

Supply Chain Management

Name

Course Name

Professor Name

University Name

Date

stateofwriting.com

Supply Chain Management

The thirst of beer is increasing day by day in the modern globalized world today. Its demand never remains stable. The global industries producing beer are facing many challenges in last five decades. In this paper, the issues and challenges facing by Brewery Industry of United Kingdom will be discussed and explored.

The major issues and challenges of UK brewery industry include increasing and falling customer demand, multiple competitive products launch in the competitive markets, different keen demands and requirements of retailers and customers, and competitive hard access of the competitive global and local markets. These issues and challenges are competitive for the UK brewery industry as it is considered as the largest and competitive industry in the global markets.

In the era of 2007 to 2014, UK brewery industry had to face a decline in its production volumes. Researchers and studies showed that the reasons behind it were the global as well as the demographic changes, issues of distribution channels, information system integration in the industry, alternative beverages options like cider, wine and many health related drinks, tough international trade rules and regulations, and taxes and the global economic recession.

Issues of the distribution channels in the UK brewery industry:

UK brewery industry is facing the issue of the distribution channels. The issue is not just the volume and demand related but also the competitive pressure is affecting the distribution channels of the industry. Distribution channels include the marketing campaigns, sales and pricing processes. The strong growth of the alternatives of beer is affecting the sales process of the industry. This growth is taking the attractive profit margins of the brewery industry. The

alternatives are competing with the industry and giving challenges for the future growth and profit.

The production innovation along with the brewery industry is rapidly increasing with time, like small brewers or craft brewers. In 2014, the production of beer at the global level increases just 0.5 percent, while the small brewer's rate of production increased 18 percent. It gives almost 11 percent volume share to the beer production industry. But unfortunately, in the UK the brewery industry was unable to catch up this trend of the global competitive market, but it launched many new beer products to cover this fall as compare to the beer products launch in the year of 2013.

The retail stores, supermarkets, large supply chains of distributors and multiple beer stores are now a most important distribution channel in the brewery industry of UK. It is affecting the overall profit margin of the industry. The manufacturers of the beer products are now pressurized by the retail store's sales prices and profits margins. The retail stores are becoming competitive in the markets by applying low profits margin techniques on the manufacturers even they are not offering the discounts.

The demands of retailers are increased, and they prefer small and frequent product deliveries just to decrease their cost related to warehousing. They are pressurizing the manufacturers of beers and encouraging them to innovate or build some new merchandising areas because they want to reduce the store's cost of refill the stock.

The retail store owners are avoiding the revenue declines which are negatively affecting the beer products manufacturers. There are increasing gaps in the inventory of the new products. Retailers are keen, and they have the opportunity and option to go anywhere else in the market to

support its demands. This will happen if the manufacturer of beer will be unable to supply the products to the retailers on their huge demands and multiple promotional initiatives. The Brewery industry of UK has to learn flexibility to appropriately operate the retailers and manufacturers to increase the focus on minimizing the costs.

UK beer industry has to build new category management skills because the distribution channels are forcing it to adopt new strategies and techniques. The manufacturers have to focus on the demand, volume and supply of the products and they have to create or make a new balance between the volume and price. The manufacturers of the beers have to adopt new techniques and measures to attract the customers like small pack size and premium positioning multiple and different styles.

The trade of whole products needs and require change. The manufacturers of UK industry are adopting new measures to enhance the beer production profit margins. It includes the specialist wholesale dealers of the beer products, which will enhance and increase the capital strength in the competitive markets.

Issues of information system integration in the UK brewery industry:

In the modern technological and globalized world is considered as the world of technology where the technological advancements are taking place all over the world. The information systems are not becoming the most important part of the businesses, industries, organizations and companies in the global world. Every enterprise has to adapt the information systems just to become more competitive in the competitive global markets.

Like the all other companies and enterprises, UK brewery industry also integrated with the information system to become competitive and adopt a global trend.

The information systems are now an important and vital part of the UK brewery industry which is enhancing its growth and development as well as creating issues for its production and practices of manufacturing. The total dependency on the information system is not resulting in a good outcome for the UK brewery industry. The most major issue of the information system in the brewery industry is the implementation expenses which are so expensive for the manufacturing industries.

The information systems implementation, maintenance, and execution in the industries are so expensive that a huge part of profit gain from the beer production and selling process shifts into the information systems. It is not giving huge advantages of the UK brewery industry and affecting its growth and development overall in the competitive markets.

If a huge amount of money is spent on the operations and maintenance of the information system in the brewery industry of UK, then the profits will remain low and inadequate to become competitive and compete in the global markets. Information systems are no doubt beneficial for the businesses, but it requires huge profits and huge financial capital to survive and give an advantage to a particular industry.

References

- Barriers to energy efficiency in Brewing. (2017). 1st ed. [ebook] University of Sussex. Available at: <http://www.sussex.ac.uk/Units/spru/publications/reports/barriers/finalsection5.pdf> [Accessed 2 May 2017].
- Brewery case studies. (2017). 1st ed. [ebook] University of Sussex. Available at: <http://www.sussex.ac.uk/Units/spru/publications/reports/barriers/brewsection4.pdf> [Accessed 2 May 2017].
- Economicsonline.co.uk. (2017). *The brewing industry - an example of an oligopolistic industry*. [online] Available at: http://www.economicsonline.co.uk/Business_economics/Brewing.html [Accessed 2 May 2017].
- Fenn, D. (2017). *Breweries & the Beer Market Market Report 2002*. [online] Available at: <http://www.just-drinks.com/store/samples/48938.pdf> [Accessed 2 May 2017].
- Gammelgaard, J. and Dörrenbächer, C. (2013). *Challenges of the Global Brewery Industry – by*. [online] ElgarBlog from Edward Elgar Publishing. Available at: <https://elgar.blog/2013/08/02/challenges-of-the-global-brewery-industry-by-jens-gammelgaard-and-christoph-dorrenbacher/> [Accessed 2 May 2017].
- Heath, A. (2014). *The real reasons for the tragic demise of the British pub industry*. [online] Telegraph.co.uk. Available at: <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/11283995/The-real-reasons-for-the-tragic-demise-of-the-British-pub-industry.html> [Accessed 2 May 2017].
- Prnewswire.com. (2013). *UK Beer Market Insights 2013*. [online] Available at: <http://www.prnewswire.com/news-releases/uk-beer-market-insights-2013-218727501.html> [Accessed 2 May 2017].

Prnewswire.com. (2013). *UK Beer Market Insights 2013*. [online] Available at:
<http://www.prnewswire.com/news-releases/uk-beer-market-insights-2013-218727501.html>
[Accessed 2 May 2017].

Quora.com. (2017). *What is the biggest problem currently faced by the beer industry, and what can they do to avoid/solve it?*. [online] Available at: <https://www.quora.com/What-is-the-biggest-problem-currently-faced-by-the-beer-industry-and-what-can-they-do-to-avoid-solve-it-e-g-SABMiller-AB-InBev> [Accessed 2 May 2017].

Rutishauser, E., Rickert, S. and Sanger, F. (2015). *A perfect storm brewing in the global beer business*. [online] McKinsey & Company. Available at:
<http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/a-perfect-storm-brewing-in-the-global-beer-business> [Accessed 2 May 2017].

Smith, D. (2016). *I've worked with 170 of the UK's breweries - here's what the industry is doing right and wrong*. [online] York Press. Available at:
http://www.yorkpress.co.uk/lifestyle/fooddrink/pintsofview/14707424.I_ve_worked_with_170_of_the_UK_s_breweries__here_s_what_the_industry_is_doing_right_and_wrong/
[Accessed 2 May 2017].

Tsamantanis, V. and Kogetsidis, H. (2006). Implementation of enterprise resource planning systems in the Cypriot brewing industry. [online] Available at:
<http://www.emeraldinsight.com/doi/abs/10.1108/00070700610644933?src=recsys&journalCode=bfj> [Accessed 2 May 2017].

Place your order now