

# Marketing Beer – A Greek Brewery’s Case Study

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**Evangelia Blery,  
Eutyhia Kamaterou**

*The purpose of this paper is to examine the issues related to the promotion and marketing of ‘Heineken’, the famous Dutch beer, which in Greece is produced by the Athenian Brewery S.A.*

*The case study method was employed because its fundamental characteristic is the “focus on a particular setting or event”. The findings showed that the company offers a beer of high quality, which is marketed as a premium beer and it has a higher price than the other beers of the same category. The company employs marketing practices to increase its market share to convince consumers to drink beer in any occasion and women to change their attitude towards beer.*

*This paper is one of the very few so far that have provided an insight in the production and marketing of beer in the Greek market. The results of the study support the findings of other studies mentioned in the literature and they can be of definite interest and potential value to managers in this sector.*

## 1. Introduction

Heineken is a favourable beer in Greece produced by the Athenian Brewery S.A. The company was established in Athens in 1963 and in 1981 got the licence from H. Heineken & Co brewery in the Nederland to produce the beer.

H. Heineken & Co brewery was established in 1863, in the Nederland by Gerard Adrian Heineken. Today the beer is manufactured in 110 breweries around the world and the yeast is transported from the factory in Nederland to all the breweries to maintain the high quality of the beer.

There are three principal types of beer: lagers, ales and stouts. Lagers are served chilled, ales are brown in color, they are drunk at an ambient temperature and stouts are heavy, dark-colored beers (Nwabueze and Zoe, 2001). The biggest standard lagers on draught are Heineken, Carlsberg, Carling, Foster's and Castlemaine XXXX.

Beer can accompany all types of food snacks, sandwiches and even mussels! As Corinne Goff Lavielle of Heineken in France mentioned: “Beer has a long history in accompanying and satisfying with every meal”. Heineken, is a lager beer and can be served with any type of food even with piquant dishes from Asia and Indonesia.

The objective of this study is to examine the issues related to the marketing practices implemented by the Athenian Brewery S.A. to promote Heineken beer. Thus, the product, its target market and competition are analyzed, a SWOT analysis is performed and the marketing mix is presented. The marketing practices implemented by the brewery will then be assessed, on the basis of those employed by other breweries in the international beer market.

## 2. Literature review

### 2.1 The Global Beer Market

The global beer market showed a compound annual growth of 2.1% in the time period between 1999 and

2004. Draught lager beer market is the largest cohesive segment in the beer market (Vignali and Vrontis, 2000). The market is reshaping continually through mergers and acquisitions. For example Heineken in Netherlands purchased Brau Union and several breweries in Russia in 2004 and 2005. In 2002 it took over the only brewer in Egypt to increase its presence in Eastern Europe and Asia (BMC, 2005).

Europe in 2004 led the global brewing industry with 35.1% of the global beer production. However, the consumption of beer in the European countries has been dipping slightly in recent years (BMC, 2005).

Greeks are not big beer drinkers. The Greek market grew by an average of 3% per year between 1996 and 2001 and it is a competitive market, thus the entry is difficult. However, there is a potential for growth in imports and most Greek breweries import beers, although consumers are somehow reluctant to try them (IOBE, 2001).

The European beer market is complex with many external elements influencing it. These are factors such as competitors, suppliers, government regulations, associations and legislation (Vrontis 1998). In addition, it is influenced by fluctuations in import-export policy (i.e. protection of domestic brands) the economic situation, buying power, making investments and market orientation (Dumicic et al., 2003)

### 2.2 Competition In The Beer Market

Beer is the predominant alcoholic drink in most of the European countries and has a large share of alcoholic drinks in all markets (Dumicic et al, 2003).

However, competition from non-alcoholic drinks, together with consumer concerns over health issues and drink-driving, has hampered beer demand. Moreover, consumer interest is stimulated by new product developments, such as ice beers, as well as on premium and luxury products. Competition is severe in the European beer market and the aggressive reactions of competitors cause changes and make this market unstable (Vrontis 1998).

## 2.3 Marketing Practices In The International Beer

### Industry

The analysis of the brewing industry enables several characteristics to be emphasized and highlighted. In this industry product differentiation, especially that relating to image and segmentation, is of great importance. In addition, the creation and maintenance of a strong portfolio and a clear positioning strategy are critical in sustaining competitive advantage. Furthermore, the role of branding is important since it is an excellent defense against price competition. In the UK, Carling Black Label beer is targeted at young, male football spectators and drinking this beer seems to imply a strong link with having a passion for football. Carlsberg, which tries to portray a more serious, quality image and Carlsberg Ice are examples of brand extensions that penetrated the competitive beer market without any difficulty. In some cases brewers, despite possessing greater economies of scale, in order to maintain the quality image of the product, keep prices at a higher level (Vrontis, 1998).

In addition, Nwabueze and Zoe (2001) agreed that cost in the brewing industry is not an important factor. Price competition is not generally used and in many cases prices are made artificially high to promote the image of a premium quality brand. For this reason, costs will be kept to a minimum only to increase profitability. Although, reduced costs can be passed onto the consumers in the form of cheaper prices, the industry focuses in below-the-line methods such as promotions and above-the-line advertising.

Coors Light beer, which is brewed in Colorado, has captured the major share of the competitive beer market in Puerto Rico by developing a successful marketing and distribution strategy. It adopted a promotional campaign specifically tailored to the bars, restaurants, nightclubs and other social venues that account for 70% of the island's beer consumption. The company reinforced the correlation between Coors Light and an active lifestyle by promoting the beer at international volleyball tournaments and other sporting events. The beer is portrayed as being an integral part of the lifestyle and culture of its consumer group. This belief is reinforced also by using powerful slogans backed up by images of action and vitality, which also incorporate messages about the beer's smoothness and drinkability (Strategic Direction, 2003).

## 3. Research methodology

### 3.1 Case Study Approach

Since the aim is to examine the marketing practices employed by a certain company, the Athenian Brewery S.A., to promote Heineken beer in the market, the case study method is employed, since its fundamental characteristic is the "focus on a particular setting or event" (Stake, 1995).

## 3.2 Sampling Method

Purposeful sampling is the most appropriate for the case study approach, because 'information-rich' cases can be selected so as to get more information (Patton, 1990). Two types of purposeful sampling were used in combination: "snowball sampling" and "maximum variation sampling" (Minichiello et al., 1990). Snowball sampling relies on people identifying others to investigate. The maximum variation sampling was needed because it allows to pick cases purposefully and illustrate a wide range of variation on dimensions of interest. Thus, the interviewees came from different departments of the company. The On Premise & Key Accounts Field Manager was approached and he was asked to suggest five more people in the company from different departments. In particular, six in-depth interviews were conducted with the On Premise & Key Accounts Field Manager and the managers and top executives of the departments: Exports, Marketing and Public Relations.

### 3.3 Data Collection Methods

In-depth interviews are considered to be the most valuable data collection method (Lincoln and Guba, 1985). The in-depth interviews were based on a questionnaire presented in **Appendix ?**. The questions were broad, to allow respondents as much freedom in their answers as possible and an effort was made to avoid leading questions and create an interpersonal and communicative climate with the respondents. The summation of the responses was based on the content analysis method (Kent 1999). Qualitative content analysis was applied and the material from the interviews was divided into content analytical units. Thus, the results were carefully put into categories according to the points of interest of this study and the strong points were presented.

However, several authors have suggested that it might be useful to gather data from multiple sources when conducting qualitative research (Patton, 1990, Mason 1996, Lincoln and Guba 1985). Thus, apart from the in-depth interviews secondary data concerning general information about the company's operations and organizational structure were gathered through press articles, the company's leaflets, newsletters and monthly reports and its Web page.

## 4. The findings

### 4.1. General Information

ATHENIAN BREWERY S.A.' is producing and trading beer as well as the mineral water 'IOLI'. The beers include: Alfa, Amstel, Amstel Bock, Amstel light, Athenian Buckler, Carib, Chimay, Desperandos, Doreley, Duvel, Endiger, Weissbier, Ichiban, Konig, Kriska, Marathin, Mc Farland, Murphy's Red. Today the company has 1.400 employees.

ATHENIAN BREWERY S.A.' was established in 1963 by a group of entrepreneurs together with Amstel Brouwerij B.V. In 1965 the first factory was established in Athens, which produced Amstel beer. Since 1968 ATHENIAN BREWERY S. A.' is managing

Heineken N.V in Greece, following the merging between Amstel and Heineken which took place in the Nederland.

The company's values are: "Respect, enjoyment and passion for quality"

#### 4.2 The Market

Heineken is very popular, it is the first beer in Europe, as far as its sales are concerned, and the second beer in Greece. Its success is due to its high quality. It is marketed as a beer of perceived value and it is not sold everywhere, it is sold in good restaurants and bars.

There are three types of consumers: acceptors, adaptors and adorers or heavy users. Acceptors drink beer rarely. Adaptors have chosen a certain type of beer and buy it regularly and adorers or heavy users buy this beer very often and prefer it from the other beers. According to the EU legislation, beer is an alcoholic drink, thus only adults can consume it.

Heineken is communicating the following message to consumers on its bottles: 'Enjoy responsibly', reminding to them that the consumption of alcohol should be done with responsibility. In this way the company is trying to educate consumers about the negative consequences alcohol can have and convince them to adopt a responsible attitude towards drinking alcohol. All the affiliates of Heineken are obliged to adopt this campaign.

#### 4.3 Competition

The main competitors of Heineken are: Amstel, which is a lager beer and it is sold in a little lower price than Heineken. In addition, it is Stella Artois, also a lager beer, which is cheaper than Amstel and Heineken. Furthermore, it is Mythos, a lager beer, which is sold in a lower price than the three beers mentioned. It is also the lager beer Verginas which is the cheapest. Finally there is Kaizer, a pils beer, which has about the same price as Heineken. Apart from the above beers, which are manufactured in Greece, there are also the imported beers such as Bud, Pilsner, Corona etc., which are lager beers, however their price is much higher.

#### 4.4 SWOT ?analysis

SWOT analysis is a tool for auditing an organization and its environment that helps marketers to focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats and requires listing and analysing these four issues (Doyle 1994). Thus, a SWOT analysis is performed to identify the company's strengths and weaknesses as well as its business opportunities and possible threats:

##### Strengths

Heineken is a premium lager beer. It is considered the best beer in its category and it is keeping high quality and the same taste.

Packaging is important for Heineken, thus it gives special attention to the materials it uses. They can be recycled and do not pollute the environment. All its packages have an aluminum coating so that the beer can freeze quickly.

Heineken is continually renewing its packaging for marketing reasons and to communicate to the consumers the various events which it sponsors.

The Athenian brewery is regularly upgrading its mechanical equipment. In addition, the company has established an optical laser link between its two main buildings to facilitate communication.

Furthermore, the company has a well-organized distribution system and supplies all the shops every week with the quantities required so that consumers can always find the beer. The company decides the packaging suitable for each shop (cans or bottles) so that consumers will buy fresh beers and not beers that have remained in the shops for months.

The company always pays attention to customers' complaints.

##### Weaknesses

Heineken's consumers are mainly men. Women do not drink a lot of beer because they consider that it has a bitter taste and a lot of calories.

Heineken does not have line extensions, for example it does not produce beers with various tastes such as fruits, which would be more suitable for women.

The price of Heineken is a little higher than that of the other beers in this category, because it is considered a premium beer and it has high quality.

##### Opportunities

Heineken is distributed all over Greece and it is exported in Balkan countries such as Albany and FYROM. The company is planning to expand its exports in other Balkan countries.

In addition Heineken is the first brewery in Greece that is planning to introduce in the Greek market a domestic apparatus for serving beer. This is a small refrigerator with a small barrel containing the beer. This apparatus will be ordered by phone and specialized technicians of the company will installed it in consumers' houses.

As it was mentioned, mostly men consume Heineken because it has a bitter taste and it is not considered suitable for women. However, now it is planning to create a new promotional campaign to convince women not

only to taste the beer but to consider it as an alcoholic drink which is not only an advantage of men but it is suitable for women as well.

Threats

Consumers' income has decreased because of the economic crisis, this may result in a decrease in spending for entertainment and consequently in a decrease in sales for the beer.

Another possible future threat for the beer can be the changes in consumers buying habits. Consumers tend to show a preference for Ready To Drink (RTD) products or even substitutes for alcohol such as refreshments, fruit juices and mineral water.

In **Figure 1**, SWOT analysis is presented.

<p><b>S</b></p> <ul style="list-style-type: none"> <li>⇒ Heineken is a premium lager beer.</li> <li>⇒ It is keeping high quality and the same taste</li> <li>⇒ Modern packaging, continually renewed.</li> <li>⇒ The materials used can be recycled and do not pollute the environment.</li> <li>⇒ All its packages have an aluminum coating so that the beer can freeze quickly.</li> <li>⇒ Packaging communicates to consumers the various events sponsored.</li> <li>⇒ Well-organized distribution system.</li> <li>⇒ Consumers can buy fresh beers and not beers that have remained in the shops for months.</li> <li>⇒ Always pays attention to customers' complaints.</li> <li>⇒ Regularly upgrading its mechanical equipment.</li> </ul>	<p><b>W</b></p> <ul style="list-style-type: none"> <li>⇒ Its consumers are mainly men because women do not drink a lot of beer since they consider it has a lot of calories and a bitter taste</li> <li>⇒ It does not have line extensions</li> <li>⇒ Higher price</li> </ul>
<p><b>O</b></p> <ul style="list-style-type: none"> <li>⇒ Exports in Albany and FYROM</li> <li>⇒ The first to introduce in the Greek market a domestic apparatus for serving beer.</li> <li>⇒ New promotional campaign to convince women not only to taste the beer but to consider it as an alcoholic drink which is not only an advantage of men but it is also suitable for women.</li> </ul>	<p><b>T</b></p> <ul style="list-style-type: none"> <li>⇒ The decrease in consumers' income</li> <li>⇒ Changes in consumers buying habits and preference for Ready To Drink (RTD) products or even substitutes for alcohol such as refreshments, fruit juices and mineral water.</li> </ul>

Take in Figure 1

#### 4.5 The Marketing Mix

The marketing mix is also known as the 'four Ps'. The marketing mix elements are product, price, place and promotion. A fifth 'p' was also added to the marketing mix elements, 'people' (Kotler 1994).

The company pays special attention to all the components of the marketing mix and combines them in various ways in order to achieve its objectives.

##### *Product*

Heineken is available in cans and bottles of 330 and 500 ml, which have a characteristic green color. In addition, there is Heineken XLN with a new elegant green bottle, which as it is mentioned in its promotional campaign 'it is so attractive that no bottle-opener can resist to it'. This is presented in a successful promotional campaign titled: 'Openers Campaign' together with the popular Heineken's bottle-opener.

Furthermore, there is 'Heineken Paco', a new pioneering green aluminum bottle with a very modern style and design. It was designed by the French designer Ora-ito and it is sold in special night-clubs and bars.

Finally there is the 'magnum bottle', either 1,5 or 3 liters, which is the festive packaging of Heineken. It is sold during Christmas and it looks like a Champaign bottle.

##### *Price*

As it was mentioned, since Heineken is characterized a premium lager beer, which has a leading position in the Greek market, it has a higher price than the other beers of its category.

Heineken's pricing is based on the cost of transportation of the yeast from Holland, the production cost, employees' cost, the fixed expenses cost and the distribution cost. However, a big amount of the budget is allocated to the promotion of the beer.

The price of Heineken slightly differs between the shops because the rent they pay is not the same in all the areas of the country.

As it was mentioned, consumers' income has decreased because of the economic crisis and this may result in spending less for entertainment. Then Heineken will have to decrease its prices to avoid a fall in sales.

##### *Place*

Heineken has a well-organized distribution system and supplies every week all the shops with the necessary quantities of beer, so that consumers can always find the beer. In addition, the company decides the packaging suitable for each shop (cans, bottles, barrels) so that consumers will buy fresh beer and not beer that has remained in the shops for months. This is convenient also for the shops because they do not have big stocks.

##### *Promotion*

Heineken, due to its successful advertising emphasizing the value of the beer, has gained a leading position in the Greek market. It is advertised mainly on TV and sometimes on the radio. In addition, it conducts outdoors and Internet campaigns. Furthermore, the company places advertisements in newspapers and in magazines. Through its advertisements on TV, Heineken addresses its target market and creates a positive image for the product and for the company. The advertising spots of the beer are often renewed so as not to tire consumers. They are created by Spot Thompson and they are filmed either in studios in Hollywood or outdoors. To create an advertising spot six to nine months are needed. The company always assesses the results of its advertising campaigns.

The packaging of the beer is also an advertising mean. On the packages the sponsorships are advertised so as to attract new customers.

Heineken has not combined its name with football, as other beers do. However, it sponsors very famous athletic events such as the 'Champions League', where no violent incidents occur. Furthermore, for its promotion, the company issues advertising brochures and organizes events. However, since the beer is a premium one, with a leading position in the market, it does not make discounts and offer gifts. In addition, the beer is never offered as a gift with other products. A characteristic example is when McDonalds, offered as a gift a collective bottle of Heineken with their menus, customers complained for the gift because Heineken is considered a premium beer and such promotion was considered inadequate.

Heineken is sponsoring various events, music, cinema, theatre, art, education, sports and cultural events. Heineken sponsored the Olympic games of 2004 and the UEFA Champions League. About the 80% of the budget for advertising goes into sponsoring.

During its sponsorship in the Champions League the company created a special web site 'ChampionsPlanet.com', where spectators could send comments and photos. Then the best were selected and presented in the site.

##### *People*

The company's success is also due to its well-trained employees who respect and obey the values of the company and they are doing their best to achieve customer satisfaction.

## 5. Discussion

Today Heineken is the first beer in sales internationally and the second in Greece. The beer has succeeded because of its high quality in all the countries where it is produced. Thus, the aim of Heineken is to maintain

its high quality and to have always the same taste, so as to differ from the other beers. In addition, the success of the company is based on its well-trained employees who respect the values of the company.

Heineken has implemented an environmental protection policy and all the materials it uses can be recycled.

The company is facing strong competition from many other beers produced in Greece and also from imported beers. In addition Greeks are not big beer drinkers and the market is not as big as it could. As (IOBE, 2001) mentioned competition in the Greek beer market is severe.

Furthermore, the economic situation and the falling income is a threat because consumers will spend less on entertainment. As seen in the literature review, Dumicic et al. (2003) mentioned that the economic situation is an important factor influencing the beer market.

Heineken is marketed as a premium beer and its price is a little higher than that of the other beers of the same category. As Nwabueze and Zoe (2001) and Vrontis (1998) mentioned, in some cases brewers in order to maintain the quality image of the beer keep prices at a higher level.

Heineken has an excellent distribution system, which can individually cover the needs of each shop, so that consumers can find fresh beer any time. As it was mentioned, Heineken does not have line extensions, such as Carlsberg's 'Calsberg Ice' (Vrontis, 1998). This, the company could produce beers with various tastes such as fruits, which would also be more suitable for women.

As Nwabueze and Zoe (2001) claimed the beer industry focuses on below-the-line methods such as promotions and on above-the-line advertising. Through advertising Heineken is trying to create a positive image for the product and for the company. However, it has not combined its name with football, as other beers do such as Carling Black Label (Vrontis, 1998), but it sponsors very famous athletic events. As it was mentioned, a problem is that mostly men consume the beer, because women believe that it has a bitter taste and a lot of calories. Thus, the company will contact a promotional campaign to convince women that the beer can be a women's drink too. In addition, in Greece beer is a drink, which is consumed mostly at night. However, beer can be consumed all day long, thus, another promotional campaign would be conducted to convince consumers to drink beer in any occasion. As it was mentioned, breweries through advertising influence consumers' attitude and an example is Coors Light, which reinforced the correlation between the beer and an active lifestyle by using powerful slogans backed up by images of action and vitality (Strategic Direction, 2003).

In addition, through advertising, Heineken is differentiating itself from the other beers by communicating the message 'Enjoy responsibly', trying in this way to educate consumers about the negative consequences alcohol can have. The packaging of the beer is also an advertising mean, since all the events sponsored by the company are advertised on the package of the beer.

## 6. The contribution of this study

This study contributes to the alcoholic beverages sector since it is one of the few that have provided an insight in the marketing practices employed by breweries. In addition, it is the only one so far that has gathered knowledge concerning a Greek brewery and the marketing of 'Heineken' beer in Greece where very limited research has taken place in this sector. The results of this study support the findings of other studies mentioned in the literature and they can be of definite interest and potential value to managers in this sector. Academically, further research based on these findings can add to the present pool of knowledge by further examining the marketing practices employed by other breweries in Greece and worldwide.

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