

MARKETING PLAN OF



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1. EXECUTIVE SUMMARY

"Cervezas Badúm" is the commercial brand of beer produced and distributed by the company "Cervezas Artesanas Baix Maestrat, SL", which is a craft beer with a very good quality and with a relatively low price compared to the prices of the competition. The image of the company is characterized by the castle of Peñíscola, a place of tourist interest of the Valencian Community, which makes it a product with a distinctive characteristic very attractive for tourists.

Nowadays, if we observe the behaviors of consumers regarding the consumption of alcoholic beverages, we can see that they have changed radically over the past years because now more and more people choose to take better care of their health, and for that reason they choose other types of non-alcoholic beverages or less harmful to health.

In this marketing plan there is a complete analysis of the company, both the internal and external environment to study the resources of the company and the current situation of the environment and competitors, as well as to analyze the beer sector in Spain and the profiles of regular consumers. To ensure growth, once the entire company has been analyzed and its marketing strategies have been seen, marketing objectives have been established, which must be met through a series of proposed actions that affect the entire marketing mix, that is, the product, price, distribution and promotion.

Finally, a budget and a schedule for each of the actions has been established, which indicates when they should start to perform and for how long. Control guidelines have also been established to ensure that the marketing objectives are correctly achieved.

2. SITUATION ANALYSIS

2.1. Internal Analysis

2.1.1. Presentation of the Company

Badúm is the commercial brand of a small craft beer company located in Peñiscola, a small town located in the north of the Valencian Community. The commercial name of the company is "Cervezas Artesanas Baix Maestrat, SL" and all the beer that they produce is a type of natural beer, unique and native because its name is a recognition and appreciation of the historical and natural heritage of this town, which is represented by the Badum Tower (Figrue 1), a tower of medieval origin built on a cliff over 95 meters high that is located in the Natural Site of the Serra d'Irta.



Figure 1: Badum Tower



Source: Website casaruralcastellon.com

María Miquel is the main founder and owner of the company, but in the beginnings, beer wasn't manufactured, it was just a small conventional bar. The proposal to make their own beers was Hernan Serrat, his son, who since a young man was an amateur to make their own beers in the basement of his house. And this is how the craft beer business began, as their friends and family constantly encouraged them to sell their beers at the bar where Maria and her husband Jose worked.

So, in 2012, they began to sell craft beers in their family business, thanks to Hernan and Maria began to take training courses and they were increasingly enthusiastic about the world of craft beer.

Today, "Cervezas Artesanas Baix Maestrat, SL" is not only a conventional Peñiscola bar, but also brews premium beers of high fermentation and fermented in its own bottle, where they catch the gas that forms the foam and evolve over time to get unique beers and specials.

Inasmuch as it is a craft and natural beer it doesn't go through industrial processes such as filtering or pasteurizing because they are totally faithful to the purity of the artisan products. They are also the ones who carry out the grinding of the malt, the labeling of the bottles and even the collection of some raw materials of proximity such as pumpkin and artichokes.

It should be added that recently are betting on the production of organic beers as they are highly aware of respect for the environment and sustainability, for that reason they want their company to be recognized for this aspect that is sorely lacking in the world (Cervezas Artesanas Badum de Peñíscola, 2019).



2.1.1.1. Mission

The mission of this company, understanding that it is its raison d'être, is mainly to elaborate traditional craft beer with a high quality in order to satisfy the needs of the most demanding beer consumers, being also a great reference in the beer market of the Valencian Community.

2.1.1.2. Vision

The vision of the company responds to the question "What do you want to be?", Therefore, the answer is to be a reference company in the Valencian Community, leading the craft beer industry in the area for the excellence in its products, moreover, to be a benchmark company recognized for its commitment to sustained growth, contributing to the improvement of the quality of life of society and the development of its country.

2.1.1.3. Values

The main values that identify this company and thus these concepts describe it, are:

- <u>Passion</u>: Full dedication for the business, love for their work, dedication and commitment for what they do.
- Quality: Always offer high quality products, taking care of the production method at all time as well as offering employees an optimal working environment in order to offer products with the highest possible quality.
- Originality: Offering unique beers, being difficult to find in any other company and that consumers are surprised by its unique feature in the market.
- <u>Pioneers</u>: Offer attractive and daring beers for the market, that means to be updated at all time innovating in their product strategies.
- <u>Sustainability</u>: Use sustainable raw materials respecting the environment to avoid damaging the planet or society.
- <u>Demanding</u>: taking care of even the smallest detail of all its products.
- <u>Local</u>: to be connected at all time with their land, that means to offer products with native and indigenous raw materials and which are recognized as lovers of their nearest towns.



2.1.2. Company Resources

2.1.2.1. Human Resources

Actually, the company only has three permanent employees who work throughout the year. María Miquel is the main founder and owner, who is responsible for administration and marketing because she is the one that organizes and attends all events related to the image of the company and she is the one that has all the imagination to create new ideas of merchandising. José Serrat also owns the company, due to he is the husband of María Miquel and he is responsible for customer service, he is facing the public attending to the customers of the bar and advising of their products. Then there is Hernan Serrat, the son of both, who is in the production section, produces beer, he is the one with full capacity to produce and the one who brings new ideas to produce new beers, in addition, he is in charge of controlling production costs and decides which raw materials to consume.

On the other hand, sometimes, when they have more demand and need to produce and sell more, they hire Robert, a versatile employee who helps them with all tasks. He is at the bar, in production, as a delivery boy, he is definitely everywhere, because he is simply during short seasons to help the family.

Finally, it is important to add that being a small and familiar company there are tasks that are carried out among all, such as the preparation of orders, orders to suppliers, the collection of merchandise from suppliers or the distribution of orders to the clients (Figure 2).

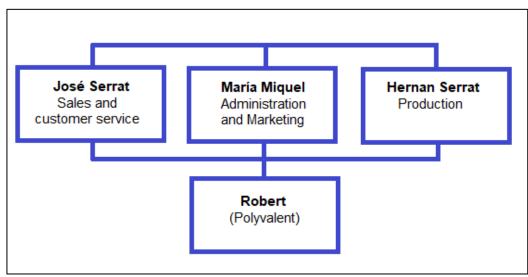


Figure 2: Organizational chart

Source: Own elaboration



2.1.2.2. Tangible Resources

Financial resources

The company was created in 2012 as a limited company and the initial investment was 3,006 euros.

The latest financial data that we can obtain in the database "Sabi" are from 2015, which shows us that operating income was 125,816 euros, the result of the year was 1,280 euros and the total asset was 215,789 euros. In "Table 1" we can see its financial situation and the evolution from 2012 to 2015. In addition, the "Graph 1" shows that there has been a positive evolution as we can see the progressive increase in operating income; this is a sign that the company is working successfully.

Table 1: Financial Situation

Unconsolidated accounts	31/12/2015	31/12/2014	31/12/2013	31/12/2012	
	EUR	EUR	EUR	EUR	
Operating income	125,816	71,205	83,692	3,235	
Ordinary profit before taxes	1,720	3,699	2,985	-25,652	
Result of the exercise	1,280	2,774	2,239	-19,239	
Total Active	215,789	213,193	207,796	216,561	
Own funds	-9,940	-11,220	-13,994	-16,233	
Economic rentability (%)	0.80	1.73	1.44	-11.84	
Financial profit (%)	-17.30	-32.96	-21.33	158.02	
General liquidity	0.63	0.54	0.52	0.34	
Indebtedness (%)	104.61	105.26	106.73	107.50	
Balance sheet					
Immobilized	176,251	177,748	177,113	178,669	
Intangible assets	n.d.	n.d.	n.d.	n.d.	
Inmobilized material	171,769	172,826	171,266	172,076	
Other fixed assets	4,482	4,922	5,847	6,593	





Current assets	39,537	35,445	30,683	37,892
Stock	14,801	30,405	14,509	3,221
Debtors	23,471	2,342	1,305	34,375
Other liquid assets	1,265	2,699	14,869	295
Treasury	606	2,056	14,474	295
Total Active	215,789	213,193	207,796	216,561
Own funds	-9,940	-11,220	-13,994	-16,233
Subscribed capital	3,006	3,006	3,006	3,006
Other own funds	-12,946	-14,226	-17,000	-19,239
Fixed liability	162,719	158,315	162,247	120,000
Long-term creditors	162,719	158,315	162,247	120,000
Other fixed liabilities	0	0	0	0
Provisions	n.d.	n.d.	n.d.	n.d.
Liquid liabilities	63,010	66,098	59,543	112,793
Financial debt	1,448	3,748	n.d.	29,730
Trade creditors	1,676	2,041	n.d.	n.d.
Other liquid liabilities	59,886	60,309	59,543	83,064
Total liabilities and own capital	215,789	213,193	207,796	216,561

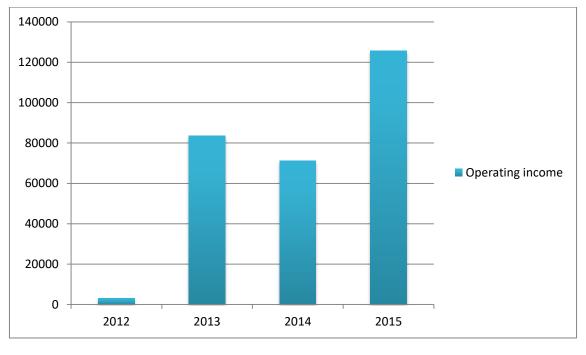


Marketing plan

Working capital	36,596	30,705	15,814	37,596
Profit and loss account				
Operating income	125,816	71,205	83,692	3,235
Net amount of the sales figure	125,816	71,205	83,692	3,235
Consumption of merchandise	n.d.	n.d.	n.d.	n.d.
Gross profit	n.d.	n.d.	n.d.	n.d.
Other operating expenses	n.d.	n.d.	n.d.	n.d.
Result of exploitation	7,036	10,154	10,354	-18,017
Financial income	0	0	104	0
Financial expenses	5,316	6,456	7,472	7,635
Financial results	-5,316	-6,456	7,368	-7,635
Ordinary results before taxes	1,720	3,699	2,985	-25,652
Corporate income tax	440	925	746	-6.413
Result Ordinary Activities	1,280	2,774	2,239	-19,239
Extraordinary income	n.d.	n.d.	n.d.	n.d.
Extraordinary expenses	n.d.	n.d.	n.d.	n.d.
Extraordinary activities results	n.d.	n.d.	n.d.	n.d.
Result of the exercise	1,280	2,774	2,239	-19,239
Cash flow	5,713	6,492	5,510	-18,206

Source: Own elaboration Data: Sabi





Graph 1: Operating income

Source: Own elaboration Data: Sabi

Currently the company doesn't have external financial support, it has grown thanks to the daily work and the profits that have been obtained over the years. The investments that they made in the company, in terms of machinery or any fixed assets, are paid through their profits from previous years due to they haven't had any type of economic help or subsidy.

It should be added that sometimes Maria and Hernan, those in charge of the marketing and production and who personally attend gastronomic fairs or organic food fairs, are in charge of joining associations such as the association of artisan brewers of the Valencian community to obtain subsidies, in this way the costs of trips to international fairs are covered.

Physical Resources

"Beers Crafts Baix Maestrat" currently has a premises that can be found in Peñiscola (Castellón) located in "Calle del Maestro Roca, Nº 22" (Figure 3). In this premises we can find the bar where they sell Badúm craft beers (Figure 4), moreover is the place where beers are made. Therefore, all the machinery used for making craft beer can also be considered physical resources of the company (Figure 5).



Finally, the owners of the company have a van which they drive in the nearest towns to advertise their product and their brand, therefore it is one of their marketing tools because their image is quite striking and is quickly recognized thanks to its design and decoration (Figure 6).

eñíscola Hotel Jaime I El Cañar 2 Tapas y Capri Properties arcamiento Pescados Jjm Peñíscola Hotel Los Delfi Hotel Rh trosat Cardona, S.L. Cerveza Artesana **BADUM** Hotel RH Don Carlos & SPA Mand Restaurante Timonel Marrakech carniceria Φ 0 Correos Palacio De Congresos BUFFET LIBI Atico Palacio 3.CANTO de congresos Hotel Restaurante F Forn de Climent

Figure 3: Location

Source: Google Maps



Figure 4: The bar

Source: cervezasartesanasbm.com



Figure 5: Machinery

Source: cervezasartesanasbm.com



Figure 6: The Van

Source: https://deskgram.net/p/1851074743837237751_48030678



2.1.2.3. Intangible Resources

Technological resources

The technological resources of the company are each of the methods of making beers, that is, the way they use their machinery to produce beer in an artisanal way and of the best quality.

Below is explained each of the steps that they take for the production of Badúm craft beer (Figure 7).

- 1. The grinding of the malt: It is done just before the production of the beer so that the grain is as fresh as possible. In this process the grain is milled to obtain a flour from the grain and from its husks.
- 2. The macerated: The flour that has been obtained previously is mixed with hot water, 3 parts of water for each one of malt. This mixture is stirred slowly for an hour or more at different temperatures, depending on the type of beer to get different shades in the final product. In the macerated, the sugars are extracted from the cereal, which is then the food for the yeasts in the fermentation.
- 3. <u>Filtering:</u> What has been macerated in the previous section is passed to a pot with grid to separate the grain from the must.
- 4. <u>Boiled:</u> The must is boiled and the hops added and boiled for about 90 minutes. After boiling, let it cool to 20 degrees and take it to the fermenter.
- 5. <u>Fermentation:</u> In this phase the yeasts are the protagonists. They are added to the must in order to work for a week, moment in which they have transformed the sugars into alcohol.
- 6. <u>Bottling:</u> In addition to the 0.33 litre bottles, the company currently has 30 litre organic barrels which reduce water consumption by 70% and weigh 5kg less than traditional ones.
- 7. <u>Maturation:</u> During this process, everything is allowed to rest, slow down and mature. This rest is essential for all the ingredients to achieve the balance and the consistency of flavour, in this way the perfect flavour of the Badúm beers is achieved.



1. The grinding of the malt

2. The macerated

3. Filtering

4. Boiled

6. Bottling

Figure 7: Steps of production

Source: Website cervezasartesanasbm.com

Reputation and others

The company has intangible resources that affect its reputation which have been built at the same time that the company has been increasing, these are: the brand, the recipes of each of the beers they make and the know-how as master brewers.

On the other hand, they also have their social networks as intangible resources:

Website: <u>www.cervezasartesanasbm.com</u>

Instagram: www.instagram.com/@cervezabadum

Facebook: https://www.facebook.com/cervezabadum

Twitter: www.twitter.com/@cervezabadum

• Google+: https://plus.google.com/107897941804467276221



2.1.2.4. Marketing Resources

Product

The product is the fundamental element of marketing because it is what allows to satisfy the needs or desires of the clients. As I have previously mentioned, the company has as a main product the Premium beer that they make in their facilities since 2012, which differ from the others thanks to its six characteristics: Its malts, hops, selected yeasts, ripening, the aromas and finally the love, dedication and good work of their master brewers who work taking care of every manufacturing detail and that is reflected in the quality of the product, in the taste of each of the beers and in the design of the labeling and the bottles.

Currently the company has a unique range of products, which are the whole set of craft beers but within this there are two different lines, the first is named premium beers, with a depth of five products and the second line are the Premium Organic beers with a depth of four products.

These are the five classes of Premium beers (Figure 8):

- <u>La Lola:</u> This is the most light beer proposal. It is a kind of soft non-hopped barley beer with a cloudy straw-yellow colour and a matte touch, which has toasted aromas and a light flavour with little bitterness, soft and pleasant. Although it is a soft beer, its alcohol content is 5.6%.
- <u>Badúm Pilsen:</u> It's a straw-coloured beer with matt yellow highlights. It has an attractive and crystalline appearance with slow bubble effervescence. This beer is made with three types of malts and two noble hops. It contains 5,2% alcohol and its foam is durable and dense. Its golden colour, flavour and aromas of malt and citrus make it possible to enjoy it very well with grilled or barbecue beef and also with fish such as bluefin tuna or sushi.
- <u>Badúm Stout:</u> This is a black beer with a lot of body. It has a characteristic coffee flavours with touches of liquorice and a very dense foam with a colour of coffee with milk. Finally, it contains 6.5% alcohol.
- Badúm IPA: This is a toasted beer with a caramelized flavour of the cereal. It is bitter and very aromatic because it contains a high load of hops. This kind of beer with citrus and fruit touches is only suitable for daring consumers due to it contains 7.2% alcohol, the highest percentage of the entire product portfolio.
- Badúm with Benicarló designation of origin artichoke: It has a very crystalline aspect and with carbonation of small and slow bubble, also stands out for its



colour light copper with intense golden reflections. The vanilla-coloured foam is very dense and plentiful. It is made with four malts and two hops, also with proximity artichoke, which is Benicarló designation of origin; this makes it a very attractive product both for customers in the area and for foreigners who don't want to miss any details of the native products. It contains 5.5% alcohol and we can combine it very well with stews and rice dishes.

Bading the second secon

Figure 8: Premium Product portfolio

Source: Own elaboration

The second line of products is the Premium Organic beers, which was launched more recently.

In this company they are aware of the importance of the highest quality ingredients, moreover they start from a vision of search for sustainability and respect for the plant and this is reflected in their products.

The Premium organic beers are made without chemicals, respecting all natural processes during its production, using barley and wheat malts, hops, yeasts and other ingredients with certified organic certification that give a unique personality in the market.

The Premium organic beers that they offer are (Figure 9):

• <u>Stout ecological Badúm:</u> This variety is a type of high fermentation black beer, similar to the non-ecological Premium Badúm Stout class because it has an opaque black appearance, with some dark brown reflection and coffee-with-milk



foam. As a whole it is a medium-bodied beer with aromas and flavours of coffee and liquorice, that is, a very good option for daring palates due to it contains 5.5% alcohol. Finally, let's not forget that it also has the ecological certification accredited by the Organic Agriculture Committee of the Valencian Community.

- Ecological Pumpkin Ale Badúm: This beer has an intense amber colour with golden reflections and a cloudy appearance. It also has a thin but slow bubble; the foam is pearl white easily to create. On the other hand, it is made with German and Belgian malts, Hallertau hops and with home-grown pumpkin and cultivated in an ecological way. This Premium variety has the ecological certification accredited by the Committee of ecological agriculture of the Valencian Community and is designed for more daring palates because it contains 6.2% alcohol, in addition, perfectly accompanies desserts thanks to its spicy flavour.
- <u>Ecological Badúm:</u> It is very similar to Badúm Pilsen beer because it has a
 crystalline aspect and has a great presence of malt in its aroma with sweet
 touches that remind us of honey with floral notes. Unlike the other, this variety
 has 4.8% alcohol and has the ecological certification accredited by the Organic
 Agriculture Committee of the Valencian Community.
- Ecological wheat Badúm: It is a beer that is between a Weizen and a Dunkel Weizen with an orange amber colour, with white foam and big bubble typical of wheat beers. This kind of beer should be drunk young to enjoy its entire authentic flavour. It is made with three German malts and two hops that give it a cloudy appearance. It contains 5.5% alcohol and its aromas are very pleasant because it has a smell of banana and cloves. This beer has the ecological certification accredited by the Committee of organic agriculture of the Valencian Community and combines very well with fresh seafood and poultry.



BADÚN Organic beer

SHOUL BROUL BROU

Figure 9: Premium organic beers portfolio

Source: Website facebook.com/cervezabadum/

Each of the beers has a special labeling designed by the owners of the company, creating their own brand and a unique design that makes them different from other beers in the market because the main image of the brand is the Peñíscola castle, a historical monument that is well known and valued by the population.

Price

The price is the only variable of marketing mix that allows to generate income, for that reason it is also one of the most important marketing resources. In addition the price also allows:

- Launch promotions, offers or discounts.
- Establish a long-term economic value that gives coherence to the brand and customer loyalty.
- To have a powerful competitive instrument in front of the market.
- Give the customer the perception that the company wants to achieve with respect to the product, in this case it gives the perception of a quality gourmet product. This variable directly touches consumer psychology.
- It is one of the main conditioning factors of the purchase. So it can be a generator of a competitive advantage over competitors.

To establish the prices of their products, the company has taken into account mainly the direct and indirect costs that are generated to produce the product, on the other

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hand the marketing costs, the gross margins, the margins on sale and the expected benefit.

In addition, to establishing the price, the company is always observing the prices of its direct competitors and also the market and the demand for its products.

All this said, currently the company is following a pricing method based on costs and a single price strategy for all the products in which it has set a price of 2 euros for each of the beer bottles (0.33 litres). Although the cost of one kind of beer may be higher than the cost of another, they think it may be a good strategy to set the same price for all. This price can always change depending on the place of purchase due to each point of sale will have its own margins. So buying the product directly in the establishment of the company is an advantage because it is the place where we can find the lowest price.

Distribution

At the time of distributing the products, the company doesn't usually have any subcontracted company to make the deliveries; usually they are the ones who carry out the distribution personally.

The shops and stores carry out the orders through their web page or by telephone and they themselves are responsible for preparing the order and moving to the point where the customer is. Customers are also those who come to the establishment to make the purchase there. This distribution technique is carried out in this way whenever the orders are made by customers located in Peñíscola, Benicarló and Vinaroz.

Sometimes they also move to Castellón or any town in the interior of the region, and even move to Tortosa when the food chain "Bon Preu" makes a large order, due to these orders are made very sporadically.

Specifically, when there is a high tourist season and there is a lot of demand, the company makes the distribution through a transport agency whenever the place of purchase is farther than usual and they cannot take care of the transport themselves.

Also in these higher seasons of demand, they also hire an autonomous distributor that makes sales through the bars, restaurants and establishments in the area and takes a commission for each sale.

Currently the company has been able to deal with the distribution of this form, but there is increasing demand for their craft beers and for that reason they are thinking of implementing a new distribution strategy, in which they can have a delivery man



throughout the year and who can make sales personally taking a commission, this way they can better supply the market and can offer a better service.

As we can see, the company uses levels 0 and 1 of the distribution channels because as a manufacturer it sells directly to the final consumer or to a retailer to sell the products to the final consumer (Figure 10).

At the same time, it also follows an intensive distribution strategy, because it tries to be in as many points of sale as possible, although they aren't still very geographically expanded.

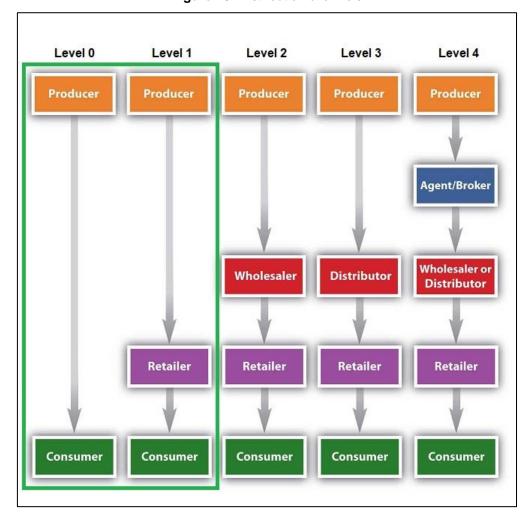


Figure 10: Distribution channels

Source: Own elaboration



Communication

The company has used different communication tools during his business career and they are as follows:

- Social Networks: They don't have very updated social networks but sometimes they use them to communicate about an event they are going to attend or a new product. Nowadays this is one of the most interesting tools because social marketing is growing at a very fast pace, for that reason the company is not taking full advantage of the opportunities it could offer them. As I mentioned before, the accounts they have on social networks are Facebook, Instagram, Twitter and Google+.
- Website: In the web page we can find a lot of information about the company
 and about the beers, in addition you can order to buy beers, but according to
 the owner they don't have it updated and this means that the clients aren't very
 well informed of all the products that they offer. Therefore, this is another
 communication tool that they use but is not fully exploited.
- <u>Posters:</u> The company distributes posters to bars and restaurants where beer can be consumed as an informative tool. These are hung on the doors of the premises so that everyone can know what those places are selling Badúm beer.
- Van: When they make events or there are gastronomic fairs, the owners of the
 company move to the place with the corporate van so that everyone knows
 them because it's a very striking communication tool, which when people see it
 come closer and they are more interested their beers.
- Gastronomic and bio-cultural fairs: Owners always go to food fairs to get to know each other and also to learn about new trends. Also to meet new competitors and potential allies.
- Merchandising Products: In the establishment we can find a wide variety of merchandising products, for example pens, mugs, pins, magnets, keyrings, beer openers, t-shirts and others. The prices and varieties are very varied and the sale of these products makes the brand of the company is reinforced and is present in many more places. On the other hand, recently they have elaborated three types of homemade jam, orange, pumpkin and artichoke with beer (Figure 11), which they elaborate with local products and their sale makes them more recognized in the town (its price is 4 euros).



Germelacia de Constante de Cons

Figure 11: Artichoke with beer and orange jam

Source: Own elaboration

2.1.2.6. R & D

In the company they don't generate new technological innovations; they only innovate in terms of the ingredients of the beers. Since the beginning of the business until now they have been developing new flavors, listening to the market and watching the competitors.

Whenever they go to gastronomic or biocultural fairs they learn about their environment and generate many new ideas to be able to implement them in their business, in this way they satisfy their clients at all times.

2.1.2.7. Corporate Social Responsibility

The beer industry has a strong commitment to society and the environment. For this reason, the company works to develop more sustainable processes and thus reduce its environmental footprint.

The company uses glass containers, due to this material is the one that best preserves the beer to sell it and can be recycled by consumers after its consumption.

On the other hand, it carries out actions of use and reuse of waste because most of the production remains generated are organic and are used by the farmers of the town to feed the animals or for agricultural use, these remains are for example the bagasse, the yeasts that can no longer be used and the malt powder.

In addition, the company seeks excellence and transparency when interacting with its suppliers, as they seek organic raw materials, which are toxic-free and are more responsible to the environment and society.

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Finally, its presence in biocultural fairs such as "Biocultura" (Barcelona) produces the promotion of the consumption of organic products and food, this make the healthy food market more and more.

2.1.3. Capabilities of the company

2.1.3.1. Distinctive Capabilities

This company has qualities that make it different from other companies in the beer industry mainly because it isn't a type of industrial beer, this is a craft beer, which their master brewers manufacture with love and passion, taking care of all the details, sustainable way, always respecting the environment and always listening to the end customer to satisfy their needs.

Within the craft beer industry, Badúm also has its own distinctive capabilities that make it different from the rest, these are:

- Their own brand and their logo.
- Production of beers in a sustainable way for the environment.
- Range of ecological beers.
- Manufacturing with local products and with denomination of origin (the artichoke of Benicarló).
- Experts master brewers with qualified studies.
- Family business that works with passion and love for their company.
- Both the facilities, the recipes, the manufacturing process and the machinery are their own.

2.1.3.2. Value Chain

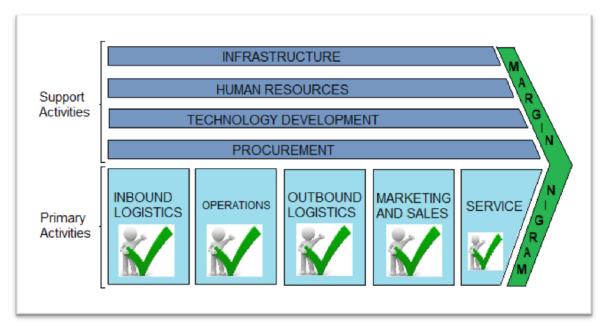
The value chain is a strategic analysis tool that helps us to identify the competitive advantages of the business and generate value for the final customer.

With this tool we analyse the different activities carried out by the company comparing them with those of the competition, thus giving information on the position in which the company can be found and the strategy that should be followed at the level of internal or external processes.

In this way, let's see what the company stands out in each of the activities of the value chain (Figure 12).



Figure 12: Value Chain



Source: Own elaboration

Support activities:

- <u>Infrastructure:</u> this company doesn't have clearly differentiated departments, since being a small and family company they do not need it. In spite of this, each of the employees has its own functions, such as administration, production, purchasing, sales, marketing and customer service.
- Human resources: In the same way as the previous section, this company
 doesn't have a specific department of human resources, since it is the members
 of a family that work in the company, for that reason they don't carry out
 selection and recruitment processes of employees.
- <u>Technology development:</u> This company is always updated in terms of the latest production developments in the market, although they always have a very traditional production process. It's for that reason that whenever they can innovate in their products by launching innovative products to the market.
- Procurement: One of the priorities of the company is to get the materials with the best possible quality, trying to be as local as possible and in a sustainable way for the planet. For this reason, the supply takes care of every last detail, keeping the goods in optimal conditions to achieve the highest quality of the products.



Primary activities:

- <u>Inbound logistics:</u> The search for high quality raw materials, loading and unloading in the warehouse, inventory of merchandise and storage are activities that the company takes care to always achieve the highest possible quality of its products, with prices that are affordable and that don't impact large expenses.
- Operations: The production phase of beer is the key to achieving products with high value for consumers, since it is always artisanal without chemicals and with natural products trying to make some of them native. They take care of every detail of the production process, respecting the processing and storage times. This primary activity is the most important of their competitive advantage because the way in which they make their products are unique and make a unique product in the market.
- Outbound logistics: The programming of orders with customers, production inventories, transport programming for the distribution of merchandise and downloads at points of sale are some of the activities that the company carries out and generate value for the final consumer. Good management of these phases are also key to the success of the company.
- Marketing and sales: The company is very aware of the importance of marketing for them, so each of the marketing activities they carry out generate a lot of value, since they make the company known and consequently generate a greater number of sales. Some of the marketing activities carried out are: the great activity in social networks, the sponsorship with their van, the advertising brochures in each of the bars where they sell their beer, presence in events and online sales.
- <u>Service</u>: Post-sale service is also one of the activities that the company doesn't neglect because they always give its customers an attention after making the sale. They keep track of the sensations your product has generated to each of the customers, change the defective products and give personalized attention to the most valuable customers.



2.2. External Analysis

2.2.1. Macroenvironment (PESTEL Analysis)

Through the PESTEL analysis we can detect which are the factors that influence or can indirectly influence the entire beer sector in Spain and consequently the company "Cervezas Artesanas Baix Maestrat, SL". So, below is the analysis of the generic environment that will help us detect which are the external forces that cannot be controlled by the company that currently affect the most.

2.2.1.1. Political Factors

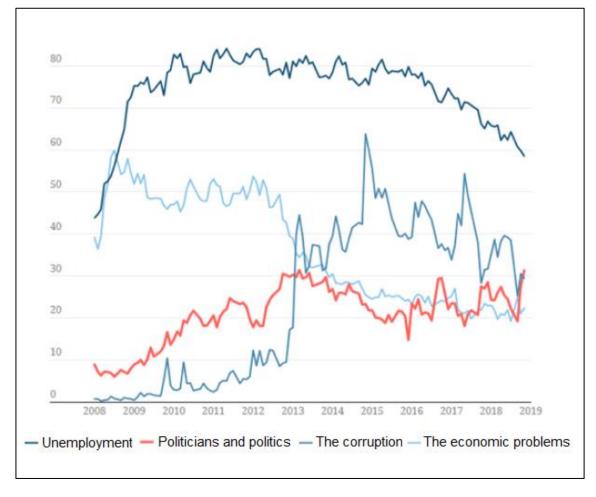
Since a few years ago, Spain has a lot of political instability; there are continuous cases of political corruption that are sometimes the only issues we can see on the news. This has caused a lot of distrust of the citizens towards the Spanish institutions giving rise to the creation of new political parties that have broken with the Spanish historical bipartisanship.

This distrust will be reflected in the upcoming municipal, regional and European elections that will be held in May.

Undoubtedly, what is currently marking the latest events in Spanish politics is the political crisis in Catalonia, the early elections of the government, the general budgets of the state, the last elections in Andalusia and the demands of the feminist movement, among others. These issues further aggravate the Spanish political situation and at the same time the trust in Spanish politicians.

So much is the distrust of Spanish politics that according to the CIS is the second issue that most worries the Spanish people (Graph 2), this is a very relevant circumstance that will have a lot of influence in the next electoral cycle due to this It had never happened before, even in the harshest years of the economic crisis.





Graph 2: Perception of the main problems for Spaniards

Source: Own elaboration Data: The CIS

On the other hand, it has always been said that the pre-election year is equal to one year of start-up of large projects; the mayors of the municipalities and the provinces try to gain the trust of the citizens at the last moment by working and promoting a myriad of improvements in their localities. This is a favourable aspect to highlight for the companies due to the mayor tries to attract tourists more than at other times, tries to maintain a cleanliness of the streets, shows up in the locality and ultimately tries to improve the state of the local business.

2.2.1.2. Economic Factors

Currently, our country is in an unfavourable situation. We are emerging from an economic crisis that has generated very difficult economic situations. The loss of purchasing power of society, the increase in inequality between the rich and the poor, or the government measures that try to improve the situation and that citizens don't

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like, are some of the factors that show that the crisis has hit hard to Spain. Although the situation is improving very slowly, we are still far from the economic stability of the country.

According to José Luis Feito, president of the Institute of Economic Studies, in 2019 the Spanish economy will enter a cycle of deceleration, this means that GDP will grow at a slower pace than in 2018, will go from 2.6% to 2.1%. Although it will be a growth higher than the average of the EU countries.

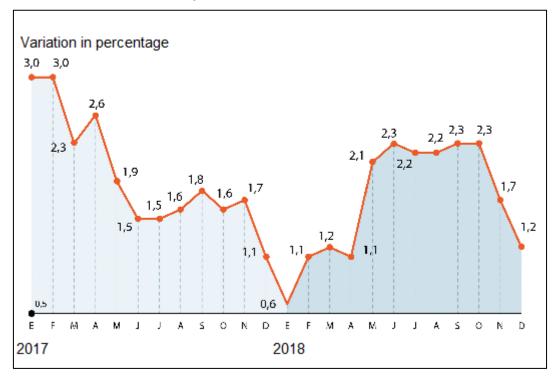
What is likely to be a risk for the growth of Spain in the medium term and therefore, may affect the street businesses, are the proposed measures for the General State Budgets for this year 2019 that include an increase in the public spending and indirect taxes.

In terms of employment, the Institute of Economic Studies tells us that employment growth will also slow down, although it will continue to grow by 1.9%, which will leave the unemployment rate at 14.2%. Studies show that employment will grow due to an increase in employment in the real estate and construction sectors.

Another important indicator to analyse is the Consumer Price Index (CPI) because it tells us what is the evolution of inflation in Spain, that is, what is the generalized and sustained increase in all goods and services.

According to the INE, the CPI closed 2018 at 1.2% (Graph 3), five tenths less than the year-on-year rate registered in November. This moderation in prices in December is due to the decrease in fuels, especially diesel and gasoline. The fact that 2018 closed at 1.2% means that the inflation rate was one tenth higher than at the end of 2017, which is 1.1%. In general, this can be a positive fact for businesses because if annual inflation has not been very high citizens don't tend to lock themselves in their homes and go out to consume more.





Graph 3: Annual evolution of the CPI

Source: Own elaboration Data: INE

Focusing on tourism, which is one of the factors that most move the economy of the country, we must say that this year we are on the right track. Although the country has a situation of instability, it doesn't have insecurity as it happens in the main tourist rivals such as Indonesia, Egypt and Tunisia, therefore, 2019 is presented as a good period for the holiday sector.

Peñíscola is one of the most touristic small towns in Spain and this year the Provincial Council will invest 1.7 million to boost the Peñíscola Castle as a "big tractor" of tourism. This is great news because it will increase the tourism of the population and thanks to it the economy of the population.

2.2.1.3. Sociocultural Factors

A key aspect in the study of macroenvironment is the sociocultural environment. In this section it is important to analyse elements such as educational level, demographics, migratory flows, culture and lifestyle that explain the behaviour of potential consumers and can be decisive in the demand for a product such as beer.

In recent years Spain has faced several challenges in relation to the welfare and lifestyle of its inhabitants. The average family income per capita fell during the





economic crisis and this was directly affected by the companies that were forced to close their businesses. Despite the recent rise in family income, employees have certain insecurities in the labor market.

According to the INE, the life expectancy of the Spaniards in 2019 is 80 years for men and 85 for women, which is the EU country with the highest life expectancy after Switzerland. However, Spain has a good performance comparing it with other OECD countries in the balance between personal and work life. Full-time employees declare to have one of the highest levels of free time, which they dedicate to leisure and personal care.

On the other hand, in comparison with other OECD countries, Spain shows different average results among the different welfare dimensions. Spain is weak with respect to employment and remuneration, for example, both the insecurity in the labour market and the long-term unemployment rate are among the highest in the OECD. It is also a negative factor for the country that only 58% of the adult working-age population have completed at least an upper secondary education, well below the OECD average (75%), and the skills of adults are also below the average (Graph 4).



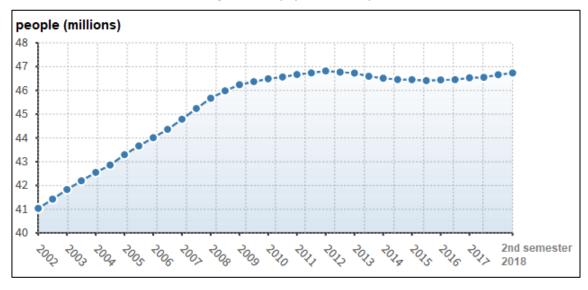
SUBJECTIVE **INCOME AND** WELL-BEING WEALTH PERSONAL Household SECURITY Life Household satisfaction income Feeling safe at night Employment Homicides* ENVIRONMENTAL JOBS AND Earnings QUALITY Air EARNINGS Labour insecurity* Water Job strain* Voter Long-term turnout CIVIC ENGAGEMENT AND GOVERNANCE government Rooms per person Social support Housing SOCIAL affordability CONNECTIONS HOUSING Cognitive Basic skills at 15 sanitation Adult skills Working Educational Time off EDUCATION Perceived Life health expectancy AND SKILLS WORK-LIFE BALANCE **HEALTH STATUS**

Graph 4: Spain's average level of current well-being: Comparative strengths and weaknesses

Source: oecd.org

The population of Spain increased by 74,591 people during the first half of the year 2018 and stood at 46,733,038 inhabitants, mainly due to the increase in foreigners, according to the latest figures published by the INE. Specifically, the increase of foreigners was 4,663,726 (Graph 5).





Graph 5: The population in Spain

Source: Own elaboration Data: INE

In the sociocultural factor we can highlight the social conscience for responsible consumption. Recently, the commitment to promote healthy and responsible consumption habits has increased. Road safety campaigns have also been launched to raise awareness about the negative effects of alcohol consumption on the road. This has been used by many companies to promote new beers without alcohol, which have been very successful and has caused Spain to be one of the largest producers of non-alcoholic beers.

An important aspect related to Spanish culture is gastronomy and the relationship of beer with a healthy diet. Beer is listed as one of the best food companions for its natural and refreshing content, which is why it is the best-selling drink in bars and restaurants.

Finally, a relevant aspect of Spain is the demand of consumers regarding the quality of beer, which has led to the multiplication of craft beer companies.

2.2.1.4. Technological Factors

The technological factors that affect the brewing industry are innovations in machinery or techniques, also the use of new processing of raw materials or materials, as well as the use of new information and communication technologies.

The technological advances that have been experienced in recent years are related to an improvement in the processes of brewing and control techniques, with the aim of reducing waste and improving water treatment.



In this section we can also mention the evolution of ICTs, which facilitates contact between suppliers, distributors and consumers and allows companies to approach customers through social networks and advertising campaigns, which the beer industry invests a large amount of money, due to marketing and advertising in the brewing industry has a great impact.

2.2.1.5. Ecological Factors

According to "Redsostal" (Network for Agri-Food Sustainability), the beer sector is a sector that brings a lot of value to the agri-food overview, which maintains a firm responsibility with its environment. Beer producers are committed to sustainability and contribute to the improvement of society by promoting responsible consumption and promoting systems and packaging that generate less waste.

In Spain there are entities that group beer producers to support each other and create even more value for a food that moves the economy of Spain. In these associations, respect for the environment is a priority issue that they continuously improve. Its objective is to minimize the environmental impact and to develop in a sustainable manner.

According to "Cerveceros de España" they work every day in a prevention policy, whose objectives to achieve are:

- The rationalization of energy and water consumption for brewing.
- The reduction of emissions to the environment.
- The reduction of the generation of waste derived from the process of the containers in which the product is marketed.
- The introduction of continuous improvements in packaging.

To achieve all these objectives they have written good practice manuals, in addition brewers have environmental reports of their own and others and are subjected to environmental audits voluntarily to demonstrate their responsibility to the environment.

With regard to waste prevention actions, "Cerveceros de España" actively participates in "ECOVIDRIO", an association that promotes and manages the recycling of glass packaging waste throughout Spain. The objective of this association is to be committed to the environment by reducing the volume and environmental impact of packaging waste. In addition, they also carry out citizen awareness campaigns to encourage recycling glass.

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According to Jacobo Olalla, general director of Brewers, the beer industry recovers 80% of the containers through recycling, which are leaders in the sector. Moreover, each year they strive to reduce the water consumption ratio for brewing. They not only worry about packaging and saving water, they also increasingly try to use renewable energy and reduce CO2 emissions.

Furthermore, solid matter for animal feed and biogas is obtained in the brewing process. To give us a slight idea, in 2014 the sector produced more than 530,000 tons of solid material and more than 8 million cubic meters of biogas; that is the equivalent to natural gas consumed by almost 12,000 Spanish households in a year.

In this section, it is not only important to mention the responsibility towards the environment that brewers have in Spain, it is also important to add that Spanish brewers assume the commitment to promote the responsible consumption of beer while maintaining the guidelines of our Mediterranean culture. In this way, cases of abusive alcohol consumption are avoided and moderate consumption is encouraged.

Due to the awareness of the demands that are increasingly greater, beer producers increasingly innovate and launch new varieties of beer to meet the existing demand. The awareness is so high that Spain is a leader in the production and consumption of beer without alcohol and every time we can find more beers without gluten.

2.2.1.6. Legal Factors

To analyse this variable we will take into account certain legislation in force in Spain that according to "Cerveceros de España" affect the beer industry sector and which are the most relevant.

Regulations applicable to beer in terms of product (Quality standard)

Beer is currently regulated by Royal Decree 678/2016, of December 16 of the Ministry of the Presidency and for Territorial Administrations, which was recently renewed as it entered into force on December 18, 2016. This Royal Decree updated the basic quality regulations for the production and marketing of beer and malt beverages, due to the development of technological innovations, the evolution of markets and the modification of consumer expectations.

Regulations regarding beer packaging

The packaging is regulated by Royal Decree 1801/2008, of November 3, which establishes standards for the nominal quantities for packaged products and the control

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of their effective content and by Royal Decree 703/1988, of 1 July, where the characteristics of the bottles used as measuring vessels are approved.

Regarding the packaging we also have the standard that regulates these containers when they become waste, which is found in the Law 11/1997, of April 24, Packaging and Waste Containers and its regulations, Royal Decree 782/1998, of April 30.

In this section, it is important to mention that "Cerveceros de España" is one of the founding members of the Integrated Management System ECOVIDRIO, the non-profit entity in charge of managing the recycling of all glass packaging waste in Spain.

Regulations applicable to beer labeling

Regulation (EU) No. 1169/2011 of October 25, 2011 on food information provided to consumers establishes the general principles, requirements and responsibilities that govern food information and, in particular, the labeling of food. In addition, beer is not only subject to the provisions of this Regulation, but also has the particularities that are established in its own Quality Standard.

Regulations on excise taxes on beer

In addition to the general VAT of 21%, a series of excise taxes are applied to beer according to the tax rates in force since September 17, 2005. These depend on the volumetric alcoholic degree purchased and the grade Plato (measures the density of the must or beer, which determines the degree of alcohol it contains):

- Alcohol content between 0% and 1.2%: 0 euros per hectolitre.
- Alcohol content between 1.2% and 2.8%: 2.75 euros per hectolitre.
- Alcoholic degree higher than 2.8% and Plato degree lower than 11: 7.48 euros per hectolitre.
- Plato degree between 11 and 15: 9.96 euros per hectolitre.
- Plato degree between 15 and 19: 13.56 euros per hectolitre.
- Plato degree higher than 19: 0.91 euros per hectolitre.

The regulations on these special taxes can be found in Law 38/1992, of December 28.

In addition, Royal Decree 1165/1995, of July 7, establishes the detailed conditions of application of the Law in the form of a Regulation.



Environmental regulations (IPPC)

Regarding environmental regulations, the brewing industry is subject to compliance with Law 16/2002, of July 1, on integrated pollution prevention and control (BOE n^o 157, of July 2, 2002).

In addition to these regulations, there is a Guide to Best Available Techniques in the Spanish beer sector created by the Ministry of the Environment and "Cerveceros de España" where the AINIA Technology Centre was available for its drafting.

Regulations on safety and hygiene

The regulations on safety and hygiene are found in EU Regulation No. 178/2002, of the European Parliament and the Council, of January 28, 2002, which is directly applicable without the need for transposition to our national legislation.

It is also applies from January 1, 2006, the EU Regulation No. 852/2004, of the European Parliament and Council, of April 29, 2004, on the hygiene of food products.

In spite of not having a national regulation, Spain has its own manual that serves as a guide for the elaboration of beers that is called "Guide for the application of the system of analysis of hazards and critical control points in the Spanish beer sector", which is approved by the Ministry of Health and Consumption.

In "Graph 6" we can see reflected the influence of the macroenvironment in the brewing industry and we can see that the political variable is the most negative, that is, the one that harms the sector the most.



Graph 6: Influence of macroenvironment in the beer sector

Factors/ Valuation	VN	N	R	Р	VP
POLITICAL					
The trust					
Elections					
ECONOMIC			-		
GDP					
Employment					
CPI					
Tourism					
SOCIOCULTURAL	4				
The Life expectancy					
Personal-Work life					
Labour market					
Education					
The social conscience					
Gastronomy	65				
TECHNOLOGICAL					
Technological Advances					
ICTs	65				
ECOLOGICAL					
Ecological awareness					
LEGAL					
Regulations					
Guides					

Source: Own elaboration

2.2.2. Microenvironment

In order to analyse the microenvironment, the model of Porter's five competitive forces has been used, which unlike the macroenvironment, these aspects are directly related to the company and the Spanish beer sector and therefore, influence daily operations, results and are easily controllable. This analysis will help us to formulate better business strategies to take advantage of market opportunities and address existing threats.

2.2.2.1. Bargaining power of customers

According to the bargaining power of customers in the craft beer sector, the company will see the price of its products affected, because they will be forced to lower the sales price if there is a large variety of substitute products, instead, if they have very little competition in the market for substitute products they can afford to raise their price.

Craft beer customers are constantly growing; they are quality claimants and hardly prefer substitute products. For this reason, the bargaining power of craft beer

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customers is not very high because they know that it is a quality product that doesn't have too much competition in terms of substitute products and as a consequence its higher price is justified.

In addition, Badúm craft beer is unique in the market; therefore the customers of this beer are very loyal and know that they can't negotiate prices too much.

2.2.2. Bargaining power of suppliers

The main suppliers of the beer sector are from the agriculture sector, which supplies almost all the necessary ingredients for brewing such as hops and barley malt. The other suppliers from different sectors provide diverse services such as bottling, labeling, transportation, etc.

One of the most important factors that must be taken into account to analyze the power of suppliers is the concentration of supply, that means, if there are few suppliers that dominate the market. In the case of suppliers of barley malt, almost all the production in Spain is carried out by the grouping of companies of the association "Malteros de España", there are very few suppliers for the large amount of beer produced in the country. In addition, these few suppliers are exclusive suppliers to the large brewing industries, for this reason the craft beer companies have to buy barley, hops and wheat abroad. This supposes a dominion of the market that can give much power over the buyers of these ingredients; therefore, the degree of concentration is high. This also increases costs and is an important entry barrier for competitors.

In the case of other raw materials such as water, pumpkin or artichoke, there isn't a high bargaining power of the suppliers because there is a lot of supply and the prices aren't so high because they are local products.

On the other hand, in the sectors of labeling, bottling and transport there isn't concentration of supply because there are many possibilities of choice, for that reason power over buyers is low.

Another factor that must be taken into account is the cost of change, which means, the costs or risks involved in changing from one supplier to another must be evaluated. If the costs are high, dependency of the supplier is generated, which will make the buyer weaker in terms of negotiations.

In this case, there is a certain degree of power from the suppliers of malt, hops or wheat because these suppliers dominate the market and also ensure the origin and

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quality of the raw materials and ingredients they supply to the brewers, therefore, the price of changing suppliers supposes not having this security on the materials supplied.

In general, regarding the bargaining power of the suppliers, it can be said that the sector has a low attraction because the suppliers of the main ingredients necessary for brewing have a high power over the brewing companies and can influence the negotiations.

2.2.2.3. Threat of new entrants

These types of threats can depend on the entry barriers that the craft beer sector may have. There are 6 types of barriers to entry: the economy of scales, differentiation, the capital requirement, access to distribution channels and the advantages of independent costs.

In this case, we can say that craft breweries don't take advantage of economies of scale as large industrial brewers do because they are smaller companies, therefore, we have this entry barrier.

Differentiation is very important in this sector, each craft beer is very different from the others and each company gives it a distinctive sign that produces a high barrier to entry.

As for the capital requirement, it is a very high barrier because to create a craft beer company, a lot of capital is required to buy all the necessary machinery and also the know-how of a brewer.

The distribution channels are easily accessible to all companies that want to enter within this sector, for this reason this isn't a barrier that prevents the entry of new competitors.

Finally, the costs to produce beer is the most important barrier that prevents the entry of a large number of competitors because Spanish craft brewers have to buy their main raw materials abroad and that makes production difficult and consequently increases costs.

In general, the threat of new competitors is quite high, in addition the demand for craft beer is increasing and this makes the threat of new competitors also increasing.



2.2.2.4. Threat of substitute products

Companies start to have serious problems when many cheaper or better quality substitute products start appearing. This causes the company to have to lower prices and as a result lower revenues.

In the case of the beer sector, the main substitute is wine because is a product that can be consumed with the same conditions as beer, in addition, consumers can have a very similar appreciation because it is manufactured naturally. Other substitutes could be all kinds of refreshing drinks such as cola, lemon, orange, isotonic, etc.

If we focus on the analysis of wine as the main substitute for beer we must consider a relevant aspect: the price-quality ratio.

Although beer can be considered a cheaper drink than wine, the latter is appreciated by certain market segments as a higher quality beverage. For that reason, wine can be a threat to beer. Other aspects to consider would be the moments of the day, times of the year or cultures that alter the wishes of consumers and cause the consumer to prefer one drink or another depending on the situation.

2.2.2.5. Rivalry between competitors

In this section we can differentiate between the two strategic groups that exist in the beer industry: the large breweries and small craft breweries.

In the first strategic group there are several entry barriers, which limit the entry of new competitors so the threat is low and competitive rivalry will be between the companies of that same group.

However, in the strategic group of craft beer, the barriers are lower and therefore the entry of new competitors is a real threat. In addition, there are some factors that directly affect the degree of competitive rivalry of the sector:

- Balance between rivals. The competition between the two strategic groups is relatively low because small craft beer companies aren't going to challenge the large industrial beer companies that dominate the market.
- Industry growth rate. The beer industry is growing at an accelerated pace in recent years and in this growth situation the competition is decreasing. A contrary situation would cause a price struggle and low performance.
- High fixed costs. The costs derived from investments in capital equipment are high due to the need for specific machinery for brewing beer. This causes the



large breweries to try to reduce these unit costs by increasing the volume of production as a result of lower prices. This drop in prices causes a price war and intensifies the rivalry.

• Mobility barriers. The barriers that large brewing companies might have to move to the group of craft brewers are scarce because they are currently opting for the merger or purchase of craft brewers to diversify their products. However, in the opposite case, there are greater mobility difficulties because a craft brewery would need a large financial capacity to move to the group in which the large industrial breweries are located.

"Figure 13" shows the influence of the five competitive forces of Porter in "Cervezas Artesanas Baix Maestrat". It can be proven that the force that most negatively affects is the threat of new entrants and the one that less affects is the bargaining power of customers.

Rivalry between competitors

Bargaining power of customers

Bargaining power of suppliers

Threat of substitute products

Threat of new entrants

Figure 13: Influence of Porter's five forces in "Cervezas Artesanas Baix Maestrat"

Source: Own elaboration



2.2.3. Competitive Analysis

2.2.3.1. Levels of competence

Competence in product form

Competitors that the company has in the form of product are the companies that produce craft beer located in the Valencian Community, these are: "Castelló Beer Factory", "Tyris", "La Socarrada", "Montmirà", "Birra & Blues", "ZetaBeer", "Cannabeer", "Abadía" and "La Cabra".

Competence in product category

Competitors that it has in the category of products are all those products with the same attributes but with different presence of them, that means, beers that are commercialized in our geographic area of competence, for that reason, it can be included all those big companies of industrial beers that sell in Spain. The most important are: "Heineken Spain", "Mahou San Miguel", "Damm", "La Zaragozana", "Hijos de Rivera" and "La Compañía cervecera de canarias".

Generic competence

The generic competence is one that includes all the beverages that satisfy the same needs as the Badúm craft beer, for example: wine, soft drinks, tea, isotonic drink, liquor, coffee and water.

Competence at the budget level

The competence that there is at the budget level is very broad, because with a similar budget which you could buy a Badúm craft beer you can choose to consume other things, for example, a snack, an ice cream, a few games at the table football, make some bets or go to the cinema.

"Figure 14" shows the different levels of competence that the company has and each of the examples mentioned above.



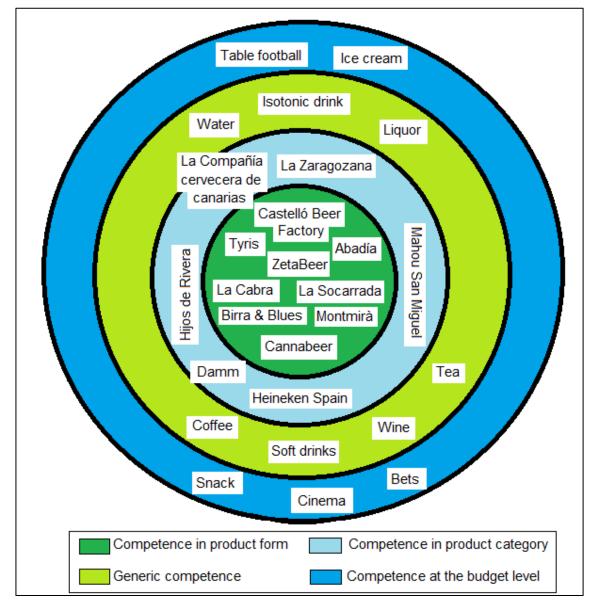


Figure 14: Levels of competence

Source: Own elaboration

2.2.3.2. Main Competitors

The main competitors of the company are the craft beer companies that produce and distribute in the Valencian Community, that means, competence in product form. Currently the main competitors, and therefore, the strongest rivals are:

• <u>Tyris</u>: This craft brewery was the first in the city of Valencia, for that reason it is the most recognized brand in the area. It has an annual production of 300,000 litres which they produce in Ribarroja del Turia. This large amount of production



is a great strength of this company because it is one of the companies that has more production tripling the production of Badúm Beer.

Tyris has its own bar in Valencia (Tyris on tap) where it can be tasted the ten types of beer they produce which have an average price of €2.5. It also distributes its products in more than 120 points of sale, figures that are much higher than those of Badúm Beer, both in a variety of products and in places where they can be found.

Another of its strengths is that it offers courses to teach everyone who wants to make their own beer and advisory services for those who have already launched their microbrewery. In addition, they also produce beer that is then sold by other handcrafted brands.

This brewery is promoted through its social networks like Instagram, Facebook or Twitter. It also has a very active web page where all its information appears and you can buy any of its products, in addition, their products can be purchased in many websites because it is a well-known beer in many places.

On the other hand, in terms of communication, this brewery goes to food fairs to get known and is present in many internet blogs and newspapers promoting their products and their establishment.

Finally, one of its biggest weaknesses compared to Badúm beers are its prices, because they are higher in all its beer varieties.

• <u>La Socarrada</u>: It is located in Xàtiva, it is differentiated by the use of rosemary and rosemary honey. Currently this brand has a leading position in the Spanish craft brewing market because it has an annual production of over 2,000,000 bottles, approximately 660,000 litres per year.

One of the main strengths of the Socarrada is its high degree of internationalization; they have been able to expand and get the marketing of their beer to 21 countries (including the US, China, Germany and Argentina). In addition to internationalization as a differential factor of the company is also the only Spanish craft brewer that has a production plant outside of Spain; specifically in Buenos Aires (Argentina). It has also been awarded the ITQi prize and is considered the best beer in the world.

Another important strength of this company is that it has managed to introduce its products in department stores such as "El Corte Inglés" (Gourmet Section) or "Carrefour". It should also be noted that their beers have been awarded several



prizes in international competitions in Belgium, Scotland, USA and South America.

In terms of marketing tools, it has very updated social networks and its website, which it promotes its products, as well as obtaining international awards it has managed to enter international markets very easily. On the other hand, this has also allowed them to be present in many internet blogs, in the news and in posters of many bars. It is also important to add that he attends gastronomic fairs, both national and international.

The weak points of Socarrada are that its products have one of the highest prices in the market (average price of €2.75) and they also only produce 3 different types of beers.

• Montmirà Beer: Montmirà beer is the first craft beer produced in the province of Castellón, is located in l'Alcora and produces around 30,000 litres of beer annually, this is a weakness if we compare its production with Beer Badúm because It is three times smaller. Since they started in 2009, they have been committed to making a product differentiated from the others by providing nuances of flavour typical of the area to which they belong. Although it is a beer that is only sold in the bars of some towns of Castellón, it has been distributed in the gourmet section of the "El Corte Inglés" and currently, they have 5 types of beer which have an average price of €2.19.

Its main marketing tools for the communication of its brand, it has its website, where you can find all the information about Montmirà Beer, it also has a fairly updated news section. Whenever they have the opportunity, they go to any event near their town, such as the parties of l'Alcora, biker gatherings, gastronomic fairs, etc. In this way they promote their products to the entire population near their town. In addition this company is also in charge to organize all kinds of events such as tastings and is a good way to grow their business.

La Cabra: was born in Villarreal in 2014. It was created by a pharmacist and an economics student. It works as a small brand without its own factory. They rent the facilities to others brewers and this allows them to make their own recipes, making 2 types of beers, which they sell at an average price of €2.45. Its maximum recognition was to elaborate a beer that was awarded as the best Spanish pale ale beer in the World Beer Awards.



This brewery still doesn't have many communication tools, we don't have information on all the marketing actions it carries out, although we can say that they are in some blogs on the Internet and on Facebook.

• <u>Castelló Beer Factory:</u> This brewery created by three beer friends is located in Castellón de la plana. They have a factory and a bar where it can be tasted their 5 varieties of beers with traditional flavours, as Badúm beers, the average price of their products is €2 and have an annual production of approximately 34,000 litres, this is a much smaller amount than the rest of competitors, therefore it is a weakness.

This brewery has a lot of communication tools. It has a very updated website and its social networks such as Facebook, Instagram and Twitter. It also attends many food fairs, advertises his products in many bars in his town with brochures and posters and has many merchandising items such as T-shirts, pins, magnets, etc.

• <u>Abadía:</u> it was founded in 2008 in the Benicalap neighborhood in Valencia and in 2012 it moved their manufacturing to La Pobla de Vallbona. It has always kept the original recipe of the three varieties of Spanish Abbey with a personal touch (Pale Ale, Lager and 7 malts). Among the varieties of Abadía Española, the most successful among consumers is undoubtedly their Pale Ale. Its products have an average price of €2.35.

This brewery has a website and social networks updated, which it promotes its products and where you can buy its products directly. It has recently renewed the labeling of all his products to give him an innovative touch. He also attends many food fairs, is in many internet blogs and has some merchandising items such as T-shirts.

• <u>Cannabeer:</u> Possibly the most surprising craft beer because it is produced with hemp; its flavour is fruity and has been twice awarded the national prize for best product with hemp. For their production, hemp seeds are added to the barley and together they are the whole process of brewing, for that reason they are recognized as the first to introduce hemp seeds to the process of elaboration from the beginning. They produce two types of varieties and have a price of €2.50.

This brewery takes great care of its image and for that reason has a very striking and innovative website. He also has Facebook and Instagram where they have updated any information of the company. They carry out a lot of



marketing actions, such as raffles, promotions, discounts, etc. They also have merchandising items, they have leaflets and posters in many bars and they are in many internet blogs.

 Zeta Beer: was born in the Polytechnic University of Valencia in 2001 but the factory is located in Alboraya (Valencia). It has four types of beer which have an average price of €3 and produces 80,000 litres of beer annually.

All the facilities have been designed by the founders of the company except the German design machinery. These facilities stand out for their sophisticated process and quality standards producing both 100% natural high fermentation beers (Ale type) and low fermentation beers (Lager type).

This is an ideal beer to consume in barrel, which already is in more than ten bars and restaurants that offer it in the city of Valencia. It is a great reference and a great competition for Badúm beer because is not only in the Valencian Community, also it is expanding its market to other cities such as Madrid.

This brewery has updated its social networks and a very innovative website where you can see all the information of the company, the places where its products are sold and all the news related to the activities that it carries out.

They are in many internet blogs and they go to the radio to promote their products, they also go to events in their city and make themselves known through posters.

Finally, their biggest weakness is their prices because they aren't only above the Badúm beers, they are also the most expensive of all the competitors. Its production level is also a weakness because it is below most of the main competitors.

<u>Birra & Blues:</u> this beer was born different from the others, it wasn't created by people who made beer in their homes. It started to be produced in Italy, in a bar where they mixed Italian food with blues. When they came to Spain, they set up a bar in Alboraya, on the shore of the beach, but it was in Italy where the microbreweries became interested and started making craft beer.

Currently, this company has an Italian restaurant on the beach of Patacona (Alboraya) and a small shop in the centre of Valencia. Both are quite frequented and people taste their good food and their beer, therefore it is a very important strength. Another peculiarity is that blues music is associated in their premises while they drink their beer.





The marketing actions are mainly focused on their restaurant, so they have a website where you can find all the information of their services and products. Due to they have a fairly exclusive sale of their beers, they don't promote their products around the city with posters like other breweries do. This brewery has quite weak marketing actions.

The factory is in Massanasa and currently has an annual production of 100,000 litres and 13 varieties of beers which have an average price of €2.4.

"Table 2" shows a summary of the competitor's analysis, in which we can quickly observe the difference in prices, the amount of annual production, the variety of products and the level of distribution.



Table 2: Analysis of competitors

Brand	Average price	Annual production	Variety of products	Distribution	Communication
Tyris TYRIS CRAFT & CREATIVE Beers	€2.50	300,000 L	10 types	More than 120 points of sale	Social networks, website, food fairs, internet blogs and newspapers.
La Socarrada LA SOCARRADA CERVESA ARTESANAL PREMIUM	€2.75	660,000 L	3 types	Highly internationalised, "El Corte Inglés" and "Carrefour".	Social networks, website, International and national food fairs, posters, awards, internet blogs and news.
Montmirá Beer	€2.19	30,000 L	5 types	Little distribution "El Corte Inglés"	Website, tastings, events and local parties.
La Cabra LACABRA	€2.45	No data	2 types	Little distribution	Internet blogs and Facebook.
Castelló Beer Factory	€2.00	34,000 L	5 types	Little distribution	Website, social networks, food fairs, brochures, posters and merchandising.





Castelló Beer Factory					
Abadía A B A D Í A E S P A Ñ O L A & ② ② ⊗	€2.35	No data	3 types	Little distribution	Website, social networks, merchandising, new labeling, food fairs and internet blogs.
Cannabeer	€2.50	No data	2 types	Little distribution	Website, social networks, merchandising, internet blogs, raffles, discounts, merchandising, posters and internet blogs.
Zeta Beer	€3.00	80,000 L	4 types	A lot of distribution in Valencia and Madrid	Website, social networks, internet blogs, events, radio and posters.
Birra&Blues	€2,40	100,000 L	13 types	International distribution	Website

Source: Own elaboration



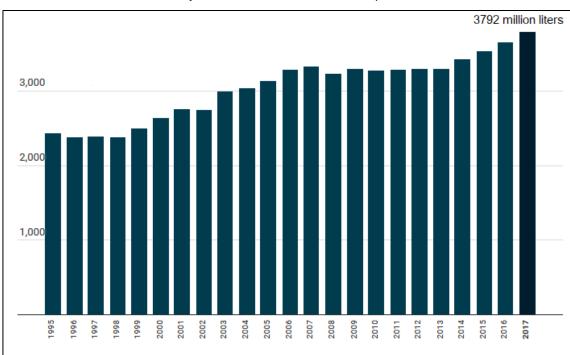
2.3. Market Analysis

During the last economic crisis the Spanish beer sector was very negatively affected but since 2012 this sector is experiencing a few years of constant growth. Fortunately, the effects of the recovery are affecting in all senses because the indicators of consumption figures, sales figures, production figures and export indicators are experiencing increases year after year.

Consumption

According to the data of the Tax Agency, alcohol consumption in Spain has reached historical data in 2017.

These data are shown in "Graph 7", in which we can see how beer consumption has been growing since 2012, reaching the 3,792 million liters of beer consumed. In total, the growth compared to the previous year was 3.9%, which was the highest level ever recorded in Spain.



Graph 7: Evolution of beer consumption

Source: Own elaboration Data: tax agency

According to the Tax Agency, the growth of beer consumption has increased at an accelerated pace in 2018, for that reason 2018 will beat all records. It is already known

Marketing plan



that the first semester increased purchases by 6.4% compared to the same period of the previous year.

Much of these good results are thanks to Spanish tourism due to most foreign tourists who visit our country consume beer during their stays. It is also thanks to the contribution of the beer sector to sports and the promotion of a healthy life because many beer companies dedicate a lot of money to sports sponsorships and cultural interest, contributing to the promotion of teams and sports clubs. On the other hand, we can't forget that another very important factor that contributes to the increase in beer consumption is the favorable weather of the country, the consolidation of the economic recovery and the consequent improvement of fiscal stability.

<u>Sales</u>

According to "Cerveceros de España", beer companies sold 35.7 million hectoliters of beer in 2017, 3.8% more than the previous year. This growth is in line with the growth in the number of tourists visiting our country.

Hospitality is the main channel for beer consumption in Spain, which has grown sales by 4.3% reaching 19,840,132 hectoliters in 2017. Home is the second sales channel, which also experiences a growth of 3.1% reaching 15,858,091 hectoliters.

If we make a distinction of the sales by geographic zones, according to the "Figure 15" facilitated by "Cerveceros de España" we can see that the areas of Andalusia, the south of Extremadura, Ceuta and Melilla are those that more sales of beer register representing a 23.7% of the total sales of Spain in 2017. The most important factor that causes these good results in these areas are the large amount of tourism and climate.

After these areas, the ones that sell the most in Spain are the center of the peninsula, the northeast of the peninsula and the Balearic Islands.



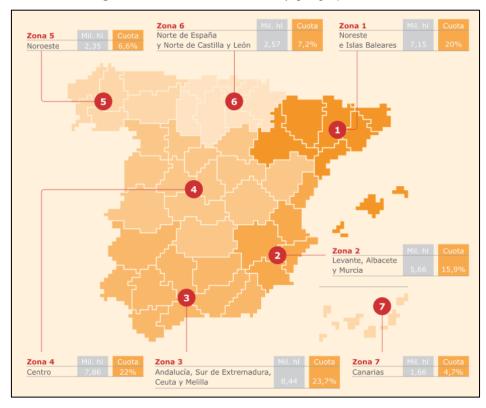


Figure 15: Distribution of sales by geographical area

Source: cerveceros.org

Production

According to "Cerveceros de España", beer production in Spain grew by 3.2% in 2017, producing a total of 37.6 million hectoliters of beer (Graph 8).



Graph 8: Evolution of production in Spain (hl)

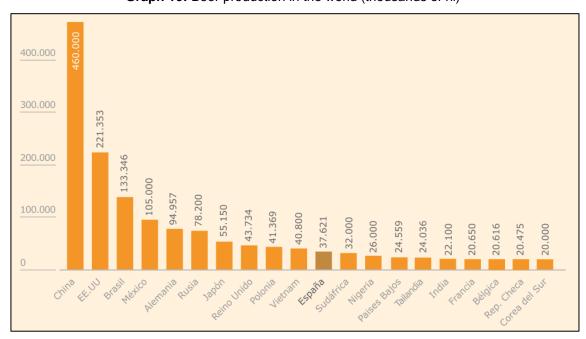
Source: cerveceros.org



On the other hand, Spain is fourth in terms of beer production in Europe, behind Germany, the United Kingdom and Poland (Graph 9), although it is the eleventh worldwide (Graph 10).

Graph 9: Beer production in Europe (thousands of hl)

Source: cerveceros.org



Graph 10: Beer production in the world (thousands of hl)

Source: cerveceros.org



Foreign trade

The latest data we have on exports provided by "Brewers of Spain" are from 2017 and tell us that 2.9 million hectoliters of beer were exported; therefore, this is an increase of more than 240% in the last decade.

These data reflect that the Spanish beer sector has a very good international image and is reinforced thanks to foreign tourists who consume beer.

According to "Cerveceros de España", the countries where Spanish beer was most exported were Portugal, China, the United Kingdom and Ireland. Among these countries, China stands out because in the last seven years the growth of exports has multiplied by more than 300, this is because in this country there is a lot of demand for traditional and local products such as beer, wine, ham, etc.

On the other hand, 4.8 million hectoliters of beer were imported, this is an increase of 4.4% over the previous year. The main countries we import are France, the Netherlands, Germany and Portugal.

3. SWOT ANALYSIS

Strengths

- Relatively mature company: It is a company created in 2012, for this reason we
 can say that it isn't a company that has just been set up, for that reason it is a
 strong business.
- Differentiated products: they manufacture a type of Premium beer that differs from the others thanks to its natural production process, which doesn't have industrial processes.
- Ecological and native products: some of their products are harvested in the area where the company is, that makes it a strength because few companies get this distinctive sign, in addition the ecological products make them more respectful of the environment and differentiate still more from others.
- Qualified workers: the worker who is in charge of manufacturing craft beers is a highly qualified professional, a brewing master, who knows the craft firsthand.
- Brand: the brand of the company is easily recognizable because they use the Peñíscola castle as an image and this fact makes the population value and recognize them.
- Low costs of the native raw material: thanks to the fact that some of its raw material is of proximity, the acquisition costs are lower.

Marketing plan



- Location: The area where the company is located is a very touristy, where in high seasons the income increases a lot.
- Van: The van they use as a marketing and communication tool makes them stand out from their competitors.
- High amount of merchandising products: the high amount of merchandising products that the company has available to customers is a strength that makes it much easier to promote its brand.

Weaknesses

- Distribution: They don't have a fixed distribution service, this sometimes hinders some shipments of products, especially when they have large volume or long distance orders. The shipments that have to be made through delivery agencies are an excessive cost.
- High costs of imported raw material: some raw material has high acquisition costs because it is purchased outside of Spain.
- Outdated Social Networks: the content if its social networks isn't very up to date, this causes the loss of many potential clients.
- Outdated website: the information contained in its website isn't updated; therefore, the company doesn't have well-informed potential customers of the products they offer.
- The company doesn't produce gluten-free and non-alcoholic beers: The consumption of gluten-free beer is increasing year after year and this company cannot meet the needs of the market segment that demands it.

Opportunities

- Attraction of tourist thanks to the pre-election year: the mayors of the towns and the provinces try to gain the trust of the citizens at the last moment by working and promoting a myriad of improvements in their localities to attract tourists.
- Safe country for tourists: 2019 is presented as a good period for the holiday sector.
- Spain is considered a country with a high social conscience for responsible and healthy consumption: this is a great opportunity for producers of non-alcoholic and gluten-free beers. Also for producers of craft beer because it is considered one of the best companions of the food for its natural and refreshing content.



Threats

- Distrust of the population: the society distrusts of the politicians due to the last Spanish economic crisis, this produces that the population has a high concern and that affects in the expense in leisure of the families.
- Spanish economic situation not favorable: the latest Spanish economic crisis has generated very difficult economic situations.
- Threat of new competitors: the increase in the consumption of artisanal beer makes the craft beer sector attractive for new competitors.

"Table 3" shows a summary of the SWOT analysis.

Table 3: SWOT Analysis

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Strengths	Weaknesses
 Relatively mature company. Differentiated products. Ecological and native products. Qualified workers. Brand. Low costs of the native raw material. Location. Van. High amount of merchandising products. 	 Distribution. High costs of imported raw material. Outdated Social Networks. Outdated website. The company doesn't produce gluten-free and non-alcoholic beers.
Opportunities	Threats
 Attraction of tourist thanks to the pre-election year. Safe country for tourists. Spain is considered a country with a high social conscience for responsible and healthy consumption. 	 Distrust of the population. Spanish economic situation not favorable. Threat of new competitors.



4. MARKET SEGMENTATION

According to a report by "Punto de Fuga" for "La Sagra", the growth of craft beer production has allowed the beer industry to attract an audience that until now wasn't a habitual beer consumer. Nowadays the target is more adult; 62% of craft beer consumers are between 25 and 44 years old, the rest are industrial beer consumers. The consumers of craft beer claim to have a more leisurely consumption trend focused on tasting and in moments shared with friends and in a more mature way.

In the study, 69% of respondents, taste was the main motivation when they choose a craft beer, followed by quality by 49% of the respondents and naturalness by 43%. Qualities such as small production (35%) or indigenous links (26%) are no longer a matter of choice and are no longer a decisive factor as it was a few years ago.

On the other hand, according to the sentence which they felt most identified, respondents answered: "I drink craft beer in the same areas as ordinary beer" (65%); "I like to drink it at home, quietly" (65%); "I look for establishments where they serve craft beer" (56%); "They have it in the bars I go to" (53%); "It's my choice on special occasions" (43%); "I only take it at the beginning" (34%); "I usually drink it to accompany the food" (26%).

Regarding the different groups of market segmentation that consume beer, whether handmade or industrial, we can differentiate three types, and therefore Badúm beer can address them. To differentiate them, they take into account aspects such as age, level of income, the needs they want to satisfy, knowledge in beer, if they are students, workers or unemployed, frequency of consumption, sensitivity to price and loyalty. The three groups of market segments that can be differentiated are the following:

Expert

Men and women between 30 and 45 years old who are workers and the majority with high purchasing power. They are willing to experience new and innovative products to know the latest world trends. They know how to distinguish between a craft beer and an industrial one, and they are able to return to a certain bar to consume a beer that they liked. They begin to worry about their health and physical condition, for that reason they look for high quality in the products they consume and are more willing to pay. They consume mainly in bars and restaurants influenced by their friends and recommendations. About alcoholic beverages, they prefer to be Premium because they mainly seek quality and always focus on strong flavors and with higher degrees of



alcohol, such as vodka or whiskey, but beer still occupies an important place in their preferences for the daily consumption.

Fans

Younger men and women between 20 and 40 years old who are students and workers with a middle level purchasing power. They consume less frequently than the "Experts", in addition the knowledge in beer are also minor, for that reason most consume both craft and industrial beers, although they value craft beers for their high quality. When they consume beer they are influenced, mainly by their partners or friends, by the taste and to a lesser extent than the "Experts", for the price because they prefer a cheaper beer.

Rustic

Young women and men between 18 and 30 years old who are students or sporadic workers. When they consume beer they take into account the not very high and accessible prices because they have a medium-low purchasing power. For that reason, they prefer an industrial beer before an artisanal one, in fact, they don't know very well how to distinguish between one beer or another and that is why they are not faithful to the brand. Their knowledge of beer is low and the consumption of alcoholic beverages is kept for special occasions such as events or night outings, meals, etc. They are open to trying new beers if they are economical.

In order to analyze consumers, one must also take into account the geographical area to which Badúm beer should be directed, bearing in mind that the boom in craft beer is causing a revolution in the restaurant business.

Craft beer is mainly consumed in bars and breweries, modern restaurants and bars are in second place followed by conventional restaurants, finally there are specialized stores and pubs. In homes very little craft beer is consumed, the majority of the population that consumes beer in their homes prefers industrial rather than craft beer.

These three types of market segments have been analyzed taking into account that the market studied consumes beer with alcohol and with gluten, but it must also be borne in mind that there are other segments currently unemployed by the company because there are consumers who only drink beer if they are without alcohol and others if they are gluten free. Therefore, we could classify two other groups of segments, the segment of consumers of non-alcoholic beers and that of consumers of gluten-free beers, which can be a very interesting target audience to which to direct new products.



4.1. Positioning

"Figure 16" shows the positioning of the main craft beer companies that compete with the Badúm beer taking into account the average price of the products and the variety offered, referred to the variety of flavors with ingredients not usual in beers, as well as the varieties that they have regarding gluten or without alcohol.

We can see that Badúm beer is in the best position because it's the beer with the lowest price, like "Castelló Beer Factory" but Badúm beer is the one that offers the most variety of ingredients and flavors, because it uses pumpkin and artichoke to elaborate some of their products. And not only is that, it's also the only one that offers a full range of organic beers, which differentiates them from the rest of their competitors.

Badúm beer is followed by the "Montmirá Beer", which uses honey, rosemary, dates and ginger to make some of their beers. Also "Birra & Blues" that uses pumpkin and is also the only competitor that has a type of beer without gluten, and finally "Canabeer" that uses hemp seeds to make their beers.

On the other hand, "Figure 17" shows us the positioning taking into account the average price of products and quality. In this sense we can see that the Badúm beer is also in the best places of positioning because it is the one with the lowest price along with "Castelló Beer Facctory" and it's one of the best quality because it has a full range of organic beers.

In this section should be mentioned that all craft beers have very good quality and can't be differentiated much from each other, because all companies use premium quality raw materials, and for that reason what can differentiate them most it is the margin of prices that exists between them.



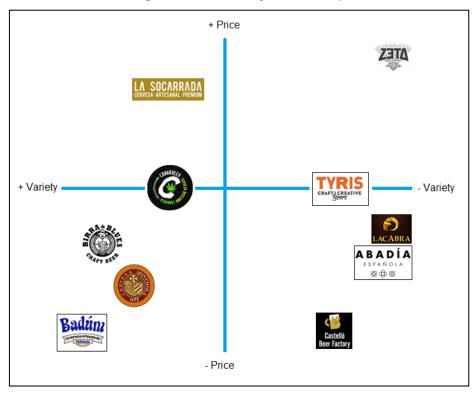


Figure 16: Positioning Price-Variety

Source: Own elaboration

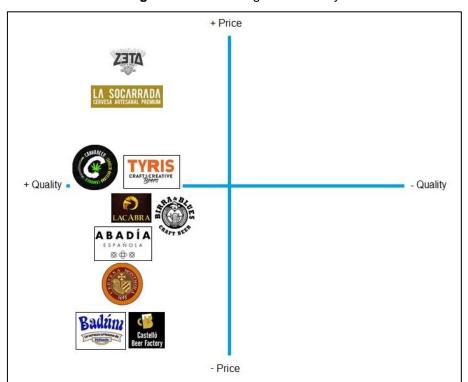


Figure 17: Positioning Price-Quality

Source: Own elaboration



5. MARKETING OBJECTIVES

Below are listed the 6 main marketing objectives that are proposed to achieve them during this year, check that they have been achieved in 2020 and renew them at the end of that period. All these objectives are specific, measurable, achievable, realistic and can be met in the period of time set. They are also key to continue competing in the sector of craft beer with total success.

- 1. Reduce transport costs by 10% until 2020.
- 2. Increase the presence in fairs or events by 25% until 2020.
- 3. Increase website visits by 30% until 2020.
- **4.** Increase the interactions with customers or potential customers by 40% more until 2020 through social networks.
- 5. Increase global sales by 15% in 2020.
- 6. Increase profits by 15% in 2020.

6. MARKETING STRATEGIES

To achieve the marketing objectives mentioned in the previous section, it is important that the company follow a set of marketing strategies, which each one of them will define how the objectives will be achieved, therefore, the correct formulation is essential to obtain the best results both in the short and long term.

6.1. Growth and diversification strategy

In order to detect the growth and diversification strategy that the company must carry out it has been taken into account and analyzed the Ansoff matrix (Figure 18).



PRODUCTS

Existing

Market
Penetration
Strategy

Market
Development
Strategy

Diversification
Strategy

Figure 18: Ansoff's Matrix

Source: Own elaboration

On the one hand, the company must carry out market penetration strategies; that mean that it must carry out marketing actions that increase the market share with the current products in the markets that it currently operates.

To achieve this strategy it is important to take actions to increase the consumption of the current customers, to attract potential customers and to attract customers from the competition.

This strategic option is the one that will offer greater security to the company and a smaller margin of error because it works with products that we know in markets that we also know.

On the other hand, the second growth strategy that must be followed is the diversification strategy. Although this is the strategy that normally gives less security, it can be a good option because after analyzing the environment, there is the certainty that there are new products that the company can offer to a new market in which it still doesn't operate.



6.2. Competitive strategies

Taking into account the market position of Badúm beers, which is the place it occupies in the market of craft beers based on certain measurable, auditable and objective data such as turnover, sales, production or number of visits in the website, compared to the rest of the competing companies, we can qualify the Badúm beer as a follower brand because it neither occupy the first position in the market nor is it in a position to do it.

The goal of companies qualified as followers should be the differentiation of other brands with innovative marketing proposals that makes the company unique and inimitable.

A good option that the followers companies have to differentiate themselves is to specialize in a market niche that gives them the opportunity to develop and that in the future will become a challenging or leader company.

6.3. Strategy as competitive advantage

In the craft beers sector, most companies compete in the market with a differentiation strategy. Therefore, the company must adopt this type of strategy, which allows its products to have different and unique qualities than the rest of the competitors, which are valued positively by consumers and allow higher prices to be applied due to the fact that they operate in a market that is not very sensitive to price.

When we talk about the company must adopt a strategy of differentiation, we not only refer to the differentiation of products, also to the differentiation of services. They must offer a service that differs from others, in terms of speed, availability, good service, friendliness, guarantees, after-sales services, etc. This will produce an increase in the positioning of the company and the loyalty of customers with the brand.

7. ACTION PROGRAMS

7.1. Summary of action plans

"Table 4" summarizes each of the actions that it is proposed to carry out in order to achieve the marketing objectives explained above, which will be explained in more detail in the following sections.



Table 4: Summary of action plans

Actions	Objectives
1. Launch two new products.	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020.
	3. Increase website visits by 30% until 2020.
2. Create two new	4. Increase the interactions with customers or potential
innovative labels and	customers by 40% more until 2020 through social networks.
bottle caps.	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020.
	3. Increase website visits by 30% until 2020.
3. Offer a quantity discount.	5. Increase global sales by 15% in 2020.
discount.	6. Increase profits by 15% in 2020.
	1. Reduce transport costs by 10% until 2020.
	3. Increase website visits by 30% until 2020.
4. Hire a delivery	4. Increase the interactions with customers or potential
company.	customers by 40% more until 2020 through social networks.
	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020.
	3. Increase website visits by 30% until 2020.
	4. Increase the interactions with customers or potential
5. Create a new website.	customers by 40% more until 2020 through social networks.
website.	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020.
6. Create content on	3. Increase website visits by 30% until 2020.
social networks.	4. Increase the interactions with customers or potential
Coolai Hotworko.	customers by 40% more until 2020 through social networks.



	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020.
	2. Increase the presence in fairs or events by 25% until 2020.
	3. Increase website visits by 30% until 2020.
7. Attend fairs outside	4. Increase the interactions with customers or potential
of the Valencian community.	customers by 40% more until 2020 through social networks.
Community.	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020.
9 Discount for retire so	5. Increase global sales by 15% in 2020.
8. Discount for retirees.	6. Increase profits by 15% in 2020.
	3. Increase website visits by 30% until 2020.
9. Savings pack with a	4. Increase the interactions with customers or potential
gift jar with the logo of	customers by 40% more until 2020 through social networks.
the company.	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020
	3. Increase website visits by 30% until 2020.
	4. Increase the interactions with customers or potential
10. Summer promotion for new products.	customers by 40% more until 2020 through social networks.
To new products.	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020.
	3. Increase website visits by 30% until 2020.
11. A Stand on the	4. Increase the interactions with customers or potential
boardwalk of Peñíscola	customers by 40% more until 2020 through social networks.
to offer beer tastings.	5. Increase global sales by 15% in 2020.
	6. Increase profits by 15% in 2020.
Course Own alpharation	

Source: Own elaboration



7.2. Product decisions

Action 1: Launch two new products

After analyzing the environment of the Spanish beer sector, it has been detected that in Spain personal care is increasingly growing among citizens, for that reason, beers without alcohol and without gluten are being consumed more and more.

Currently all Badúm beers have gluten and alcohol, and therefore this is a weakness that the company could eliminate if it had products with these characteristics.

Having said that, one of the proposals of this marketing plan is to develop two types of beers, one without alcohol and another without gluten.

The first barrier that we find to make a gluten-free drink is to offer the verity that the product doesn't carry gluten. For this reason, it will be necessary an official certification added on the beer label. For this it is going to be necessary to carry out a series of procedures and processes to achieve it. It will also be necessary to allocate part of the machinery to the exclusive use of gluten-free beer production to avoid cross-contamination.

This part is the most complicated to make this new product, but if it is achieved it guarantees sales success because no craft beer companies produce this type of beer.

The fact of being able to offer these two types of beers would increase the overall sales of the company due to the high demand of these beverages and also the total income, due to the raw materials used don't have higher costs than the others.

This action can begin in June, when the demand for beer begins to increase due to the arrival of tourists. On the other hand, you can start to manufacture 50 bottles of each type to check the output they have to the market and if they are successfully finished they can be manufactured more. Finally, the budget established to manufacture the 100 bottles of beer is €180.

Action 2: Create two new innovative labels and bottle caps

The labels of all beers are designed by the owners of the company, in each of them there is a different and very representative design of the company, for that reason, if they make two different types of beers, it is also proposed to design two new innovative labels that don't lose the image of the company.

Moreover, each labeling must specify that it is an alcohol-free beer and that it is a gluten-free beer with official certification.



In "Figure 19" the two proposals of labels for the new products are shown.



Figure 19: Proposal of labels

Source: Own elaboration

On the other hand, Badúm beer bottles also have the bottle cups with different designs for each of them, for that reason, for these two new products there should also be two new bottle cups. In "Figure 20" two proposals of plates are shown, one with the "glutenfree" symbol and the other with the "Without alcohol" symbol.



Figure 20: Proposal of bottle cups



Source: Own elaboration

If the company carries out the action and advertises it on its website and on social networks in a correct way it can help achieve two of the marketing objectives; it would increase the visits on the website and on social networks due to that potential customers would come to these media to inquire about new products.

At the same time, it would also help to increase global sales and profits because a good image always causes the increase in sales and consequently profits.

This Action can be started at the same time that the two new types of beer are going to be manufactured, that is, in June. The first order can be 100 labels and the cost will be €20.

7.3. Price decisions

Action 3: Offer a quantity discount

Currently the company sells its beers for €2 per unit and the purchase price of large quantities of beer bottles remains the same. This may be one of the reasons why some companies such as bars and restaurants that sell large quantities of beer don't buy Badúm beer. For this reason, a proposed action on the price is to offer a quantity discount to beer distributors such as bars and restaurants. In which, they offer a lower price if they buy large quantities of beer bottles.



"Table 5" shows the proposed prices of quantity discounts:

Table 5: The proposed prices of quantity discounts

Price	Quantity
€1,80	If they buy 20 units or more
€1,90	If they buy 10 units or more

Source: Own elaboration

By performing this action on the price, the increase in sales through the intermediaries can be achieved, as a consequence the total profits of the company can be increased due to the price reduction isn't excessive but that small discount can be very striking for many businesses. Finally, visits to the website can also increase due to the fact that there would be more companies interested in Badúm beers and they would come in to get information or even to buy.

This action can be started from May and if with this action the expected results are achieved, it can be established for a long period of time due to the cost of this action is zero.

Action 8: Discount for retirees

A good way to boost Badúm craft beer sales in a specific segment of consumers is to offer them a discount in a given period of the year. For this reason, one proposal is to reduce the price of beer by 25% for retirees during Easter because it is the winter week that most tourists visit the town.

Carrying out this promotion can increase sales and annual profits.

"Figure 21" shows a banner proposal to hang on the door of the establishment so that all the people who see it are informed and can enjoy the promotion. To print this banner can cost around €5.



Figure 21: Discount for retirees



Source: Own elaboration

Action 10: Summer promotion for new products

The launch of the two new products has been proposed to be carried out during the summer season, which is the time when beer is consumed the most. For this reason, it is a good opportunity to carry out a promotion with which you can make known the new products and reach the maximum number of potential customers.

It is proposed that the launch of the two new Badúm beers be made from June with a free "pintxo" if it is consumed in the establishment, it means, a beer without gluten or alcohol plus a "pintxo" for only €2.

This promotion will be valid only in June and July and must be published on social networks and hang a banner in the establishment, which can cost around €5 to print it.

Carrying out this action can increase sales and profits, they will also get potential customers to interact more in social networks and if consumers like new products, company can also increase visits on the website.

7.4. Distribution decisions

Action 4: Hire a delivery company

Currently the company doesn't have any transport service hired by external companies, as we mentioned above, the company distributes its products through its own means and this can cause limitations when sending orders.



For this reason, a proposal for improvement for the company is to have a transport service hired by an external company that is at the service of it whenever they require it. This allows the company to make shipments farther, faster and reducing costs.

This action on distribution is highly recommended because it can achieve most of the established marketing objectives. The first is to reduce transport costs, which is the most direct objective that can be achieved. Being able to sell in more parts of the world could increase visits to the website as more people would be interested in buying Badúm beer. On the other hand, if it is advertised on social networks, it can also increase interactions with customers through these means. Finally, company would increase the global sales and profits of the company due to the increase in sales and the reduction of costs.

This action can be implemented from June, when the other actions are all implemented correctly and orders begin to increase. This action should be maintained over time and the costs of the different transport agencies should also be reviewed to avoid unnecessary costs.

The cost is undetermined because it will depend on the number of orders that are made, plus it will be the minimum possible cost since the transport costs will be added to the price of the order.

7.5. Communication decisions

Action 5: Create a new website

Currently the company has a website with a fairly outdated content, not all the products that the company offers appear. Nor are the prices of each of the products and there are no facilities to make the purchase online.

This is a great weakness of the company that should improve in urgency, because nowadays all people are informed of the products they want to buy through the internet.

It's important to reflect a current image and be up-to-date on all technological developments.

The proposal is to make an innovative change to the website, update it to the maximum, introducing the full range of products they offer, as well as their characteristics and their prices. Also explain why it is a unique brand, how they have been developed, what are their distinctive elements, the history of the company, current news, events attended, direct access to ask questions, the location of the company, direct access to the social networks, etc.



The design of the web page should be striking; it should capture the attention of the public and be very easy to move within it.

This action has a direct impact on one of the marketing objectives, the increase of visits to the website. It would also increase interactions with customers through social networks and would have a positive impact on the increase in global sales and the increase in the benefits of the company.

The implementation of this action can be carried out from June; keeping it updated and reviewing it daily. The cost of this action can have a price of €100 if the company hires a marketing company expert in web pages that can design and create a professional website with the desired characteristics.

Action 6: Create content on social networks

Although the company has the most successful social networks, they perform very little activity and interact very little with potential customers. This has a negative impact on them because not creating a flashy content for potential customers produce that the company don't increase sales as much as they could.

Like having an updated web page, it is also very important to have up-to-date social networks, due to nowadays everyone is informed about the news through social networks and it is through these means that people are up to date with the latest trends and innovative products that are launched in the market.

Having said that, another proposal is that all the news that has been raised is transmitted in social networks, specifically on Instagram, Facebook and Twitter, also upload images daily to the network informing about their products and services, also informing about what distinctive elements make them different from the rest and whenever there is any news or event to attend communicate through social networks.

It would also be very interesting that when there is remarkable news, the company promotes it throughout Spain, this is a very cheap way to inform a greater number of people; with only € 1 you can promote a publication and reach hundreds of people.

Creating content on social networks will result in increased visits on the website and interactions with customers or potential customers. This will produce more people interested in Badúm beers and, therefore, increase global sales and profits of the company.

This is the most economic and effective way that exists to promote the company and for that reason they should know how to use this tool to get the most out of it.



The creation of content can be started as soon as possible, from the first day; it should be revised and updated daily the advantage of this effective action is that the cost is zero.

"Figure 22", "Figure 23" and "Figure 24" show the current Facebook, Instagram and Twitter pages of Badúm beer, in which we can see that the number of followers is reduced, the number of images uploaded as well and the publications aren't recent.



Figure 22: Current Facebook Page

Source: Own Elaboration Data: Facebook.com



Figure 23: Current Instagram Page



Source: Own Elaboration Data: Instagram.com

The objective is to ncrease these figures Listas Peñíscola 385 846 1.135 69 8 Multimedia **Tweets** Tweets y respuestas Cerveza BADUM @CervezaBADUM Cerveza BADUM @CervezaBADUM 2 dic, 2018 activity, now it is facebook.com/cervezabadum/p.. ery outdated Cerveza artesana de @_peniscola de alta fermentación y refermentada en botella, 0 17 1 sin aditivos y sin pasteurizar. Variedades: Cerveza BADUM @CervezaBADUM · 14 oct. 2018 trigo, pilsen, pumpking y alcachofa. facebook.com/cervezabadum/p... Peñíscola (Castellón) Spain Ø cervezasartesanasbm.com Cerveza BADUM @CervezaBADUM · 10 jul. 2018 ⊞ Se unió en agosto de 2012 facebook.com/cervezabadum/p... 9 fotos y videos 17 Cerveza BADUM @CervezaBADUM · 13 may. 2018 facebook.com/cervezabadum/p...

Figure 24: Current Twitter Page

Source: Own Elaboration Data: Twitter.com



Action 7: Attend fairs outside of the Valencian community

Beer Badúm has been present in some food fairs in the Valencian community, and also in some others very important in Barcelona as "BioCultura", but one of the proposals to reach more public is to attend food fairs outside the Valencian community, to announce its new products and to promote the brand in places where it is still unknown.

The fairs of "BioCultura" are held in different cities of Spain and for that reason it would be interesting to be able to attend not only the Barcelona one. The cities where you can attend outside of the Valencian Community and Barcelona are: Seville, Madrid, A Coruña and Bilbao.

In addition, if the owners of the company are encouraged, they can also attend international fairs, where they can learn a lot about new products, new trends and new styles of consumption.

"Table 6" shows all the "BIO" fairs where the company can attend, both in Spain and in the rest of the world:

Table 6: "BIO" fairs of 2019

"BIO" Fair	Country	Date		
January				
Sustainable Foods Summit	U.S.	16.01.2019		
Bio-beurs&Pureness	Holland	23.01.2019		
Mexican Healthy Products Summit	Mexico	25.01.2019		
Millesime Bio	France	28.01.2019		
February				
BIOFACH	Germany	13.02.2019		
VIVANESS	Germany	13.02.2019		
CHFA West Conference	Canada	21.02.2019		
LOHAS Expo	Hong Kong	22.02.2019		
CHFA West Expo	Canada	23.02.2019		
March				
Prowein	Germany	17.03.2019		
Evolution Festival	Czech Republic	22.03.2019		
BioCultura Sevilla	Spain	22.03.2019		
<u>ECRM</u>	Poland	24.03.2019		



April		
Natura Málaga	Spain	05.04.2019
Natural&Organic Products Europe	England	07.04.2018
Bio West	Germany	07.04.2018
Salón Gourmets	Spain	08.04.2019
<u>EcoSalud</u>	Spain	12.04.2019
Bio Ost	Germany	14.04.2019
Beijing Organic Expo	China	17.04.2019
<u>EcoCityExpo</u>	Russia	19.04.2019
May		
CHFA Expo Quebec	Canada	03.05.2019
<u>BioCantabria</u>	Spain	03.05.2019
Vitafoods Europe	Switzerland	07.05.2019
Organic Textile Forum	Germany	08.05.2019
BioCultura Barcelona	Spain	09.05.2019
BIOFACH China	China	16.05.2019
Free From Functional Foods	Spain	28.05.2019
June		
Naturally Good Expo	Australia	02.06.2019
BIOFACH America Latina	Brazil	05.06.2019
Organic Food Iberia	Spain	06.06.2019
Eco Living Iberia	Spain	06.06.2019
<u>Bioterra</u>	Spain	07.06.2019
Sustainable Foods Summit	Holland	13.06.2019
Bio Marché	Switzerland	21.06.2019
July		
BIOFACH South-East Asia	Thailand	11.07.2019
August		
BioRitme Festival	Spain	22.08.2019
Shanghai Organic Expo	China	28.08.2019
September		
BIOFACH America	U.S.	12.09.2019
CHFA East Conference	Canada	12.09.2019



Biobernai	France	13.09.2019
CHFA East Expo	Canada	14.09.2019
<u>Exponatura</u>	Turkey	26.09.2019
BioCultura Valencia	Spain	27.09.2019
Bio Sud	Germany	29.09.2019
October		
Anuga	Germany	05.10.2019
Bio Nord	Germany	13.10.2019
Setmana Bio Catalunya	Spain	19.10.2019
<u>Natexpo</u>	France	20.10.2019
November		
BioCultura Madrid	Spain	07.11.2019
<u>EcoCityExpo</u>	Russia	22.11.2019
December		
Food Ingredients Europe	France	03.12.2019

Source: bioecoactual.com

Making visits to these fairs and being able to exhibit the products is a very interesting way to promote an ecological brand which would lead to the fulfilment of many of the proposed marketing objectives. The first is the increase of the presence in fairs or events, the second and third is the considerable increase in visits on the website and social networks. And finally, it will produce the increase in global sales and the profits of the company.

The first assistance that can be done is in June, visiting the fair of "Organic Food Iberia" that will be held on the 6th and 7th at the IFEMA fairgrounds in Madrid; this is a trade fair for the ecological industry increasingly important in Spain and therefore its assistance is highly recommended.

The second assistance of the year can be in "Setmana Bio Catalunya", which takes place from October 19th to 27th in different parts of the community of Catalonia.

The cost of attending each of the fairs can range between 200 and 300 euros per person.



Action 9: Savings pack with a gift jar with the logo of the company

An interesting proposal to promote Badúm beers is to offer a savings pack that includes a bottle of each type including the two new products, that is, offer a pack with the 11 types of Badúm beer at a lower price.

Without a reduction of the price the pack would cost €22 because the normal price of a bottle is 2 euros, but they can reduce the price of the pack to €19 and also add an attractive gift for consumers, a beer jar with Badúm beer logo.

This offer is interesting to do in high seasons of tourists, that is, in summer, Christmas and Easter, times where there are more people interested in making gifts and in consuming new and native products of Peñíscola.

"Figure 25" shows a proposal of a jar with the logo printed on it that could be given to all those customers who bought the savings pack of the 11 bottles of Badúm beers.

It is estimated that buying these jars and printing the logos in an advertising company can cost around €50 but it all depends on the amount of jars they need to buy.

Carrying out this action can increase beer sales and profits, moreover if the offer is published on social networks, interactions with customers and visits on the website can be increased as more potential customers may be interested in buy beer and the complete pack.



Figure 25: Jar with Badúm beer logo



Action 11: A Stand on the boardwalk of Peñíscola to offer beer tastings

The latest proposal of this marketing plan can be effective, successful and very funny.

Peñiscola tourists like to do leisure activities on the boardwalk, where it can be found many shops, markets and restaurants. For this reason, a proposal to raise awareness of Badúm beer at the time of the year that more residents are in the town is to set up a stand on the boardwalk of Peñíscola to offer beer tastings at a lower price than if they consumed it in the establishment.

It can be offered a beer for €1.50 if it is served with the beer shooter, and at the same time offer the beer bottles for their original price, in addition it can be also offered all the offers and promotions that have been mentioned above.

This proposal can be made in Easter and a week in August, dates where there is more affluence of tourists in Peñíscola and specifically walking on the boardwalk.

By carrying out this action, beer sales and profits can be increased, as well as interactions on social networks and visits on the website, because if the product is disclosed to many people this will be reflected on the internet.

"Figure 26" shows one of the stands that the company has to set up in fairs and events that normally attends.



Figure 26: Stand of Badúm beer

Source: Website facebook.com/cervezabadum/



8. TIMELINE

After analyzing each of the proposed actions of the marketing mix, "Table 7" shows the schedule for the performance of the actions, showing with an "x" in what month they will begin to be carried out and the time that should continue to be carried out and reviewed.

Table 7: Timeline

Action	1	2	3	4	5	6	7	8	9	10	11	12
1. Launch two new products.						X						
2. Create two new innovative labels.						X						
3. Offer a quantity discount.					X							
4. Hire a delivery company.						X						
5. Create a new website.												
6. Create content on social networks.					x							
7. Attend fairs outside of the Valencian community.						x				x		
8. Discount for retirees.				x								
9. Savings pack with a gift jar with the logo of the company.				x			x					x
10. Summer promotion for new products.							x					
11. A Stand on the boardwalk of Peñíscola to offer beer tastings.				x				x				



9. BUDGET

"Table 8" shows who will carry out each of the actions of the marketing mix and what price will have to start the action. Prices will vary depending on the month and the success of each action.

Table 8: Budget

Actions	¿Who does the action?	Budget
1. Launch two new products.	Own development	€180 (First Month)
2. Create two new innovative labels.	Own development and a marketing company	€20 (First month)
3. Offer a quantity discount.	Own development	Free
4. Hire a delivery company.	Own development and a delivery company	It depends on the orders
5. Create a new website.	Marketing company	€100
6. Create content on social networks.	Own development	Free
7. Attend fairs outside of the Valencian community.	Own development	€600 (It can vary)
8. Discount for retirees.	Own development	5€
9. Savings pack with a gift jar with the logo of the company.	Own development and advertising company	50€ (It can vary)
10. Summer promotion for new products.	Own development	5€
11. A Stand on the boardwalk of Peñíscola to offer beer tastings.	Own development	Free



10. CONTROL

"Table 9" shows the control guidelines established in order to ensure the achievement of the objectives of this plan of marketing.

Table 9: Control guidelines

Actions	Measuring Frequency	Control Method
1. Reduce transport costs by 10% until 2020.	Quarterly	Review the quarter costs and compare with the result from previous quarter.
2. Increase the presence in fairs or events by 25% until 2020.	Annually	Count how many times a year they have attended fairs or events.
3. Increase website visits by 30% until 2020.	Monthly	Counter tool on the website.
4. Increase the interactions with customers or potential customers by 40% more until 2020 through social networks.	Monthly	Number of comments on blog posts and social networks. Number of participants in contests and raffles.
5. Increase global sales by 15% in 2020.	Annually	Review the annual income and compare it with the result of sales from the previous year.
6. Increase profits by 15% in 2020.	Annually	Review the annual results and compare it with the result of profits from the previous year.



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