Teaching Case

FLOR DEL VALLE (Original Case Title)

Translates as: Flower of the Valley

- Universidad ORT Uruguay and the Carolan Research Institute invited faculty members from undergraduate and postgraduate programs affiliated with Universidad ORT Uruguay to participate in a case writing initiative. The objective of this initiative was to develop cases in Marketing and related areas that would directly or indirectly contribute to incorporating and/or disseminating the thinking of Dr. Geraldine Fennell.
- For more information on the thinking of Dr. Fennell visit http://FennellStory.com

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Note: This case was written in Spanish. This English-language version was created by Fennell Story Insights (http://fennellstory.com)

Flor del Valle

Scott leaned back in his chair. He was tense. He was an energetic man, the kind who constantly had to make decisions. But this time, he didn't know what position to take. He asked Ernesto Bonn, one of the most important consultants in his sector, to help him think through the problem from a new perspective.

When Scott was offered the opportunity to lead the multinational company's operation in Costa Rica, the situation seemed quite clear. It looked easy enough to grow a market with an annual per capita beer consumption of 22.5 liters to something closer to Spain's 50 liters.

However, the situation with the brand Flor del Valle presented a major challenge. Flor del Valle was a local brand owned by the company that the multinational had acquired to enter the market. There was plenty of data, but it seemed to suggest different courses of action. He was surrounded by very talented people with differing viewpoints on the issue. They had hired the best consulting firms to provide diagnoses—while they agreed on some points, their conclusions often led to dead ends.

At first, Scott thought that discontinuing the brand was the obvious decision, given that its sales were not showing positive progress. But both his commercial team, distribution partners, and even customers opposed the move, which had delayed his decision.

But he could not postpone it any longer. His direct supervisor had given him an ultimatum: make the decision that would rationally optimize the portfolio.

Scott's Arrival and Initial Strategy

When Scott accepted the new responsibility, he believed that entering the Costa Rican market with the portfolio of global brands—adding to the leading brands from the acquired company—would allow for smooth growth in the country.

The idea behind the new portfolio was to offer the best of both global and local brands. His vision was to cover all consumption occasions, broaden consumer "tastes," and be present in as many situations as possible—even those closely related to soft drinks or other types of alcohol. Ultimately, he wanted to offer value propositions for all segments and leave no openings for the competition. The price ladder was also designed to leave no gaps.

The global brands had international communication campaigns and sponsored various global events—such as soccer World Cups, major sporting events, and top-tier musical acts. Launching these global brands in a market like Costa Rica would surely require adapting their positioning to local tastes, which, according to early market research, appeared to be hungry for new options. These brands were meant to elevate the market in terms of quality and price—while keeping prices accessible for middle-income consumers. They had to create aspirational value without losing accessibility. In some way, the global brands needed to develop the market along the price—quality spectrum, while being more profitable than in their original markets.

When Scott had to explain this at the first national sales convention in Costa Rica—with route salespeople and various invited retailers—he used the following words: "These international brands will enter through the top end of the market."

In his first year of work, Scott launched Bwiser, a U.S. brand widely recognized around the world for being associated with top-tier sporting events with broad coverage. The year they launched the brand in Costa Rica, a new sponsorship contract with Messi was being signed, and had a strong impact on younger consumers and sports fans.

In the same year, they also launched The Crown, perhaps the most prestigious brand internationally. Strongly associated with a concept of freedom, it differed from traditional beers in many respects: clear bottle, simple yet bold flavor, and iconic consumption rituals. An internationally successful campaign was used, inviting consumers to embrace a freer, more relaxed, and environmentally respectful lifestyle.

In addition, the multinational had acquired two leading domestic brands. These two brands dominated approximately 90% of the traditional beer market, with a weighted distribution share of more than 80%. These were important brands, but in Scott's view, their marketing and communication were "very basic." Still, they provided the multinational with access to all necessary points of sale—from the smallest and most informal neighborhood shops to the more formal supermarket chains that had begun emerging in the country during the recent years of market liberalization.

Halcón was the most important national brand, associated with popular celebrations in Costa Rica and the national soccer team, which it had sponsored for several years. It was a lager of mediocre quality, whose consumer proposition centered on refreshment, soccer, and parties. When the multinational arrived, Halcón held approximately 40% of the market, with very deep national distribution.

The first thing Scott did was adjust packaging sizes. He introduced intermediate formats (the traditional references were a 330 ml can and a 1-liter bottle) to stimulate more consumption during special occasions and create the impression of better price accessibility—while increasing margins.

He maintained and further leveraged the sponsorship of the national soccer team, placing more emphasis on the emerging women's soccer movement. In a way, he made a small, cosmetic brand update.

The other mass-market national brand was Poker. Originating from the coastal region, it had gradually expanded nationwide, partly aided by migration to urban areas in search of work opportunities. It was a brand that inspired great loyalty, deeply rooted in local traditions and social groups of family and friends. By the time Scott joined the company, Poker had achieved significant distribution coverage and market share, and it would become one of the pillars of his local brand strategy.

Craft beer accounted for less than 1% of the market.

Scott felt he was in an ideal situation. Managing a market where per capita beer consumption could only grow—and doing so with access to a portfolio featuring the best of international and local brands—seemed like the best of all possible worlds.

Assessment of the Strategy

In the first meeting, Scott began to explain his strategy to Bonn on a whiteboard, drawing a horizontal line and placing the global brands above it:

"At the top, we launch the international brands to encourage consumers to upgrade, generate product trials, win consumption occasions from other alcoholic beverages, and improve our margins.
Ultimately, it's about 'pushing the market upward,' as one of the salespeople we interviewed put it."

Bonn then commented:

"You want to grab consumers' attention with these international brands, lead them to increased consumption, to a level of aspiration—but with price accessibility."

"Correct!" confirmed Scott.

"And below, we're relaunching and refreshing the national brands, not just to avoid losing volume—but to increase it. We aim to improve profitability through new packaging formats and continue strengthening distribution, so we can help the international brands reach every point of sale."

A line at the top, and a line at the bottom.

After thinking for a few seconds, Bonn added:

"That's clear. And in the middle? You're leaving openings for the competition."

The Journey of Flor del Valle

Flor del Valle had always been a very special brand within the company's portfolio, both before and after the acquisition.

The brand had been created about 70 years ago at the special request of the company's founder to celebrate his eldest daughter's fifteenth birthday.

The name "Flor del Valle" came from the affectionate nickname the visionary founder used for his daughter. The brewmasters of the time developed a unique recipe, selecting the best hops and barley to honor the tribute embodied in the brand. Taste and serendipity led the brand to market two years later, and it was quickly embraced by a middle class eager for new experiences and with limited access to international options.

The brewmasters took special care of it. They improved the recipe several times, experimenting with different ingredients and sourcing new water supplies. Flor del Valle was something like an opportunity and a license to innovate in a very basic and underdeveloped market.

Its Peak Moment

The brand's most significant moment came when it began to be exported to the United States. Americans who came to work in the country—and those who had begun choosing it as a tourism destination early on—were surprised by this unique beer. It was even considered a bold brand for having, as early as the 1960s, dared to offer three different types of beer: blonde, red, and black.

These leisure and business travelers convinced several importers to take the distinctive beer north of the Río Bravo. The brand was distributed there for about 20 years, until American consumers gravitated toward simpler, local options with much more aggressive marketing.

"A very, very beloved brand," read a Flor del Valle label from the 1970s, in a tone unusual for the elegance that other beers tried to emulate from their German inspirations. Unlike other brands that would have given anything for a drop of German pedigree, Flor del Valle had no hang-ups about its origin.

Throughout its life, it was always a slightly more expensive beer—about 10% above its lower-quality, more popular competitors—yet this never affected its sales or acceptance.

Bonn's Research

The consultant spent the rest of the day talking with various stakeholders, reviewing the results of recently conducted focus groups, and gathering relevant insights and testimonials.

"It was always a strange case," one of the company's oldest brewmasters told him, smiling as if he held a secret no one else knew.

From the focus groups:

- "My dad always drank it when he came home from the office." — Middle-aged woman

- "At home, it was the quality beer we drank for a special moment or to celebrate—even something small." — Young woman, ~28 years old
- "If you were going to play soccer, you drank Halcón or Poker. Flor del Valle was for a good moment—it was worth paying a little more for something better." — Focus group participant
- "It was really tasty." — Man around 50 years old
- "I taught my dad to drink the new beers. I like this new beer The Crown—it's very cool, not expensive, and it's sold at the corner shop near my house. I brought it to my dad, who's always been loyal to Flor del Valle, and he said The Crown was very tasty and light." — Young man, ~20 years old

From a casual chat between Bonn and Scott over a beer at a nearby bar, more elements emerged:

"The brand always had much higher quality than the popular mass-market national beers." "Consumers in Costa Rica—regardless of age—really love that brand. But they don't consume it at the level we need them to."

"I've considered discontinuing it, but when I brought it up at the last sales convention, the sales team's resistance was very strong."

"The brand has declined by about 3% in share over the last three years. In volume, it has remained stable, but we've managed to grow the overall market, and we haven't found a good strategy for Flor del Valle to increase its market share."

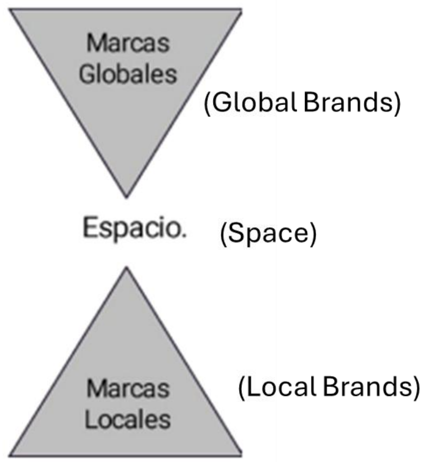
Data and Perceptions about Flor del Valle

The next morning, Bonn met with David Marakamoto, a young Filipino who had worked for the company in Spain. David was responsible for interpreting data on the market, consumers, and the brand. His strength was integrating different information sources to generate more precise business insights.

"The brand's problem is twofold. Part of it stems from the context created by the arrival of global brands and the repositioning of local brands."

"The global brands have entered to occupy the most aspirational spaces while remaining very accessible, and the national brands have also stepped up their game. So Flor del Valle's position has become very unclear."

David sketched a diagram on the board showing brand positions within the portfolio.



“However, I’ve noticed that everyone in Costa Rica has great affection for the brand,” said the consultant. “In the focus groups, younger and older people alike spoke positively about it. The brand is part of special moments. Everyone holds it in especially high regard,” he added. “In fact, the brand is strongly associated with various consumption occasions.” He showed one of the summary charts from the focus groups (see Tables 2 and 3).

“Yes, but that situation you’re describing—and showing me—is the other part of the problem,” David quickly replied. “The brand is beloved, adored, everyone thinks of it fondly… but fewer and fewer people actually drink it.” He picked up a report from his desk (see Table 1).

“If you conduct a traditional brand analysis—brand awareness, brand consideration, likelihood of consumption, etc.—the brand performs very well. But when you look at actual consumption, there’s no growth, even though it’s in a market that’s growing year after year,” David explained. “Which means its market share is declining.”

The consultant sensed that David had more to say and asked him to elaborate further.

“Before the multinational entered the market, there was a large group of people who drank three or four beers a week, and many of those consumption occasions involved Flor del Valle.”
“Now, they barely drink Flor once a week, while on other occasions, they choose other brands—either global or local,” David explained. “We’ve taken consumers away from Flor del Valle.”

“We’ve invaded Flor del Valle’s natural spaces. When we tried to reposition the brand, we couldn’t land on a clear concept, role, or value for it in the new portfolio—let alone in this new market.”

“For example,” David told the consultant, “take a look at this Category Entry Points analysis (see Table 2) we recently completed. You’ll see how Flor del Valle occupies very important Category Entry Points for our business, which also generate a lot of revenue. We’ve gradually displaced it, unintentionally, and now we don’t have a clear idea of what to do with it.”

The consultant reviewed both studies for several minutes. He took a few notes in his notebook and then looked up at David and asked:

“Wouldn’t it be very risky to stop selling Flor del Valle?”

David, unsure how to respond, asked for a few minutes to reply to some messages from his regional director.

Is This the End of the Road?

Carla was one of the most experienced salespeople on the country’s southern route—the most important commercial route in terms of sales volume for the company. She had successfully introduced the new brands to the store network and had expanded shelf and refrigerator space across all kinds of sales points, from the smallest to the largest.

“I heard that at the last sales convention, you strongly opposed the option of discontinuing the Flor del Valle brand. It’s even said that CMO Scott was quite upset with you,” the consultant told her.

“Well, I don’t think he was upset. He called me afterward, and we had a good conversation about our differing points of view,” Carla replied.

“The brand isn’t growing, and the market is,” she added, showing one of the charts David had shared during the previous meeting.

“Yes, you have a point, but this is a brand that people really love.”

“It’s been a part of people’s daily lives for a long time. Even store owners warn us that they’ll gladly continue receiving the new brands, but ask that we not touch the national brands.”
“Consumers like the new brands, but they still want to see their traditional brands on the shelves. In fact, it’s an honor for them to share the space, and they want to be able to

choose—from the most traditional to the most modern," Carla said with a tone of strong conviction.

"If we remove a brand like Flor del Valle right now, we run the risk of leaving a gap that the competition can fill at any moment," she insisted.
"It's odd that they haven't done so already—we've been lucky," she added.

"Without Flor del Valle, we wouldn't have a high-quality, affordably priced beer in the portfolio. Consumers know that Flor del Valle is of better quality—even better than the international brands. I understand that both global brands have a devastating marketing presence, but consumers still love to drink their Flor del Valle a few times a week," Carla continued.

At that moment, as Carla spoke, the consultant was looking at one of the charts David had shared, particularly the one on pricing (see Table 4).

"But I'll repeat it," she said, looking him squarely in the eyes as if trying to pass a message to someone else. "It's the store owners themselves who are constantly telling us: please don't mess with the national brand portfolio."
"And I don't think we want to go against 60% of the market. Wouldn't you agree?"

"But what about its lack of growth? Surely that could have negative implications for the commercial side, for profitability," the consultant asked.

"Well," said Carla, looking upward, "sometimes you have to sacrifice a bit of ambition. Besides, they could reformulate their strategy. The previous campaigns were really poor."
"This is a brand with a very special story that everyone knows. And can you believe that none of the ads featured a single person?"
"Its communication has been too basic, too rational—it lost the value and human touch that always defined it," Carla concluded.

"People in Costa Rica need to be spoken to in a more emotional tone. They don't care that much about being 'cool' or 'trendy'—that's for a small group. The majority associate Flor del Valle with good family moments, small occasional celebrations, a reward after a long day of work. It's not a mass-market beer; it never was," Carla concluded.

"So what should we do?" the consultant asked.

"Keep the brand. Improve it. Don't make things even harder for us salespeople," Carla replied, with a tone of mild complaint.
"And let's be fair—they've invested much less in Flor del Valle over the past 12 months," she concluded (see Table 5).

That evening, Bonn confirmed that Carla was right. While reviewing some of the metrics he had requested from Scott's team, he could see for himself how the Share of Voice (SOV) to Share of Market (SOM) ratio for Flor del Valle had deteriorated.

One well-known marketing law, backed by empirical evidence from various studies, says that when a brand's SOV is greater than its SOM, it tends to grow. Conversely, when the ratio is negative (SOV < SOM), the brand tends to lose market share. The explanation is simple: brand presence in front of consumers is one of the most critical factors in explaining brand growth.
If the brand is no longer visible across different communication channels—if people aren't receiving brand messaging—its presence declines, and as a result, it stops growing over time (see Table 5).

Bonn saw firsthand that Flor del Valle's presence was far lower than that of its portfolio counterparts.

For Ernesto Bonn, this was a particularly unique challenge.

What should he advise Scott to do?
Should they carry on with the brand, or remove it from the portfolio without overthinking the consequences?

He had never faced a situation like this—a brand that wasn't growing, yet was deeply beloved by consumers.

Maybe it was time to look for a new approach—a new way to view the problem from different angles.

Appendices

Table 1 — Portfolio Growth

Brand	Category Growth During Study Period	Comparison vs. Same Brand in Previous Period
Bwiser	8%	6%
The Crown	9%	5%
Flor del Valle	-3%	0%
Halcón	3%	2%
Poker	2%	1.5%

Methodological Note: Figures reflect volume growth, compared against the brand's own performance in the previous period.

Table 2 — Associations with Category Entry Points by Brand

Category Entry Points (most relevant)	**Bwiser**	**The Crown**	**Flor del Valle**	**Halcón**	**Poker**
For the beach on a hot day	ok		ok	ok	ok
Barbecues with family and friends. Celebrations		ok	ok	ok	ok
Watching sports	ok	ok			
As a way to relax after work and similar occasions		ok			
Best value for the price				ok	
Support for the national soccer team				ok	
A more natural and peaceful lifestyle	ok	ok			
People who know about or want to learn about beer	ok				
Greater variety and flavors	ok				
Worth paying a bit more for	ok		ok	ok	
Very high quality	ok	ok			

Methodological Note: Brand-to-attribute association exercise. Attributes were generated from prior focus groups (qualitative). Then, a survey was administered to 500 people (quantitative) who reported regularly consuming at least one of the brands in the past 6 months.

Table 3 — Associations with Brand Image Attributes by Brand

Brand Image Attributes	**Bwiser**	**The Crown**	**Flor del Valle**	**Halcón**	**Poker**
Differentiated / Innovative	ok	ok			
Relevant	ok	ok			
Cool and Relaxed	ok	ok			
Best Value		ok	ok	ok	
Popular				ok	ok
For a Select Few	ok	ok			
Modern	ok	ok			
High Quality	ok	ok			
Friendly		ok	ok	ok	
Fun		ok	ok	ok	

Methodological Note: Brand-to-attribute association exercise. Attributes were generated from prior focus groups (qualitative). Then a survey was administered to 500 people (quantitative) who reported regular consumption of at least one of the brands in the past 6 months.

Table 4 — Prices and Willingness to Pay by Brand

Relative Prices	**Bwiser**	**The Crown**	**Flor del Valle**	**Halcón**	**Poker**
Price difference vs. market average	+1.2	+1.8	+0.53	-0.95	-0.85
Worth paying more for it *(Likert Scale 1–7)*	4	5	6	2	2

Methodological Note:
The “Difference vs. market average” is calculated from price analysis at 100 points of sale segmented by size.
The “Worth paying more” indicator is one of the attributes measured in the previously referenced 500-person survey.

Table 5 — Share of Voice to Share of Market Ratio by Brand (Last 12 Months)

SOV/SOM Ratio (Last 12 Months)	Bwiser	The Crown	Flor del Valle	Halcón	Poker
Share of Voice / Share of Market	+1.8	+2.0	-0.58	+1.5	+1.4

Methodological Note:
Share of Voice data was provided by the company's Media Center based on GRPs achieved with investments during the study period.
Share of Market data was supplied by the company's market audit consultancy.