Amstel aims for the high street and beyond

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Heineken's relaunch of Amstel signals an attempt to redefine the premium market and capitalise on the trend for responsible drinking.

Following a four-year hiatus, Heineken has relaunched Amstel in the UK's supermarkets, reducing its alcohol content to 4.1% after strong sales through on-trade channels. Like InBev, with its new Beck's Vier offering, Heineken has clearly recognised the potential of combining lower alcohol content with a premium image, opting for bottled packaging and resisting the multiple retailer urge to discount.

Margins at home, expansion abroad

Despite the growth of lower alcohol and premium varieties, beer in Western Europe has reached saturation point, with a CAGR of only 0.2% expected until 2011. This is compounded by Heineken's reliance on Western Europe, which accounts for approximately 40% of profits. The aim of maintaining Amstel's premium image must therefore be to ensure that the price remains high in order to boost profit margins, thereby providing funds for further expansion in emerging markets like Russia, China, and India, which have impressive forecast CAGRs of between 4% and almost 9%.

From gulp to sip

Heineken's strategy appears timely, considering the current emphasis in the UK on responsible drinking. The company can highlight the lower alcohol content of Amstel as a step towards a more social, European drinking culture. Indeed, its recent poster campaign mockingly advises British drinkers, "Take time with your beer. The pub is not on fire.â€•

Marketing for maximum profit

Heineken will need to highlight the distinction between its two main brands in order to avoid cannibalisation. Amstel can be advertised as a light, refreshing beer with strong Dutch credentials, in contrast to Heineken's stronger, more global image. Amstel's premium characteristic can be maintained by resisting supermarket discounting, avoiding the introduction of buy-in-bulk cases or the addition of cans, and by continuing to import the brand. The use of the internet is a highly effective way of targeting the company's key 20-something audience, as is the sponsorship of musical and sporting events. The 2008 Olympics, to be held in China, provides an ideal marketing opportunity to heighten brand recognition in this rapidly growing market.

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