

Strategic position
submiller company
commerce essay



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SABMiller company has a positive strategy to promote the quantity and productivity of major markets, optimize and expand an established position in the market of developing countries, seeking value-added opportunities to strengthen its position as a global beer manufacturer in the international premium beer segment develop their own brand, and actively participate in the ongoing consolidation in the industry. SABMiller's success depends on its strategic focus: a balanced and attractive global business, a strong brand portfolio and expand its operations worldwide activities in the relevant market, the style of performance appraisal, the development of a strong relevant market.

1. 1. 1 Corporate acquisition

Acquisition a brand or a business is a way that can improve the company's competitiveness and increase its market share. For the SABMiller, if it buys a brand or business, it can acquire a new turnover. It can gain new locations as well as factories and shops. Not only that, but it will gain new products and technology enabling itself to enter a new market. By the way, corporate acquisition can also give SABMiller other benefits, such as, increased value generation, increase in cost efficiency and increase in market share. So a good and right acquisition plan for the future of the SABMiller's strategic position is very important.

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1. 1. 2 Foreign operations

For an international organization, like SABMiller, foreign market and operations are more important than location's. Foreign operations can reduce unit costs, spread economic risks and absorb excess capacity over a wider number of markets. Foreign operations can allow firms to set up production facilities of lower cost in locations close to raw materials and cheap labor. For example, china has a huge market share, SABMiller can enter Chinese beer market by some operations, and build factories in different cities, hire local labors to reduce costs. So SABMiller's strategic position should more tend to foreign operations rather than local operations.

1. 2 A new vision

Nowadays SABMiller's vision is to be the most admired company in the global beer industry, that including investment of choice, employer of choice, partner of choice. In the future, SABMiller can develop a new vision that to be the most innovation and technology company in the global beer industry.

1. 2. 1 Mission statement

For the customers, SABMiller is staying responsive to consumers' changing needs and desires are central to competitive success. Their products face competition from rival brands and from other types of leisure activity: if we fail to offer customer and consumers the best price, quality and service, the business will suffer and with it the wealth we create for all stakeholders.

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For the products, SABMiller has a rigorous, group-wide approach to quality

control and product safety. On most sites this is based around external standard system, such as ISO, NOSA.

For the technology, water scarcity, low energy costs due to large-scale investment in fossil fuel alternatives. SABMiller has been researching how to make more beer using less water and reduce their energy and carbon footprint.

For the concern of employees, SABMiller seeks to be a preferred employer. Employee development SABMiller seeks to create an environment in which all individuals and teams may develop their full potential for the benefit of themselves and the group. Employee diversity SABMiller companies understand and respect the wide range of human diversity in which they operate and encourage inclusiveness with regard to human resource practices, irrespective of (among others) nationality, race, gender and physical disabilities.

1. 2. 2 Strategic objective

In the SABMiller, there are four major strategic objectives: creating a balanced and attractive global spread of businesses, developing strong, relevant brand portfolios that win in the local market, constantly raising the profitability of local businesses, Leveraging our skills and global scale.

1. 3 Strategic options

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There are three strategic options for SABMiller:

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â' Product development

â' ;Market development

â' çDiversification

Porter's Generic Strategies

Cost leadership â'

Differentiation â' ç

Cost focus â' ;

Differentiation focus â' ;

Ansoff's Matrix

Market penetration

Product development â'

Market development â' ;

Diversification â' ç

The Boston's BCG Matrix

Stars â'

Question marks â' ç

Cash cows â' ;

Dogs

Option ' (Product development): Product development strategy, it is to point to in the current market by the improvement of current products or develop new products to expand sales strategy. Product development strategy can avoid enterprise temporarily, optionally, blind development and into some no market value of the products, and ignore that really can improve competitiveness in the market of products opportunity. Product development strategy is the enterprise product development of military road map to guide product development direction and road signs.

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Analysis using Generic Strategies : For the product development, the most important thing is not developing new products but improving current products.

So the best way is choosing cost leadership, reducing the cost of product as much as possible. SABMiller should focus on manufacturing cost and staff cost. As a beer company, SABMiller can research new technology that use less water to produce more beer. Then, they can build their factories in developing countries, such as Indian, China and Malaysia, using cheap labor to reduce the cost.

Analysis using Ansoff's Matrix: SABMiller can extend its product by producing different variants, or packaging existing products it in new ways. Develop related products or services, shorten its time to market, or improve customer service or quality.

Analysis using BCG Matrix: The further development of star product is the most important. In the SABMiller, there are at least five beer's brands that are popular in South Africa, Miller Genuine Draft, Pilsner Urquell, Peroni, Amstel and Castle Light Lager. These five beers occupy the 75 percent market share in South Africa. So constantly expanding the market and improving these star products are the main strategies to SABMiller.

Option 1; (Market development): Market development strategy is the enterprise in the complex market environment, to achieve specific marketing objectives and design of the long-term, stable action plan, form the guidance

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enterprise marketing global goal and management policy. Market development strategy is the unity of the goal and means. No goal, we have no way, no strategic measures, the goal is not possible.

Analysis using Generic Strategies : In the market development, SABMiller should use focus strategy, cost focus and differentiation focus. For the cost focus, SABMiller can try its best to decrease the cost, then they can decrease the price of their products, it is a good way to keep customer's loyalty and get more new customers. For the differentiation focus, suppliers have power due to low volumes, but a differentiation-focused firm is better able to pass on supplier price increase.

Analysis using Ansoff's Matrix: SABMiller can target different geographical markets, use different marketing channels, such as direct sales or online, if

you through the trade selling, target different groups of people, perhaps with different genders or age groups from your normal customers.

Analysis using BCG Matrix: In the field of product produce large amounts of cash, but the future growth prospects are limited. This is a leader of mature market, it is the source of enterprise cash. As the market has matured, the enterprise need not a lot of investment to expand the size of the market, at the same time as the market leader, this business enjoy economies of scale and high marginal profit advantages, thus brings to the enterprise to large amounts of cash flow. Enterprise often uses cash cows business to pay for the account

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and support other business that need a large amount of cash. Cash cows for the business strategic framework mentioned stable strategy, purpose is to keep the market share of the SBUs.

Option â'¢ (Diversification): Diversification involves growing the scope of products or markets served by an organization. Related diversification involves diversifying into products or services with relationships to the existing business.

Analysis using Generic Strategies: A differentiation strategy for SABMiller products and competitors' products that have significant differences to form the distinctive characteristics. SABMiller highlights the differences between its own products and competitors.

Analysis using Ansoff's Matrix: Diversification can be a good choice, for SABMiller, but compared to other options, it is not very attractive. In fact, SABMiller is a publicly traded company that can manage their own portfolio harder for real portfolio management as a shareholder. It can work in favor of the SABMiller manufacturer, if you can add enterprise, the portfolio can support and complement its core beer business.

Analysis using BCG Matrix: Diversification is to reduce the risk of investment, but it also has risk. So we should use question marks to analysis these diversified investment, a good investment can make products become to stars or cash cows but a bad investment can also mean that the investment is fail. If 9

SABMiller produce a new beer, it should analysis whether this beer can occupy the market share and have high growth.

1. 4 Recommendation

Above those three strategic options, I will recommend market development to SABMiller. SABMiller achieved great success in South Africa market, but to the world, the biggest market is China. Chinese customers consume forty-five million seven hundred and sixty thousand tons beer each year. If SABMiller can choose a correct market development strategy in China, it will get a greater development.

1. 5 Conclusion

The key point to SABMiller's success is its management of strategic brand and its brand portfolio. But in the future, it has to face more challenge and competitive. SO SABMiller should continue improving its strategy, developing innovation and technology.