La Trappe Witte 0,75L	2	2	3
La Trappe Quadrupel	6	6	7
La Trappe Tripel	15	15	16
La Trappe Dubbel	16	19	21
La Trappe Blond	3	4	6
La Trappe Bockbier	3	5	4
La Trappe Isis d'Or	2	0	0
La Trappe Witte	4	4	6
Moreeke	2	3	3
Moreeke Herfstbok	0	0	0

Table A 14 On-trade volumes bottle Bavaria

2 Detailed comparison brewery P&Ls

In this paragraph a detailed description of the total brewery P&Ls will be given. The values mentioned in this paragraph are based on the most recent profit and loss accounts of the year 2009, unless stated otherwise.

3 Product P&Ls

In the following paragraph the product P&Ls per brand will be pictured.

4 Detailed comparison product P&Ls

In this paragraph a comparison for the product P&Ls will be described. When there is no comparison written between a product of a competitor and Grolsch, the difference(s) is(are) already explained at the total brewery P&L.

5 Segmentation tables

In this paragraph the consumption moment table can be found. The surface of a certain part does not say anything about the size of the segment.

Heineken Brewery

Heineken	Women/light user	supermarket	Netherlands	can 25 cl, non returnable bottle	smaller packages for convenience and women	
	Men alone			ret. Bottle 30/50 cl, non returnable bottle, can 33/50 cl	TV commercial: men's got talent and extended on website	
	party			draughtkeg, ret. Bottle 30 cl, beertender		
	men with men			draughtkeg, ret. Bottle 30/50 cl, beertender		
		(premium quality/party) cafe	Longneck, I-cone			
	Students	association, cafe, activities	(West) /Netherlands	tap beer		
	festival/music concerts	bar	Netherlands	Longneck, tap beer		
	night out	discotheque, restaurant, cafe		Longneck, I-cone, tap beer	website, on-line community, credit card	
World Championship soccer	supermarket	ret. bottle 33 cl, non returnable bottle 35,5 cl		TV commercial: Pletterpet and Germany's answer on the Pletterpet	premium: Pletterpet	

Tabel A 15 Segmentation table Heineken

Amstel	men alone	supermarket	Netherlands	ret. bottle 30/50 cl, non returnable bottle, can 33/50 cl	
	light user			can 50 cl Blond beer	
	men with men	(party) cafe		draughtkeg, ret. Bottle 30/50 cl, beer tender	TV commercial: marriage with a honeymoon to the World Championships, tattoo which says Amstel, our beer
	night out			non returnable bottle, tap beer	
	sports club	sports cafe		tap beer	Superpingels, voetbal.nl, Iphone applications
	Concerts	bar		non returnable bottle, tap beer	
	Students	association, cafe, activities		tap beer	

Tabel A 16 Segmentation table Amstel

Brand	relaxation moment	supermarket	Netherlands (Limburg)	ret. Bottle 30/50 cl, non returnable bottle, can 33/50 cl, beertender	TV commercial: beer from Limburg, proud	TV commercial: win a stay in Limburg (st. Gerlach)
	night out	(quality) restaurant, cafe		tap beer, specialty beers		
	cultural events	bar	Netherlands	tap beer, specialty beers	2010: scratch card with a chance for winning Pinkpop tickets.	2009 : when buying Brand in on-trade: you will get a scratch card with a chance for winning tickets for the World Music contest

Table A 17 Segmentation table Brand

AB Inbev

Hertog Jan	men with men	supermarket	Netherlands (Limburg)	ret. Bottle 30/50 cl, non returnable bottle, can 33/50 cl, home draft	trading up: more luxurious packaging with gold
	variety				
	relaxation moment				
	culinary moment				
	night out	(quality) restaurant, cafe	Netherlands	tap beer, specialty beers, bottle 30 cl	flex tap: 4 seasonal beers on tap

Table A 18 Segmentation table Hertog Jan

Jupiler	Men alone	supermarket	South (Netherlands)	ret. bottle 30/50 cl, non returnable bottle	TV commercial: real men know why, football on the top of a mountain	TV commercial: Friday night together with friends watching the Jupiler League
	men with men		Netherlands	ret. bottle 30/50 cl, non returnable bottle, home draft		
	Sports club	cafe		tap beer		
	Night out	sports cafe	tap beer (keg)	tap beer	City attack, high price discounts, heavy promotional pressure, premia and flat screens	on-trade exposure , beer taps in the shape of the hoof of a bull

Tabel A 19 Segmentation table Jupiler

Dommelsch	Men/women	supermarket	Netherlands	ret. Bottle 30/50 cl, non returnable bottle, can 33/50 cl	replacing large kegs for tank beer	
	Night out	restaurant, cafe		tap beer, non returnable bottle		
	Concerts (live music)	bar		tap beer, non returnable bottle		website: a code on a crate with a chance for winning 2 tickets for Live38
	Festival			tap beer		
	Students	association, cafe, activities		tap beer		

Tabel A 20 Segmentation table Dommelsch

Bavaria

Bavaria	World Championship soccer	supermarket	Netherlands	ret. Bottle 30/50 cl, non returnable bottle, can 33/50 cl	TV commercial and premium: DutchDress
	men		South	ret. Bottle 30/50 cl, non returnable bottle, can 33/50 cl	TV commercial: women in sexy DutchDress
	light user	Restaurant, cafe	Netherlands	Non returnable bottle	TV commercial: Mickey Rourke
	night out			tap beer	
	student	association, cafe, activities			Very high discounts

Tabel A 21 Segmentation table Bavaria

6 Marketing strategy: extension

In the following paragraphs a description of the remainder parts of the marketing strategy per beer brand is given.

Heineken Brewery

Channel

Heineken has 21 representatives in off-trade to visit retailers. The representatives are concerned with new product introductions, 2nd placement, monitor fridge sales, hospitality on the shopping floor, and to roll out promotions/themes such as World Cup football. Retailers can earn trips to paid soccer games and the Olympic games by taking part in promotions of Heineken. The representatives are assisted by 2 field coaches. Besides the representatives, Heineken has got a sales manager retail, which has contact with important people on the shopping floor, analyses consumers and shopping environments. Focus is on send displays (displays, with only one product on it, on another place in the shop than the usual shelf), the cider Jillz (explained in 8.2.2), and the non returnable bottle.

In off-trade Heineken offers free refrigerators to retailers. The refrigerators are only available if the retailer exclusively sells Heineken in it, other brands are not allowed. Like in on-trade with multiple brands on tap, Heineken is slowly diversifying brands in these refrigerators.

Heineken

Channel

Off-trade is specialized in selling the right products to the right consumer segment, Heineken has for example the draught keg for men with men at home (Sühre, 2010). In on-trade Heineken is focusing on making going out nicer. Besides the product, Heineken is bringing an experience to you. The Icone is a Heineken beer in a premium package, which brings the consumer an experience of feeling special (Heineken.nl).

In the European Union there are special rules for breweries who supply more than 35% of the market in a country. For Heineken brewery this is the case in the Netherlands and therefore Heineken is not allowed to close contracts with a durability of more than two months. Heineken can easily get around this rule by financing a company for several years and raise a penalty if the owner wants to switch of beer brand before the maturity of the loan. Besides, the rule is not compulsory when Heineken owns the real estate of the on-trade outlet (Breuil, 2010).

Region

Heineken focuses on the entire Netherlands. Heineken has lost a lot of its outlets in on-trade in the Netherlands and is therefore trying to increase its number of outlets. There is no hard evidence, that Heineken is especially targeting Grolsch stronghold, central area, or defending the Amsterdam area. For students, public places and events like festivals and concerts it can be seen that they occur/take place more in the West (Greeff, 2010).

Premia

Heineken is good with giving premia to its customers. With every European or World soccer Championship Heineken comes up with a new, innovative gadget. The last years these were all hats which were also able to make a lot of noise.

Heineken linked to music in 2009 with its USB-stick in the shape of a retro audio cassette. All premia are supported with marketing above the line and below the line campaigns. Above the line marketing is a marketing strategy that is essentially advertising in mass media. Below the line marketing is a marketing strategy that is targeted at individuals and their needs or preferences (Kotler, 1998).

Events

Heineken is a sponsor of the KNVB and the Dutch football team. Heineken also has and sponsors several initiatives for music; its online shop, festivals, tickets for concerts and a recording studio in Heineken the City. All these music activities are combined in their music strategy called, Refreshing Sounds. Refreshing sounds consist of surprising and inventive activities in music and experience.

Refreshing sounds is not focused on one target audience or music style, but is for all different music style lovers.

On festivals Heineken exploits the Starclub, with a VIP deck and the possibility to take photo's and record your own men's got talent commercial.

Amstel

Channel

For off-trade Amstel is focusing on the beer drinker at home with the smaller, convenience packaging and for men with men at home it has the draught keg. In on-trade Amstel is mostly sold in local, student and party cafes, and in sports clubs like football canteens.

In 2007 Amstel launched a formula for public places, called Loca. Loca is a food café, focused on men and women who like to drink before dinner, when you are a little hungry. The positioning of the food café is therefore between a restaurant and a café. Goal was to position the Amstel beer more as a premium beer (Eilander, Geen bitterballen in foodcafé Loca, 2007). In 2009 the cafes are closed, partly because of the recession and the ban on smoking in public places. Though the Heineken brewery still believes in the concept, but with a different completion (Heineken stopt met de Loca-formule, 2009).

Region

Amstel is market leader in the northern part of the Netherlands, but its focus is also on the rest of the Netherlands.

Packaging

Amstel uses 30 cl and 50 cl returnable bottle, 33cl and 50 cl can and the non returnable bottle, which is used by almost all breweries. For example the returnable brown bottles, cans and even its non returnable bottle are brown to express its mainstream positioning. Since summer 2010, Amstel sells its non returnable bottle in easily to carry baskets of cardboard. In retail Amstel also sells cooled beer in 33 cl cans in a special cool packaging.

Events

Amstel is also sponsoring events like 'De vrienden van Amstel live' ('The friends of Amstel live'), a series of live concerts in the Amsterdam Arena and the Amstel Gold race, a cycling race and tour once a year in South-Limburg.

Brand

Channel

For off-trade Brand is really sold as a beer for a moment of relaxation; a luxurious beer for at home. In on-trade Brand is mainly sold in cafes and restaurants where quality high priority is. In the province Limburg Brand is the market leader and also sold in local cafés.

Region

The focus for Brand is the Netherlands, with a special focus on its home province, Limburg.

Packaging

Brand has only four types of packaging: returnable bottles 30 cl, can 33 cl, (home) keg and tank. The returnable bottles are available in smaller crates with 12 bottles and in multipack.

Brand sells most of its volume in the 30cl returnable bottle, followed by the 50cl returnable bottle and the 33cl can.

Magazine

Brandgeveul is the magazine of Brand for primarily the owners of public places in Limburg and secondarily the owners of public places in the Netherlands.

Events

Brand is sponsoring several (local) events, mostly cultural events, like for example the Parade. But also the festival Pinkpop is sponsored by Brand.

AB Inbev

Channel

AB Inbev has 8 representatives in off-trade to visit retailers. AB Inbev offers retailers semi permanent displays. On these displays products with a price off or a glass promotion are offered. AB Inbev also recently started with offering refrigerators to retailers. There is no specific brand of AB Inbev placed on the displays or in the refrigerators (Tragter, 2010).

Hertog Jan

Channel

Recently Hertog Jan is focusing on its exposure in off-trade by second placements hanging on the shelves of other products and on semi-permanent displays of AB Inbev where Hertog Jan offers free glasses (Tragter, 2010).

In on-trade Hertog Jan is mainly sold in the qualitative restaurants and cafés. For on-trade Hertog-Jan has the flex tap. The flex tap has one of the four seasonal beers of Hertog Jan on it. Hertog Jan is trying to create more outlets by offering its beer to outlet owners in on-trade even at outlets of other breweries (Inbevhomeca.nl).

Region

Originally Hertog Jan is from Limburg, but the focus is on the entire Netherlands. In on-trade Hertog Jan is, as main beer on tap, more often sold in the South. For on- as well as off-trade Hertog Jan is market leader of the premium pilsner segment (Hertog Jan.nl).

Packaging

In 2010 Hertog Jan redesigned her packaging with more gold to give the look the same quality as the positioning of the brand (Pas, Hertog Jan steekt bier in gouden jasje, 2010). Hertog Jan is available in 30cl and 50cl returnable bottle, 33cl and 50 cl cans, in non returnable bottle, in special gift packaging, in (home) kegs and tanks. And it is also available in a special 33 cl cool can, which is available in refrigerators in off-trade (Tragter, 2010).

Jupiler

Channel

In off-trade Jupiler is now available in the entire Netherlands. In on-trade Jupiler is expanding at the expense of partly Dommelsch. Jupiler is using an aggressive take over policy. Large marketing budgets are available to cafes in the large cities, such as Amsterdam, Rotterdam, Den Bosch and Utrecht. Outlets in on-trade are offered high price discounts, premia and flat screens to switch to Jupiler. Jupiler has got a preference for sports cafes/canteens, but there is no evidence for other preferences for cafés or restaurants (Greeff, 2010).

Region

Jupiler was coming up from Belgium to the Southern part of the Netherlands. Right now Jupiler is focusing on the entire Netherlands for on- as well as off-trade (Greeff, 2010).

Packaging

Jupiler is using a different returnable bottle than all the other breweries with brown returnable bottles in the Netherlands use. The bottle has a distinctive shape with a longer and smaller neck and a volume of only 25 cl per bottle. Besides the returnable bottle Jupiler has got the 'normal' packaging: can 33 cl and 25 cl non returnable bottles. With a bull as the logo of Jupiler, this makes it also distinctive from other brands (Inbev Homeca.nl).

Premia

For the World Championships football, Jupiler introduced the 'Jup Holland Jup' shirts (Jupilerleague.nl, 2010).

Events

Jupiler is the new festival beer for AB Inbev. Jupiler supplies festivals like for example Dance Valley, Rock Werchter and Festival Mundial (Jupiler.nl).

Dommelsch

Channel

In on-trade Dommelsch is sold in local bars. Dommelsch is declining because of the modification to Jupiler. The focus of Dommelsch is however more on on-trade when looking at their campaigns and focus on music. There is no evidence that Dommelsch has a specific strategy for on-trade.

Region

For on- as well as off-trade Dommelsch is focusing on the entire Netherlands. Dommelsch is however more popular in the middle, south and south east of the Netherlands (Breuil, 2010).

Packaging

Dommelsch is available in the following packaging: 30 cl returnable bottles, 33 cl and 50 cl cans. In the past Dommelsch used to design a special bottle for festivals (Inbev horeca.nl).

Events

In co-operation with radio station 538, Dommelsch organizes the Live38 concerts. Once a year an XXL concert is given in the Jaarbeurs in Utrecht and smaller concerts are given in clubs.

Next to already renowned bands and music, Dommelsch supports new talent in the music business. Dommelsch Clash of the Cover bands is a talent scouting event for cover bands. Dommelsch Locals Only! is a contest for regional talent and Dommelsch TWSTD DJs is a contest for DJs (Bierwedstrijd, 2010).

Dommelsch is a sponsor of different festivals, like Beatstad and 'Dommelsch Zomeravond feesten' in Valkenswaard. Because of the repositioning of Jupiler, the main focus of Dommelsch is on the Live38 festivals and concerts and the smaller, non-dance festivals (Festivalinfo.nl).

Bavaria

Channel

Bavaria is sold in all different types of bars, student cafes, restaurants and clubs. In on-trade Bavaria is focusing on its visibility by introducing beer taps with distinct shape and a large Bavaria logo on it. Bavaria offers also the Beer Academy, an academy for public place owners about the beer, quality, sales and entrepreneurship. Bavaria is trying to enlarge its share in public places for students by offering very low prices, probably even under their cost price (Greeff, 2010).

For on-trade Bavaria has a more premium beer called Swinckel's volmaakt (Swinckel's perfect), this beer is also available at selected liquor stores (Bavaria, 2009).

For off-trade Bavaria is focusing very well on its consumer segments and corresponding products, convenience with the small crates and low alcohol percentages for the light users. Also in off-trade Bavaria is trying to be more visible with LCD screens on the shopping floor. Bavaria has 6 representatives in off-trade to visit retailers. Bavaria is especially focused on its stronghold area (Brabant). Goal is to enlarge its market share by offering free fillings (products) in its refrigerators and by tastings of the 0.0% wheat beer on the shopping floor (Tragter, 2010).

Region

Bavaria is brewed in the province Noord-Brabant and therefore market leader in that region. Bavaria focuses on the consumer segment men at home primarily in its home region, Brabant. The focus for the other consumer segments is on the entire Netherlands.

For on-trade the focus is on the entire Netherlands as well, but with a much higher concentration in the South. In the East of the Netherlands Bavaria does not have a lot of outlets in on-trade and is not very active in acquiring new outlets. In the West of the Netherlands Bavaria has a serious image problem (cheap and low quality) and therefore owners of outlets do not want to sell Bavaria (Greeff, 2010).

Packaging

In 2009 Bavaria introduced a complete new look for all its products and brand. Goal was to create more unambiguity and be more recognizable for consumers (Esveld, 2010).

Bavaria has the smaller crates with 12 returnable bottles, and also the normal crates with 24 bottles. Besides the 30cl returnable bottle, Bavaria offers 33cl and 50 cl cans, kegs and tanks. In retail Bavaria also sells cooled beer in 33 cl cans in a special cool packaging. Most of Bavaria is sold in returnable bottle in the small returnable crate.

7 Marketing strategy: striking facts

In this appendix only the striking facts between breweries and/or brands per segment of the segmentation model will be described shortly.

Values

Heineken is focusing on the value great and inventive.

The value 'from Belgium' is only used by AB Inbev for Jupiler, Hoegaarden and Leffe.

Bavaria is the only one who focuses on the values cheeky with a wink, and pure and natural.

Channel

Heineken is best in using her channels to offer the right products to the right moment of consumer use. In some outlets in off-trade Heineken has shelf décor which leads customers to the right products. And with its large sales force Heineken can give a lot of extra service to retailers and promotions can be rolled out well. In on-trade Heineken is good in bringing the customer an experience, instead of just going out.

In off-trade AB Inbev has the semi-permanent, more luxurious displays, which expose their more premium products, like Hertog Jan, Jupiler and Leffe.

AB Inbev is the only brewery who does not own any real estate in on-trade, right now it only leases outlets.

Region

Jupiler is focusing on the large cities, to enlarge its number of outlets in on-trade.

Packaging

Heineken's packaging is differentiated most to offer the right products to the right moment of drinking. For example Heineken has got the draught keg for smaller gatherings, 35.5cl non returnable bottle for World Cup soccer and convenience packaging for the light user.

Hertog Jan has the most traded up packaging with the color gold on it, to represent its premiumness.

Jupiler is the only one who has its own brown returnable bottle.

Marketing

Heineken brewery is the only brewery who wants to earn money with its marketing expressions.

Heineken is innovative in its campaigns and new marketing expressions, like the silent marketing, Heineken the city, social networks and its interactive website. For its (silent) marketing Heineken has agreements with other parties to share risks and profits. Besides Heineken, Bavaria also collaborates with other companies, like Philips.

Bavaria is the only brewery that is using explicit guerilla marketing, like for example the babes in a football stadium which created a lot of free media attention.

8 Brand preference per region

In the tables below the relationships per brand and beer region pictured. The numbers are from the database from AC Nielsen. As described before the numbers do not picture all sales in off-trade, but give an indication for brand preferences per region. The regions come from AC Nielsen, which segments the Netherlands in 7 regions.

2009	region 1		region 2		region 3		region 4		region 5		region 6		region 7	
Grolsch	83738	11%	125975	13%	82153	13%	291081	70%	171987	17%	80100	10%	25855	11%
Heineken	247130	31%	466923	49%	197899	30%	61443	15%	437033	43%	102671	13%	32526	14%
Amstel	339074	43%	136253	14%	259071	40%	21684	5%	183656	18%	63244	8%	40443	18%
Brand	9326	1%	13219	1%	6637	1%	2723	1%	16527	2%	14233	2%	49734	22%
Hertog Jan	45285	6%	70210	7%	45388	7%	12075	3%	88045	9%	24638	3%	17165	7%
Jupiler	5986	1%	29679	3%	4057	1%	1291	0%	11353	1%	89649	11%	13980	6%
Dommelsch	18628	2%	32894	3%	16052	2%	3415	1%	31178	3%	54683	7%	3552	2%
Bavaria	27261	3%	53107	6%	29242	4%	13838	3%	56920	6%	351665	44%	39770	17%

Table A 22 Brand preference per region 2009

2008	region 1		region 2		region 3		region 4		region 5		region 6		region 7	
Grolsch	104555	13%	124024	14%	80419	13%	284494	71%	171789	18%	76468	10%	27248	12%
Heineken	227363	29%	436559	48%	185735	30%	56963	14%	404388	41%	96593	13%	32412	14%
Amstel	319252	41%	136244	15%	259407	41%	22741	6%	182925	19%	63893	8%	43777	19%
Brand	10124	1%	14649	2%	7575	1%	3169	1%	17712	2%	16167	2%	55216	24%
Hertog Jan	43737	6%	63170	7%	41324	7%	10471	3%	81505	8%	20789	3%	13191	6%
Jupiler	6219	1%	29528	3%	3551	1%	1010	0%	10272	1%	74601	10%	11847	5%
Dommelsch	18714	2%	35799	4%	18759	3%	3927	1%	33383	3%	55642	7%	4529	2%
Bavaria	24938	3%	50706	6%	21732	3%	13293	3%	53145	5%	336792	44%	37875	16%

Table A 23 Brand preference per region 2008

2007	region 1		region 2		region 3		region 4		region 5		region 6		region 7	
Grolsch	88517	12%	125868	14%	82670	13%	289670	70%	172321	18%	76570	10%	28665	13%
Heineken	220984	30%	418548	47%	165332	27%	61234	15%	386739	40%	98160	13%	32712	14%
Amstel	318540	43%	145821	16%	281920	45%	26751	6%	206137	21%	74667	10%	52558	23%
Brand	8164	1%	13466	2%	6523	1%	3382	1%	16737	2%	16225	2%	51551	23%
Hertog Jan	40041	5%	55769	6%	33086	5%	9265	2%	72986	8%	17684	2%	9717	4%
Jupiler	5065	1%	26787	3%	2816	0%	789	0%	8306	1%	60235	8%	9408	4%
Dommelsch	18219	2%	35318	4%	18149	3%	4537	1%	33115	3%	63737	9%	4326	2%
Hoegaarden	3569	0%	5195	1%	1896	0%	1138	0%	4554	0%	4348	1%	948	0%
Bavaria	24227	3%	46902	5%	21163	3%	13592	3%	51979	5%	323712	43%	32459	14%

Table A 24 Brand preference per region 2007