

The application of game theory in business strategy essay sample

[Business](#), [Branding](#)



1. Value Creation

Anheuser Busch Inbev S. A. is the leading global brewer, they take great pride and care in brewing beers, and that's also how they want them to be enjoyed with great care. This is why they committed to responsible drinking which is at their heart in line with their strategy of to be the Best Beer Company in a Better World.(1) Through commitment to be the Best Beer Company in a Better World, Anheuser-Busch InBev S. A. is the beer industry leader in social responsibility initiatives, ranking as the No. 1 brewer in social responsibility in FORTUNE Magazine's " World's Most Admired" beverage companies' list. The Better World efforts focus on three pillars: promoting responsible drinking; protecting the environment; and giving back to the communities in which we live and work. Around the world, Anheuser-Busch InBev S. A. has developed and implemented social responsibility programs and campaigns in partnership with parents, government officials, community organizations, retailers and others.

From promoting responsible drinking messages on some of the world's most watched television programming, to turning coconut husks into renewable energy to fuel breweries, to volunteering in the community, Anheuser-Busch InBev S. A. and its employees are committed to making a difference.(2) To focus on this effort Anheuser Busch Inbev S. A. has set 6 global responsible drinking goals which will be independently audited. The global responsible drinking targets are reaching 100 million adults with programs to help parents help talk to their children about underage drinking, providing ID-checking materials and other education to at least 500 thousand bars, clubs, restaurants and grocery stores to help them prevent sales to minors, training

on responsible alcohol beverage sales to at least 1 million bartenders, waiters, grocery store clerks and others who serve and sell alcohol, reach at least 500 million legal-age customers to increase awareness of the importance of using a designated driver or safe-ride home, invest at least 300 million USD in advertising and programs to help remind and educate customers about the importance of responsible drinking and celebrate the annual global be(er) responsible day to promote the importance of responsible drinking among employees, retail customers and consumers.(3)

The campaign creates value as it adds to consume beer responsible as it helps lower the number of accidental death under influence of alcohol.

Giving Anheuser Busch Inbev beers a more responsible corporate image as being conciliatory towards its customers and consumer while bringing sensibility about how we drink while working together with government and healthcare to promote responsibility. (1) Clark C., Responsible Drinking: AB InBev Sets the Record Straight on a Misnomer, blog, CSRwire Talkback, Springfield, MA, 21 September 2012, <http://www.csrwire.com/blog/posts/548-responsible-drinking-ab-inbev-sets-the-record-straight-on-amisnomer>

Amssons M., Caspersen C., Couk K., Gerdes T., Staley G., Vallis L., AB InBev Announces Significant One-Year Progress toward Global Responsible Drinking Goals on Third Annual Global Be(er) Responsible Day, Press Release, Anheuser Busch Inbev S. A., Brussels, Belgium, 20 September 2012, http://www.ab-inbev.com/press_releases/hugin_pdf%5C529098.pdf N. A., Responsible Drinking, Report Social Responsibility, Anheuser Busch

Inbev S. A., Brussels, Belgium, 2012, http://www.abinbev.com/pdf/ABI_CSR11_Responsible_Drinking.pdf

2. Recommendation

2. 1. Rival Strength

Rivals of Anheuser Busch Inbev S. A. often focus on volume of sales of their main brand. For instance Heineken as another global brewer focus strong on its pilsner ale Heineken. When they expand they stop local beer brewing production and alter it into production of pilsner ale Heineken. This to increase the volume production of their main brand in line with their branding strategy and distribution strategy of globalization and by doing so limiting diversity of beer like Anheuser Busch Inbev S. A in line with their localization strategy. Implications Strategic Positioning Marketing Strategy Heineken International Brewers Aims to leverage company brand name Overall strategy is to have a main stream brand that can have local mainstream brand Anheuser Busch Inbev World Local Beer Aims to leverage each beer brand on a local or international level Diversifying the band portfolio including including (Stella Artois), Speciality (Hoegaerden, Leffe, Bass Ale and Belle Vue) and local (Jupiler and Labatt Blue) Acquisition is an opportunity to combine local brands with global brands to offer complete brand portfolio

Branding Strategy

Market Entry Strategy

Joint Venture: Tend to buy equity in a local brewer and use it as a vehicle for distribution for the global brand

Although the overall volume of Anheuser Busch Inbev S. A. is higher than its main competitors, through their support of local diversity in beers while expanding, the volume of each different beer is lower than this of the competition. Also through this diversity it requires more marketing budget as each specific taste gets based on its volume a part of the overall marketing budget.

Sekar S., The Global Brewery Industry, presentation on localization versus globalisation, analyst report, Staffordshire University, Staffordshire, united Kingdom, 2009

Dictated by the Game

Belgium may be a small country within Europe, but it is huge in the world of beer, with every village seemingly hanging onto its own individual brewing tradition. The result is a diversity of beer styles unmatched in any other traditional brewing nation. With so much variety, it's not possible to define Belgian beer, per se. However, many Belgian styles can be clustered together in a relatively small number of categories according to their dominant flavor character. (5) The diversity is part of Belgian beer culture, as a small country with more than 500 kinds of local beers. At the time of the first mergers in Belgium the brewing corporations discovered that the consumers have preferences for local tastes and are not easily prepared to change their preferred brand of beer. For this reason and to support diversity

Anheuser Busch Inbev S. A. ensures that when acquiring a new local brewer the local beer will remain brewed and on the other side ensuring operational profitability.

Relevancy of Rival's Strength

Based on the dictation of the game the rival strength to have to ability to produce more in volume of a single brand of their mainstream beer is out casted by the diversity of humans with each having a preference for their taste. By employing a strategy of difference joint by economies of scale Anheuser Busch Inbev S. A. has advantage for geographic leverage to minimize economic differences like cost of skilled labor and capital, supplies, technology and infrastructure. While allowing for maximization of sales and consumer loyalty due no undermining of local network of brand and using this existing network to strengthen to global brand.

Cook, C. D., Belgium: Diverse Beer Styles, Delectable Brews, article, All About Beer magazine, Chautauqua, January 2009, Volume 29, Number 6
<http://allaboutbeer.com/learn-beer/styles/2009/01/belgium-diverse-beer-styles-delectable-brews/>

Change the Game

Anheuser Busch Inbev S. A. has changed the game on the global brewers market through its diversity strategy of localization enforced by the historical diversity of Belgian beers and fact that people have all different preferences for their taste of food and beverage products. This knowledge has made that

over the different mergers and acquisitions done from the local brewery 'Den Hoorn' in Leuven Belgium since 1366 to the current largest brewery company of Anheuser Busch Inbev S. A. the diversity of the local brands has been enhanced and made profitable due the economics of scale while using the local brands and their networks to grow the overall company. The growing sales of local and global brands enabled that the cash flow was high positive to acquire brewers who often had a higher volume production.

By each local brand that is added to the portfolio Anheuser Busch Inbev S. A. creates an additional revenue line for its global brands. The current stream of responsibility is completely in line with the company's growth strategy and culture, while ensuring that the negative co-notation of beer, due the many young drivers dying on the roads under influence of alcohol, is leveled out by encouraging consumers to be responsible while enjoying the taste of beer. Since the start of this responsibility campaign global sales has increased jointly with a decrease of accidental death toll of drivers under influence of alcohol. This based upon the annual growth of total volume produced of beer and revenue while annual number of alcohol impaired-driving crashes decreases.

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