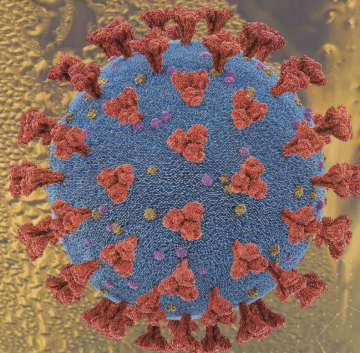


# The Contagious Taste of Corona Beer



# Brand Situation

- Produced by Modelo Group in Mexico
- Owned and distributed by Constellation Brands on the American market
- Merger and antitrust lawsuit between American Constellation Brands and Belgian Anheuser-Busch InBev
- This means that Constellation Brands is the distributor of Corona beer in the U.S market



Constellation Brands



# Background

- Corona was first imported to the U.S in 1970
- The success story of Corona began in 1980
- Considered among the cheapest beer in Mexico and sales of Corona were primarily in Mexico
- 1980 was the time of spring breaks for American college students
- Party, dancing, drinking and having fun
- Corona was the students beer of choice

- The Corona followed the students wherever they went
  - Became the choice of beer during after-work and for a night of partying
  - Corona became associated with partying
  - Capitalized on spring break to anchor the brand to partying
  - Business was booming
- 
- The sales decreased during 1990
  - People who first advocated the myth saw the coolness evaporate slowly
  - New measures had to be taken



- New direction, “Change Your Latitude”
- Idyllic beaches, blue oceans, sun, Corona beers
- They created a feeling of time standing still, complete relaxation
- Shifted from associations with partying to relaxation and being far away from home on a tranquil beach with a Corona beer in hand
- The shift was a success
- By 1999 they became the most popular imported beer brand in the U.S



- Corona is now sold in more than 150 countries
- The American and Mexican market has the largest share of sales
- Ranked as the number six in the world of most valuable and strongest beer brands in the world during 2019, entering 2020
- During 2020 the Corona-branded Hard Seltzer is planned to be launched



# The Incident

## ← EMERGENCY

- December 2019, unknown disease starts spreading in Wuhan, China
- After the first confirmed death caused by the virus, the media started reporting about it all over the world
- WHO declared public health emergency and soon thereafter a pandemic
- Today: 109 million confirmed cases and 2,4 million deaths



# The Incident

- Unfortunate coincidence of sharing the brand's name with an ongoing pandemic
- In January 2020, rumors of connection between the virus and the beer were arising
- Unusual Google searches:
  - “corona beer virus” → + 2300%
  - “beer coronavirus” → + 3233%
  - “beer virus” → + 744%
- Clearly people worried about the connection between the virus and the brand





# The Incident

- The Survey:
  - “38% of the Americans would not buy Corona “
  - “14% said that they would not order a Corona beer in public”
  - “16% of was confused about the connection between the coronavirus and the Corona beer”
- The buzz and the retweet by CNN triggered the situation
- Jokes about the connection was all over social media

You know what goes great  
with the Corona virus?



Lyme Disease



**CORONA BEER CHANGES THEIR NAME  
TO AVOID ASSOCIATION WITH THE  
CORONA VIRUS OUTBREAK**



@CNN · 28 feb. 2020

38% of Americans wouldn't buy Corona beer "under any circumstances" because of the coronavirus, according to a recent survey.

Just to be abundantly clear: There is no link between the virus and the beer.



The spread of the coronavirus couldn't have come at a worse time for... Corona beer isn't making any changes to its advertising despite the name's unfortunate similarity to the deadly coronavirus.  
[cnn.com](https://www.cnn.com)

8,8 tn

43,2 tn

69 tn





# Current Situation

- Uncertainties around the world
- Pressure is high on governments and businesses to handle the crisis
- Newlands and the management are facing a unique situation
- It is time to take action and cope with the situation
- How should Bill Newlands and the management team act?



# Questions

**What alternatives are the managers of Constellations Brands left with, how should they act and what potential effects could different actions have both short term and long term?**

**How should Bill Newlands and his team at Constellation Brands act regarding the launch of Corona Hard Seltzers and what potential outcomes could different actions have?**

# Management Decisions

- From an external perspective Constellation Brands acted relatively passive in the early stages of the pandemic
- To the extent possible due to laws and regulations - business as usual
- Constellation Brands communicated that the brand put trust in their customers



*“We believe, by and large, that consumers understand there's no linkage between the virus and our business” - Maggie Bowman, 2020*

# Management Decisions

- As the pandemic spread, so did the speculations of the negative impacts on the beer brand
- To address this speculations, Constellation Brands did a press release
- The company claimed a 5% increase in sales despite the pandemic



Photo by Sorasong Chaipanya from Pexels

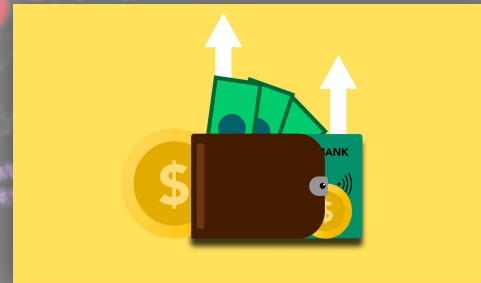


Photo by Gabby K from Pexels

Photo by Markus Spiske by Pexels

4.720

08.324

RUSSIA

3.056 deaths  
Hubei China

50.318 recovered  
Hubei China

48 deaths



Japan

13 deaths  
Heilongjiang China

Italy

999 recovered  
Hunan China

984 recovered  
Anhui China

934 recovered  
Jiangxi China

734 recovered  
Shandong China

629 recovered  
Jiangsu China

# Management Decisions

*“It’s extremely unfortunate that recent misinformation about the impact of this virus on our business has been circulating in traditional and social media without further investigation or validation. These claims simply do not reflect our business performance and consumer sentiment, which includes feedback from our distributor and retailer partners across the country. We’ve seen no impact to our people, facilities or operations and our business continues to perform very well”*  
- Newlands, 2020

# Management Decisions

- Decided to launch the Corona Hard Seltzer
- The campaign “Coming Ashore Soon” 
- A controversial tweet  
  - People thought it was “*poor taste*” and argued they should “*lay low for a while*”
- The tweet was later deleted
- Donated 2.5 million dollars to Covid-19 relief efforts



Source: <https://www.cnn.com/2020/02/27/corona-will-keep-pushing-hard-seltzer-ad-amid-coronavirus-outbreak.html>



## Discussion

Do you think it was the right decision to launch the Corona Hard Seltzers?

- Why or why not?

What do you think of their relatively passive approach to the situation?

- What possible advantages and disadvantages might this approach have?

Thank you!

