

Asia pacific breweries



**ASSIGN
BUSTER**

International BusinessEnvironmentProject GROUP PROJECT: ASIA PACIFIC BREWERIES LIMITED (APBL) Prepared by G& T Consultancy (TZ02): Benjamin Jethro Neo Czaraim Suganob Carreon Michelle Oh Hui Ling Ratchadakorn Wongphothiphan Valerie Ng Shi Min Yap Yi Jun Prepared for: Ms. Ng Lay Khim, Linda Date of Submission: 18th July 2012 TABLE OF CONTENTS 1. Company and Industry

One of the main components of the beverage industry is Alcoholic drink; an example of a company that produces alcoholic beverages, namely Beer and Lager is Asia Pacific Breweries. Listed on the Singapore Exchange, Asia Pacific Breweries Limited (APBL) is one of the key players in the beer industry Asia Pacific Breweries, formerly known as Malayan Breweries Limited (MBL) in 1931 is a joint enterprise between Heineken International & Fraser and Neave. Its present name was given in 1990.

As of today, Asia Pacific Breweries also operates a broad global marketing network, which extends across 60 countries and is supported by 30 breweries in 14 countries, namely Singapore, Cambodia, China, Indonesia, Laos, Malaysia, Mongolia, New Caledonia, New Zealand, Papua New Guinea, Solomon Islands, Sri Lanka, Thailand and Vietnam. Asia Pacific Breweries also offers their consumers a wide range of brands, be it global, regional or local, which suit the taste of various beer drinkers; boasting a wide range of choices, including Tiger Beer, Heineken, Anchor Beer, Baron's Strong Brew, ABC Extra Stout and Bintang Beer.

Their beers are brewed under the supervision of Heineken technical experts, who can call upon countless years of experience of European brewing excellence. Using only the finest ingredients, maintaining the most stringent

brewing standards, and conducting over 200 quality checks during the process. This scrutiny over production of APB beers has reeled in many awards while their breweries are among the forerunners in their respective markets. 2. STRENGTHS AND WEAKNESSES 2. 1 Strengths

Tiger beer, the prize brand of APB, was the winner of the UK's Brewing Industry International Awards, the most esteemed award in the brewing industry 1998. The brand won a Gold medal in the International Style Lager category in the 2010 World Beer Cup; and silver medal in 2010 World Beer Championships. Anchor Beer was presented a gold medal in Selection Mondiale in 2010, a gold medal by Australian International Beer Awards in 1998, on top of several other honors. Since beer sales mostly relied on quality and tang, the higher quality standards of APB beer, makes APB standout in the competitive brewery business.

APB's Tiger and Heineken brands scores on the point of identity and thus have a strong brand image. A part of one of the few establishments in Singapore, APBL set up the Asia Pacific Breweries Foundation (APB Foundation). This foundation provides financial aid to causes in Creativity Development, achievements in Human Excellence and Humanitarian Awards. APBL plays a significant role in giving back to the communities in which they operate. Being socially responsible, each of them renders support to the various educational, social and environmental causes in the respective countries.

Through its endless efforts towards community and environment protection, APB continues to build a long-term relationship and good rapport with its customers. 2. 2 Weaknesses Although the US market is mounting at a slower

rate compared to certain Eastern European and Asian markets, lack of presence in this market puts the group at a disadvantage as compared to some of the other great players in the industry. Since large beer consuming countries provide possibility for volume and revenue expansion, a modest presence in these markets results in a drawback for APB.

The anticipated sale of APBL's 50% owned Heineken-APB (China) Pte Ltd to China Resources Snow Breweries Limited would not be going through due to an unreachable agreement with CRSB.

3. OPPORTUNITIES AND THREATS

3.1 Opportunities With a rise in disposable income and alcoholic beverages more widely accepted by its people, Asia had its potential as a profitable market.

APB operates primarily in Asia Pacific, which grew at a compound annual growth rate of 5%, reaching a figure of \$112.2 billion in 2009. To maximize on their Asian opportunity, APB has ventured into New Caledonia and Indonesia. In FY2010, they came into possession of Heineken International's 65.1% interest in PT Multi Bintang, Indonesia and also Heineken's 87.3% interest in Grande Brasserie de Nouvelle Calédonie, New Caledonia. The group also received beer brand Bintang and its trademarks rights. The acquisition allowed APB to launch their other popular beer brands easier as it gave them a firm consumer base in Indonesia and New Caledonia. APB is extending its brand portfolio by adding more flavors and varieties. They acquired Bintang and Number One, from Indonesia and New Caledonia in FY2010. The group also introduced some other new brands in the same year.

Laos has its local beer Namkhong; New Zealand was introduced Monteith's Crushed Pear Cider while Tiger Crystal was presented to Vietnam and, as a limited edition, to Malaysia. APB attracts consumers of distinct tastes by

presenting new brands every now and then. 3. 2 Threats Beers belongs to one of the highly taxed commodities globally; especially high in the countries APB operates in. Per liter of beer was imposed an excise duty of S\$70 in Singapore, the single largest market of APB. New Zealand also increased excise duty. This caused DB Breweries, the New Zealand division of APB to increase its prices by 3%.

Higher prices are a result of higher excise rates. APB, known for being a cheaper option of premium brands, may lose its current consumers if excise rates continue to rise and cause APB to set a higher price for its beer brands. Alcohol companies have received criticism on their advertisements and thus, countries set a legal ban on spirits advertisements on TV and radio; on broadcast advertisements which associate alcohol with children or leisure, or promoting alcohol abuse; as well as on sponsorship of TV and radio programs by companies mainly concerned about alcohol production.

These rules would hinder APB's development, as its awareness in the consumers would decrease. Beer has been linked with negative health issues. Among people, there is a general negative perception about beer having an effect on the body fat and cholesterol. On the other hand, wine is considered a healthier option to other beverages. In matured markets like Western Europe and North America, beer is losing its field to wine, as there is an increase in consumers' preferences for healthier alternatives. Wide variety of alcohol products available readily and extensive advertising is also bringing a negative impact to beer sales. . KEY CUSTOMER (GROUPS) & COMPETITORS

Key customer groups Business to Customers APBL has large consumer base due to its wide variety. Tiger beer, among all the brands is the most famous

international brand with largest number of consumers. Tiger Beer targeted the vibrant young Asian adults; Tiger also launched Tiger Crystal Lite, a softer-flavored Tiger Beer to cater consumers especially the Chinese who prefer lighter taste. Likewise, Heineken and Gold Crown targets young Asian adults in Thailand, New Zealand, Vietnam, China, Singapore, and Malaysia.

Anchor, which offers consumers with international, affordable quality brew, is more successful in Hainan, Cambodia and Vietnam. Everyday drinkers in Singapore and Malaysia are appealed to Anchor while Cambodians and Singaporeans in their 30s-40s are appealed to stouts including Guinness, Extra Stout and Amber Stout. Baron's Strong Brew had European as its loyal customer base appealing those who favor strong alcohol taste. Business to Business The company has a strong market share in various countries within the Asia Pacific Region.

It also boasts that in the UK, Tiger Beer can be found in more than 8, 000 premium bars, clubs and distribution outlets in major cities. APBL's products can be found in almost any shop that sells alcoholic beverages in the countries it has expanded to. Competitors Asia Pacific Breweries' faces many competitors in the industry, namely in Breweries, beverage manufacturing, alcoholic beverage manufacturing, bars and nightclubs and restaurants, bars and food services. APBL's local and overseas competitors include Carlsberg A/S, whose company operates in Europe and Asia. Asahi Breweries, Ltd, Suntory Group and Kirin Holding Company, Ltd, which primarily operates in Japan. SABMiller, which primarily operates in Americas, Africa, Asia and Europe. The Philippines-based company: San Miguel Corporation and China Resources Enterprise Limited based in Hong Kong. Kirin Brewery Company,

Limited is engaged in producing alcoholic beverages, soft drinks, food products and pharmaceuticals through its subsidiaries. SABMiller is engaged in producing and distributing beer, malts and carbonated soft drinks.

Likewise, Suntory Group primarily operates in the non-alcoholic and alcoholic beverages, food products and the food services business segments. Carlsberg, a renowned competitor, is also engaged not only in the production, marketing and sales of beer, but also produces soft drinks, energy drinks and bottled water. San Miguel Corporation, yet another renowned competitor, also engages in the production of beverages and is involved in other business segments such as food and packaging products, power generation and distribution, mining, fuel and oil, infrastructure, telecommunications, management and development of real estate properties. . EXISTING OPERATIONS OF COMPANY 5. 1 Entry modes used for expansion Joint Ventures Asia pacific breweries preferred mode of entry is Joint Ventures. For example, in Singapore, Asian Pacific Breweries started out in Singapore as a Joint Venture between Heineken International and Fraser and Neave in 1931 and was known as Malayan Breweries Limited. Asia pacific breweries also used joint venture in Cambodia, China, Laos, Malaysia, Mongolia, Thailand, Vietnam, Indonesia and New Zealand. In Cambodia, Asian Pacific Breweries formed a joint venture with Progress Import and Export, which formed Cambodia Brewery Ltd.

In China, Asian Pacific Brewery formed a 50-50 joint venture with its shareholders, Fraser and Neave, Limited and Heineken in China known as Heineken-APB (China). APBL also engaged in a joint venture with Laos: Asian Pacific Breweries opened a brewery in Laos through a joint venture with the

Government of Laos and SBK Consultant Ltd. Malaysia's Guinness Anchor Bhd was a result of the merger of Guinness Malaysia Bhd and Malayan Sdn Bhd whose parent company is the current Asian Pacific Brewery. In Mongolia, Asian Pacific has formed a 55-45 joint venture with MCS Holdings LLC.

APBL also entered Thailand, Vietnam, Indonesia and New Zealand via Joint Venture. In Thailand, Asian Pacific Breweries entered Thailand, to form a joint venture with Thai Life Insurance Company Limited and Thai Pure Drinks Company Limited. Similarly, In Vietnam, Vietnam Brewery Ltd. , (VBL) was formed by a joint venture between Saigon Trading Group (SATRA) & APBL. Finally, In Indonesia, APB participates in the Indonesian beer market via PT Multi Bintang Indonesia Tbk (MBI). Acquisitions In 1955, APB entered Papua New Guinea by acquiring a stake in the brewery, which has been the sole beer brewer in Papua New Guinea since 1983.

Further expanding their foothold in the South Pacific, APB entered the beer market of Solomon Islands with a majority stake in Solomon Breweries Limited (SBL). Merger In New Caledonia, APB entered the beer market of New Caledonia via Grande Brasserie de Nouvelle Caledonia (GBNC). GBNC was formed in 1974 as a result of a merger of two breweries in the territory of New Caledonia. Partnership In Sri Lanka, APBL formed a partnership with Sri Lankan-based Anandappa family group and associates and MBL Offshore Limited, a wholly owned subsidiary of Phoenix Beverages Limited, which is a leading beverage group from Mauritius, to form APB Lanka.

Please refer to Appendix A for APB's shareholdings in the various countries 5.

2Types of operating issues or problems encountered Operational issues:

When expanding into foreign countries, the scale of investment and exports

increases. Large amount of capital is needed for venturing into new markets, resulting in the company having fewer budgets to channelize into other new markets or other development areas like R& D. Additionally; customers in different market have different standards, forcing APBL to consistently adapt the flavor to suit to local's tongue.

The unexpected fluctuating exchange rate incurred loss as seen when “ APB suffered a paper loss of S\$37. 9m & S\$14. 5m in 2008 & 2009 respectively. ” APBL experiences currency risks due to contractual cash flow invoice in another currency. There is potential currency mismatch in investing countries like Vietnam and Mongolia. For example, APBL invests in USD but revenue generated comes in VND. High agricultural products price resulting from natural disasters also happens in overseas production subsidiary would increase cost of beer production.

There might be political and economic regulatory uncertainties in investing market that delay the business operation or high entry barrier in some country as government restrict foreign investment scale or the sales of beer. Economic problems: Due to increase in prices of agricultural products such as wheat and barley, this increases the cost of beer production as well. APBL had to absorb this increase in cost of production, which will be bound to induce negative effects such as an increase in selling prices of beer to offset the higher cost of production.

This might lead to potential loss of customers. Also, the value of the firm may be affected by unanticipated and volatile changes in the exchange rates on home currency. For example, the depreciation of Tugrik led to an exchange loss of \$ 5. 9M. Political problems: When venturing into Mongolia,

there were various benefits and risks encountered by APBL. Some political risks encountered were that the political system lacks transparency and corruption level is high.

When venturing into Indochina, there was similarly a high level of corruption in the government coupled with a high tax regime of 45% which decreases the profit margin of APBL due to the higher expenses incurred from the high tax regime. Legal problems: Asia Pacific Breweries' financial manager, Chia Teck Leng is currently serving 42 years in prison as a result of swindling S\$117 million from a Scandinavian bank, two Japanese banks, and a German bank across a period of four years to make up for his gambling addiction.

This is reflected as the lengthiest jail term given for the biggest case in commercial fraud in Singapore to date. Chia was charged with using underhand means to extort foreign banks of about S\$117 million, criminal breach of trust of S\$53 million, moneylaundering, and encouraging his girlfriend Li Jin to use a forged passport. He was imprisoned on 2 April 2004 after pleading guilty to 14 charges.

6. FUTURE EXPANSION PLAN

6. 1 Selected countries and reasons for expansion

Reasons for venturing into Spain
The Spanish culture is known for drinking a lot of beer.

If APB ventures into Spain, it can be assured of a big market to introduce its products to. But despite the presence of many other beer companies in Spain, APB is a cheaper alternative compared to other beers, which will thus attract many consumers. Furthermore, it is known that good beer is a sign of a good restaurant. If APB can satisfy its customers' standard of 'good beer', it can definitely boost the reputation of restaurants that cater APB to its

customers. In addition, foreign beers are very rampant in Spain. This shows that the Spanish would welcome foreign beers.

Thus, this ensures that APB products will have higher chances of being accepted by the Spanish. Barcelona is also known to be a ‘ Drinker’s Paradise’. However, there have been negative feedbacks about the type of beers offered in Barcelona bars, which does not complement the drinking environment in Barcelona. Hence, if APB products can satisfy the Spanish, this will up the profit that bars make from selling beers, which will in turn benefit APB in the long run. From 2009 to 2012, the economy of Spain met with a downturn, and almost a quarter of Spain’s workforce was unemployed.

APB can now make use of the unemployed as labor for APB in Spain. Reasons for venturing into Australia The wine industry has expanded rapidly but Australians will always be known as beer drinkers, even rivaling the likes of Germans. Therefore, if APB ventures into Australia it will also have a large market of consumers to introduce its products to. Coupled with the fact that APB is a cheaper beer alternative, there is a high chance that many consumers will turn to APB to satisfy their demands. There are also various Beer Festivals held in Australia on a regular basis.

Such Beer Festivals include ‘ The 7th Annual Australian Beer Festival’ which attracted a large crowd of over 10000 people with 24 Australian brewers and over 100 Aussie beers present during the festival. Such Beer Festivals are definitely a good avenue to increase the reputation of APB at a large and quick scale if APB were to venture into Australia. In addition to Beer Festivals, there is also the presence of beer competition such as the ‘

Australian International Beer Awards’. This is yet another platform for breweries to showcase their premium beer and brewing excellence.

All these platforms reflects the Australian’s interest in beer drinking and thus this is definitely a good reason for APB to venture into the Australian market and grab its own customer loyalties and build its reputation in Australia. More importantly, the economy of Australia is one of the most developed, modern market economies in the world. In 2011, the Australian economy was the fastest growing advanced economy in the world, with a GDP of approximately US\$1. 6 trillion. This means that the Australians are earning more than the worldwide average.

The IMF in April 2012 predicted that Australia would be the best performing economy in the world over the next two years. With such a boosting economy in Australia, APB should venture into Australia. Australia has also entered into many FTAs with ASEAN countries and Australia is also a member of various international organizations such as APEC and WTO. This puts Australia in a very good position to make foreign trading with other countries, granted support from these organizations

6. 2 Identification of sub-factors used for expansion Political-Legal factors

Sub-factors used: Country risk ranking, political stability ranking, legal regulatory ranking, corruption index and political transparency index and ease of doing business ranking. Political and legal forces greatly impact the success of a company expanding into a foreign environment. It comprises of three main pillars. They are government regulation; laws that restrict the amount of trade freedom a foreign company has in a host country. The

Government bureaucracy provides the foreign company with the legal license to conduct business activity in the country and political stability.

Economic factors Sub-factors used: GDP growth rate, GDP Growth Projection, Purchasing power parity, Per Capita Income, Inflation rate, Exchange rate stability and presence of competitors. Economic factors refer to whether the country is favorable in terms of its economy. It is a significant factor considered when expanding, as economic factors will greatly affect the success of the company in that country. Social Cultural factors Sub-factors used: Educationlevel, Language, Religion, Income, Age and Ethnic distribution and attitude towards time. The social culture in every country is different.

The language, attitudes towards business, religious beliefs, traditions, and customs varies greatly from country to country. Managers must be aware of the differing cultures and specific taste of each country and tailor their products to suit their individual cultures. By doing so, it raises the level of competitiveness and demand for that product in that market. Geographical factors Sub-factors used: Accessibility to raw materials, agricultural products available, natural hazards, climate, percentage unemployed in labor force, minimum gross annual wage rate, land area, lease period of land, cost of land & terrain.

Geographic features in every country heavily influence the rate and pace at which a foreign company can expand in the host country. Surface features such as navigable rivers and flat plains aids travel and contact with others, hence accelerating the productivity of the company. However, countries with topographical features like treacherous mountain ranges, deserts and large

bodies of water may discourage communication. This affects consumers' product needs and wants, hence requiring managers to be extra particular about their preference. Technological factors

Sub-factors used: Availability of Digital Network Infrastructure, Internet penetration rate, Presence of legal framework for intellectual property and presence of e-banking structure. Technological advancement varies extensively throughout the world. Most firms would expand into a new market only if there is demand for its product or if the technology and infrastructure there can support its existing production operations. A country with the latest technology and infrastructure would mean lower costs for the company that is intending to enter into that market.

6. 2. Political/Legal Factors

Factor| Spain| Australia| Country Risk Ranking| Risk ranking of 61. 83| Risk ranking of 82. 25 ? | Political Stability Risk Ranking| With a Political Instability Index of 5. 5, Spain is ranked 104th in the world. | With a Political Instability Index (PII) of 3. 6, Australia is ranked 154th in the world. ?| Legal Regulatory Risk Ranking| Overall assessment of Spain is B, 30. | Overall assessment of Australia is A, 18. ?| Corruption Index & Political Transparency Index | With a Corruption Perception Index (CPI) of 6. 1, Spain is ranked 30th in the world. With a Corruption Perception Index (CPI) of 8. 7, Australia is ranked 8th in the world. ?| Ease of Doing Business Ranking| Spain achieved a rank of 44. | Australia achieved a rank of 15. ?| In terms of Political-Legal factors, Australia is more favorable as it is better than Spain in terms of Country Risk Ranking, Political Stability Risk Ranking, Legal Regulatory Risk Ranking, Corruption Index & Political Transparency Index and Ease of Doing Business Ranking.

6. 2. 2 Economic Factors

Factor| Spain| Australia| GDP

Growth Rate| 0. 8% (2011 est.)| 1. 8% (2011 est.) ? | -0. 1% (2010 est.)| 2. 7% (2010 est.) ? | Purchasing Power Parity| \$1, 413, 468 million (2011)| \$914, 482 million (2011) ?? | Per Capita Income| \$32360 (2010-11)| \$65477 (2010-11) ?? | Inflation Rate| 3. 1% (2011 est.) ? | 3. 4% (2011 est.)| | 2% (2010 est.) ? | 2. 8% (2010 est.)| Exchange Rate Stability| Euros (EUR) per US dollar - 0. 7107 (2011 est.) 0. 755 (2010 est.) 0. 7198 (2009 est.) 0. 6827 (2008 est.) 0. 7345 (2007 est.) > Less stable| Australian dollars (AUD) per US dollar - 0. 9694 (2011 est.) 1. 0902 (2010) 1. 2822 (2009) 1. 2059 (2008) 1. 137 (2007) > More stable ? | Presence of Competitors| Yes. There are strong competitors but not so many brewery companies ? | Yes. There are strong competitors and various microbreweries companies. Tense competition| In terms of Economic factors, Australia is more favorable because it is deemed better in five out seven sub-factors. From the comparison table, we know that Australia's economy is more stable and more favorable for business as compared to Spain because it has a higher GDP Growth Rate and Projection, a lower Purchasing Power Parity and a higher Per Capita Income.

Furthermore its Exchange Rate Stability is also more stable. 6. 2. 3 Social Cultural Factors Factor| Spain| Australia| Education level/ Literacy rate| 98. 5| 99. 98 ? | Language| Castilian Spanish (official) 74%, Catalan 17%, Galician 7%, and Basque 2% | Majority: English 78. 5%, Chinese 2. 5%, Italian 1. 6%, Greek 1. 3%, Arabic 1. 2%, Vietnamese 1%, other 8. 2%, Unspecified 5. 7% ? | Income Distribution| * 10% Rich (25. 2% of income) * 80% Middle Class (72% of income) * 10% (2. 8% of the income)| * 10% Rich (25. 4% of income) * 80% Between the two (72. % of the income) * 10% Poor (2% of the income).

?| Attitude towards time| The Spaniards are typically a laid back group of people, with a relaxed sense of time| It is expected of an individual to be punctual in any occasion ? | Age Distribution| 0-14 years: 15. 1%|15-64 years: 67. 7%|65 years and over: 17. 1%| 0-14 years: 18. 3% |15-64 years: 67. 7%|65 years and over: 14% ? | It is more feasible to expand into Australia because its Social Cultural factors are more promising. It has a higher Education level and Literacy rate, which means the citizens in Australia are more employable.

In terms of Language, majority of Australians speak English thus dispelling any language barriers. Australia's attitude towards time is also more advantageous for the business.

6. 2. 4 Technological-Infrastructure Factors

Factor| Spain| Australia| Secure Internet Servers| 285| 2003? | Internet users (per 100 people)| 65. 8| 75. 9? | Presence of Legal framework for Intellectual Property| Copyright Law of Spain|Spanish Patent and Trademark Office| Australian Property Law ? | Presence of e-Banking Infrastructure | Top 8 country, 46% utilization ? Top 10 country, 44% utilization| It is also more practical to expand into Australia because it is better in terms of the Technological-Infrastructure sub factors. In order for an international business to experience ease in communications between countries, its technological factors must be superlative. By analyzing the various sub-factors, we know that the Internet users (per 100) and Secure Internet Servers in Australia is much higher.

6. 2. 4 Geographical Factors

1 Factor| Spain| Australia| Natural hazards| Periodic droughts, occasional flooding and volcanism ? Cyclones along the coast; severe droughts; forest fires volcanism| Climate| Temperate; clear, hot summers in interior, more

moderate and cloudy along coast; cloudy, cold winters in interior, partly cloudy and cool along coast ? | Generally arid to semiarid (low precipitation); temperate in south and east; tropical in north| % Unemployed in Labour Force| 20. 065%? | 5. 233% | Minimum Gross Annual Wage Rate (International Dollars)| \$11, 426. 00 ? | \$20, 027. 00| Land Area (sq. km)| 505, 370| 7, 741, 220 ? | Terrain| Large, flat to dissected plateaus surrounded by rugged hills ? | Mostly low plateau with eserts, fertile plains in southeast| Upon comparing both countries' Geographical Factors 1, Spain is more favorable. This is because it is less prone to natural hazards and its climate is more conducive for setting up a plant. They also have a large unemployment rate, which APBL can take advantage of if they chose to expand into Spain. 6. 2. 5 Geographical Factors 2 Factor| Spain| Australia| Length of road network| The road network comprises a total of 346, 858 km| The road network comprises a total of 913, 000 km ? | Number of Airports| 47 Airports | 448 Airports ? | Number of Seaports| 66 Seaports| 214 Seaports ? Preferential Tax Incentives for Foreign Investors| Deductions are readily available for export activities, investment in the environment, R& D, extraordinary profits reinvestment, training, etc. ?| Subjective to the nature and size of the investment project, the relevant Australian State governments may give rebates from payroll, stamp and land taxes on an ad hoc basis and for limited periods. | By analyzing the Geographical factors 2, Australia is much better because it has a longer road network, more airports as well as seaports. This means that it is much more accessible if we expand into Australia. 6. Recommendation, reasons and type of entry mode to use for Australia. Recommendation We chose to enter the Australian market with either a company currently existing in Australia or a company that hasn't

expanded into any other countries, and have similar goals as Asia Pacific Brewery. We have chosen to go with Coopers Brewery Limited, the largest Australian-owned brewery or the largest home brewing equipment producer in the world. Reasons By venturing into Australia with Coopers Brewery Limited, the chances of reducing cost and risk would be higher as compared to attempting to enter the market alone or with external companies.

This would be due to the fact that Coopers Brewery Limited has an established name and hence, this allows them to share their experiences with APB, reducing the trouble of setting up their own subsidiary, ultimately reducing the chances of consumer doubt. Therefore, smaller amount of investment is required to put APB's business into operation. APB need not waste valuable time to set up its own subsidiary or look for ways to enter the Australian market, which it has low international experience or little cultural knowledge of. Knowledge wise, APB would have an advantage when going into joint venture with Coopers

Brewery Limited because they possess information and first-hand experience about the local market demand and they know what " works" in order to satisfy their consumer's standards and preferences. In terms of production capacity, APB would be able to increase its product and sales volume as there might be sharing of staff and production facilities between both brewery companies. They can also share the cost of marketing and advertising their brewery products. APB can now afford to sell its product at cheaper price, thus increasing its competitiveness in the brewery industry within short period of time.

Type of Entry Mode to use We chose to enter the Australian market via Joint Venture with Coopers Brewery Limited. Coopers Brewery Limited was established in 1862, by Thomas Cooper at his home in the Adelaide suburb of Norwood, South Australia. Being the utmost powerful beer company in South-Australia, Coopers Brewery Limited would have the largest amount of market shares hence we would be able to penetrate the markets and promote APB's branding to Australia, as the consumer-producer's trust is already established.

APB can build good relations with its new retailers and customers since its joint venture partner already has a reputable brand image, thus this adds on to APB's credibility without much effort required. Therefore, APB would be able to distribute its product more efficiently through the availability of existing market channels that Coopers Brewery Limited has. 6. 4 Reasons for not selecting Spain. By comparing both countries, and weighing the factors used for expansion, we have unanimously concluded that Spain is not as favorable as compared to Australia.

In terms of Political-Legal factors, Spain's country risk ranking is lower than Australia, which indicates political instability that is unfavorable when setting up a business. Furthermore, Spain's ranking when it comes to ease of doing business is ranked 44 in the world, a significant inferiority compared to Australia which ranks 15. Economically wise, Spain's GDP Growth rate is relatively smaller compared to Australia's. In terms of Per Capita Income, Spain's is much lower compared to Australia, which might play a role as to unsatisfactory sales.

Furthermore, by comparing 5-year statistics, the exchange rate stability also fluctuates more than Australia, therefore being less stable. By looking at the Social Cultural factors, Spain is less favorable than Australia because of its lower literacy rate and minor percentage of English speaking individuals, Moreover, the Age Distribution in Australia is better than Spain because despite the exact same percentage of people aged 15-64, the youth's population in Australia is greater than Spain.

This means that in the future, Spain's percentage of 15-64 would be less compared to Australia. This age groups consists of the majority of working individuals, hence, a smaller figure would be deemed as having an adverse effect to the company. Technological Factors also indicates that Spain isn't on par with Australia. International Businesses rely heavily on technology for communication. If APBL wants to expand to a country, it would be an advantage if the country's penetration rate were higher.

By comparison from the table above, it is evident that the Internet Users (per 100) in Australia far exceeds Spain's, which would mean that there are more computer literate individuals in Australia as compared to Spain, which would pave the way for more employment opportunities. Geographically speaking, Spain's land area is comparatively smaller than Australia. In order to establish a major brewery, a vast land area is required and Australia has more land than Spain, which means that it would be more economical as land isn't as scarce.

The comparison also shows that Spain has lesser Airports, Seaports and a shorter length of road network, which reflects that the accessibility in Spain is inferior to Australia's. CONCLUSION Our consultant team has found that

Australia would be the more promising country for Asia Pacific Breweries' expansion plans. This is conclusive of our results, which were based on a thorough assessment of thirty-six diverse sub-factors, which are instrumental in successful business expansions. Australia was found to be more favorable in twenty-six out of the thirty-six factors.

Australia boasts a relatively slight political risk and has low corruption in the country, which provides a conducive and secure environment for Asia Pacific Breweries to conduct its operations in. Furthermore, agricultural produce in Australia is suitable for the brewing of quality beer, thus Asia Pacific Breweries does not need to source for additional raw materials, which would otherwise incur a huge cost. Australia also has a comprehensive web of transport infrastructure, which would greatly increase the efficiency of Asia Pacific Breweries operations, hence cutting costs.

The quality of education in Australia is also of a high standard, producing a workforce that is highly literate. A highly educated work force will not only increase work productivity but also the overall competitiveness and capabilities of Asia Pacific Breweries in Australia. The Australian economy shows no sign of slowing down as GDP growth rates are projected to continue increasing through the years. Additionally, the per capita income in Australia is considerably high, which means that the average Australian is comparatively well to do.

As beer is a lifestyle product, a strong, robust economy coupled with a high standard of living will be able to better complement and boost the sales of beer. After taking into considerations the abovementioned conclusions, the team here at G& T Consultancy would like to offer a recommendation for

Asia Pacific Breweries to expand into the Australian market. APPENDIXES
Appendix A: APB's Shareholdings BIBLIOGRAPHY 1. Asia Pacific Breweries Limited – SWOT Analysis Overview, (2011) Retrieved 20 May 2012, from <http://forum.shareinvestor.com/forum/showthread.php?23-Asia-Pacific-Breweries> 2.

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