

Unhappy marriage essay



**ASSIGN
BUSTER**

Anheuser-Busch plans to overtake their future competition backfires. When the NAFTA agreement went into motion Anheuser-Busch wanted to own most of Grupo Modelo and Grupo Modelo was scared of competition on their home market. The plan was to purchase most of the stakes in Grupo Modelo so Anheuser-Busch could have the majority of control of Grupo Modelo and so, controlling their competitor. Being aware of this plan, Grupo Modelo knew that a majority of stake did not mean control of the board votes.

Anheuser-Busch purchased stakes in Grupo Modelo because they held half of the Mexican beer market and exported to 124 countries in all continents of the world. Initially purchasing 17.7% of Grupo Modelo's stakes meant increasing Anheuser-Busch's distribution network and acquisition of brands like Corona who were very successful. On the other hand Grupo Modelo sold those stakes since the passing of NAFTA meant that there would no longer be a 20% tariff on imported beer in Mexico which meant that more competitors would enter the Mexican beer market which meant losing their big market share in Mexico.

Anheuser-Busch wanted to acquire the Corona brand to distribute it on their U. S. distribution system. The issue appeared when Grupo Modelo's management renewed its contract with its existing U. S. distributors. Anheuser-Busch as a response tried to get more seats on the board of directors by taking the option of purchasing a total of 50.2% stakes in Grupo Modelo. Unfortunately this strategy failed since even after owning 50.2% of stakes they still held the minority of seats on the board of directors. When choosing an international partner we must be aware of all of the aspects involved in such venture.

Grupo Modelo outsmarted Anheuser-Busch, since they were aware that even with the majority of stake Anheuser-Busch could never get the majority of seats in the board of directors. There must always be a good relationship between partners and in many cases this is almost impossible since they cannot compete and help each other at the same time. In the end InBev SA acquired Anheuser-Busch but not Grupo Modelo due to a clause in the original joint venture agreement that allowed Grupo Modelo to buy back the Anheuser share.