

Anheuser-busch, inc. case analysis

[Business](#), [Marketing](#)



Executive Summary

The alcohol, entertainment, packaging and non-alcoholic industries are among the rapidly growing industries in the world and therefore present many opportunities to companies like Anheuser-Busch, Inc. It is evident that modern businesses are faced with challenges as a result of ever changing business environment which is largely attributed to the effects of globalization. Therefore Modern businesses must formulate strategies that will ensure the success of their production activities in their respective industries. Intense competition has become the norm of all firms and therefore each firm wishing to remain competitive as well as international in scope must formulate workable marketing plans that are long-term in nature. Such workable marketing plans should be formulated in a manner that considers the available resources, strengths, weaknesses, opportunities and threats of that particular company. For these strategies to be efficiently and effectively carried out, prior marketing research should be conducted to avoid unnecessary failures in the future.

Introduction

Business environments keep on changing and businesses like Anheuser-Busch, Inc. often has to adjust to any changes in the market place. Such changes may be brought about by the concept of globalization or saturation of home markets among other factors. Therefore, through marketing research, Anheuser-Busch, Inc. must efficiently plan for its future by incorporating all the anticipated changes in business environment as well as ensuring that the target goals of the business are achieved with ease (Brassington and Petit, 2000). Most of the times businesses are faced with

challenges like competition and therefore the management of Anheuser-Busch, Inc. must formulate viable marketing strategies that will ensure the expansion and sustainability of business operations.

Company

Description

Anheuser-Busch, Inc. was founded in the year 1852 but research reveals that the company was first incorporated in the year 1975. The company has its headquarters in the United States of America, Missouri, and in St. Louis. Anheuser-Busch is reported to be among the largest firms that manufactures brews in the United States of America. The company is actually a branch of Anheuser-Busch InBev and research indicates that the company contributes to approximately fifty percent of sale of beers in America in the alcohol industry. The company produces different kind of beers that include Busch, Michelob, Natural Light, Budweiser and Bud Light brands among others. Anheuser-Busch Inc. does not only produce alcoholic drinks but it has also specialized in manufacturing of non-alcoholic beverages for instance Malt beverages and liquors which are not alcoholic brands. Further the company is involved in provision of entertainment services to its clients as well as packaging services (Anheuser-Busch, Inc., 2008).

According to latest business report the company is considered to be among the leading market leaders in alcohol industry in the United States of America; for instance, in the year 2007, the company earned revenue of approximately seventeen billion US dollars. The company further is very crucial to the world economy in that it has an estimated thirty one thousand employees who pay taxes to the government. Anheuser-Busch, Inc. have embraced the concept of diversification; for instance in the US the company

has a lot of subsidiaries e. g. in Virginia, Florida, New Hampshire, New Jersey, Texas, Ohio, New York, California, Georgia and Colorado among other states. (Anheuser-Busch, Inc., 2008).

Proposed

Mission

Statement

Business research reveals that for any firm to succeed it must formulate a good marketing plan that must clearly state its mission statement. Such a statement describes the Anheuser-Busch, Inc.'s fundamental purpose in the surrounding society especially with regards to production of alcohol. Such a mission statement must clearly depict some essentials such as the purpose; under this, it is basically what the Anheuser-Busch, Inc. is producing and the reasons for its existence in the first place. Anheuser-Busch, Inc. basically exists to produce beers, nonalcoholic drinks, provision of entertainment services as well as provision of packaging which have become part of the modern norm of the contemporary business society. Therefore, the proposed mission statement for Anheuser-Busch, Inc. is to become the world class producer of quality beers and non alcoholic drinks as well as provision of excellent entertainment and world class packaging services that meets the needs of the customers.

Porter's

five

forces

It is very important for the Anheuser-Busch, Inc. to use the five forces to ensure that it strategically position itself in a way that it become very competitive to make sure that it remain in business and also make and maximize profits. Managers of Anheuser-Busch, Inc. have a very important role in ensuring that they do enough analysis so that they employ strategies to make them make the best out of the business that they do. Porter's forces

can be analyzed to act as yard sticks for Anheuser-Busch, Inc. to position itself so as to do a profitable business as they face a very competitive and saturated environment that is very sensitive to changes. Therefore the management of Anheuser-Busch, Inc. has to consider the following factors; (Porter, 1985).

The closeness of substitutes

Substitutes are alternative products that have the ability to satisfy similar needs and give solutions. Substitutes in the alcohol market reduce the potential returns of Anheuser-Busch, Inc. since they place a ceiling on the prices offered for beers in the market. Firms that realize that products being offered bring a lot of profits look for substitutes products that can substitute so that they may also enjoy profits. Anheuser-Busch, Inc. face a big challenge since its rivals are coming up with products that compete very much with the existing company's original products e. g. the introduction of Heineken to many markets around the world (David and Fred, 2008).

Due to research, many alcohol industries are discovering new products every day that are either more effective or sweet to the customers. This has become a very big challenge to Anheuser-Busch, Inc. since the market has become open and new discoveries are welcome every time. Customers will always be tempted to try the new drinks and services to see whether they are more effective and are made to believe that the newest products and facilities on the market are the best since they are more new and tested. Anheuser-Busch, Inc. must constantly try to sell its products by marketing them all the time and assuring their markets that its products and services it has are the best. Almost all alcoholic and non alcoholic products produced by

Anheuser-Busch, Inc. have tested substitutes and it gives the sellers and the users a variety of choices to choose from and thus making it very hard for some products to be pushed.

Anheuser-Busch, Inc. is facing very stiff challenges since many alcohol manufacturing companies are opening up everyday with better supplies from substitute goods that make them appear to be cheaper than the others. For instance; customers will go to those companies with variety of substitutes so that they may get more cheap products and services that can meet their needs (McGahan, 2004).

The Intensity of Rivalry among Established Companies
Many firms including Anheuser-Busch, Inc. face a very competitive environment that has a big concentration of rival competitors making it a very competitive venture in business. Anheuser-Busch, Inc. compete with its rivals across all levels and try all strategies to ensure that they beat its rivals and try to do extensive marketing and innovation to attract more customers every day. There are many established companies that are more organized and have better strategies than the new ones that come up and therefore have a competitive edge over the others. An established company will mean having a well developed network that has a good client base and that is supported by customer loyalty and therefore locking out the new firms that try to make an impact by trying the existing markets. Anheuser-Busch, Inc. gives a big challenge to the new companies in the market that try to make their products known. Even though substitute products are received in different industries, it becomes easy for the established firms to push customers to start using their new products in the market since they have a

name in the market and customers are loyal to them. Customers will always be pulled to go to the already established firms like Anheuser-Busch, Inc. that they are used to them and will always feel that their services and products are the best. They also believe that products and services that are offered in the established firms are the best and all they offer are the best to take care of their needs (Porter, 1985).

The bargaining power of suppliers

Suppliers take advantage of their unique supplies to ask and bargain for what they want and enjoy the monopoly and charge expensively for the products or services that they offer. Customers are very sensitive to any changes that may affect them that are caused by the bargaining power of the suppliers. Suppliers are a competitive threat to Anheuser-Busch, Inc. and its competitors because they can raise the prices of new and the old supplies and therefore making the customers to try substitute products that can satisfy the same need. Suppliers may cost the Anheuser-Busch, Inc. a lot of financial constrain if they switch and fail to supply their products as it is involving to get new and reliable suppliers that can give quality and be efficient all the time (David and Fred, 2008).

Anheuser-Busch, Inc. must try as much as possible to bargain well with their suppliers so that it may get quality products at the right price so that they may also sell and price their products well in relation to those of the competitors so that they may not loose customers to the other firms. Suppliers will have more power if they are few or alone in the market and will give their products at a very high price and will affect the sales of the firms in the long run. It is very important for Anheuser-Busch, Inc. to have

suppliers that can supply substitute products that are more or less the same so that their customers will not run to the other outlets that have the products that they need. In the event that the suppliers reduce their products quality and raise the price of their products, it will be a great competitive challenge to the Anheuser-Busch, Inc. and other firms that offer the same services. The determinants of the suppliers power of Anheuser-Busch, Inc. includes: suppliers concentration in one particular place that is central in location, volume of suppliers and finally the costs related to the total purchases that they do. The suppliers ensure that they take advantage of their strengths to bargain and register as much profits as possible and make the buyers of their supplies to accept what they offer and fix high prices (Porter, 1985).

The Risk of Entry by Potential Competitors

The new competitors enter into business with an intention to bring new capacities that never existed before so that they may give competition to the existing firms. Every new entrant into alcohol, nonalcoholic, packaging and entertainment business is a big threat to the existing firms since they may pose a big danger when they come and take the existing customers by intimidating them with good attractive services and also set their businesses in strategic points that will attract more customers. Such companies are very profitable and has therefore it has been attracting very many new entrants who perceive it as a good profitable business that has a lot of assurance since the customers will always need drinks and other services offered. Their main interest is to capture big market share that exists so that they make more sales and therefore make profits. Anheuser-Busch, Inc. faces a lot of

competition from new entrants who come up with new and customer satisfying services and products. There are few barriers to the new entrants in this field and many businessmen are thinking of opening up one stop firms that are in strategic positions to attract customers. There are many barriers that might be faced by Anheuser-Busch, Inc. when entering new markets. They include the following: government policies on alcohol and entertainment, economies of scale, capital requirements that are needed to start a company, brand identities and reactions from firms in the respective industry.

The Bargaining Power of Buyers

This is the marketplace of outputs. Customers of beers, nonalcoholic drinks, and entertainment and packaging services like those of Anheuser-Busch, Inc. puts the businesses a lot of pressure since they are very sensitive to any change in prices and are always ready to window shop and find where prices are relatively cheap. The availability of substitute products in companies has made it very challenging for all those who run these businesses and are therefore supposed to learn from the behavior of their customers so as not to scare them to their competitors and therefore reducing their profitability. Many firms including Anheuser-Busch, Inc. give room for their customers to bargain and make the competitors to be on toes. It is very important for Anheuser-Busch, Inc. to highly depend on market intelligence so as to be very strategic in its pricing strategies since there are many firms that are ready to reduce their prices by negligible amount that can attract customers from their competitors.

Buyers are ready to run into substitute products that are being marketed everyday due to the changing technologies that are leading to cheaper and quality production of substitute products. Advertisers are taking advantage of the sensitivity that the buyers have to market new products that hit the market daily. Anheuser-Busch, Inc. should have a variety of products and services in its premises to pull all the customers and reduce the customers from moving to its competitors who offer various products and services in different prices. Since buyers are the ones that ensure that there is continuity of business, Anheuser-Busch, Inc. should learn and be very sensitive to the changing tastes and preferences in order to win buyers and also ensure that it remain loyal to them since the concentration of many firms is a big threat (Daniels and Caroline, 1993).

SWOT

Analysis

This will involve analysis of both internal external environments by Anheuser-Busch, Inc. before investing in the target market. SWOT stands for strength, weakness, opportunities and threats. Both strengths and the weaknesses falls under the category of internal factors while opportunities and threats comprise external factors.

Strength

Strength in this perspective can be recognized as that unique ability possessed by a company and if such company makes use of such a prospect it can do well and can achieve a higher rating in terms of competitiveness in the industry. Much strength is posed by Anheuser-Busch, Inc. and it's only through utilization of such strengths that it will do well in the market place. Since Anheuser-Busch, Inc. is among the top market leaders in the alcohol

and entertainment industry, research indicates that it has a strong brand name of its products. Research reveals that customers often prefer products that they are familiar with and therefore the company's management should focus on producing only quality products in the existing market as well as in the new markets by taking advantage of its common trademark. Anheuser-Busch, Inc. is a big company with many subsidiaries in many countries and therefore receives revenue from all these subsidiaries thus giving it the advantage of having an excellent financial base when compared to other firms who are new in the market. Therefore the company has to utilize such strength by diversifying in many countries as possible and in the process provides incentives like offering products at considerable cheap prices than those of its competitors as well as providing discounts and producing high quality products (Anthony, 1998)

Weakness

A weakness in this perspective can be defined as any element of a business that probably will prevent the success of laid down goals by the business and more often than not regarded to encompass the businesses assets, capabilities and resources which are not fully applied in attainment of the said objectives. Anheuser-Busch, Inc. though it is a market leader has some weaknesses too and such weaknesses should be addressed by the management in order to enhance the sustainability of the business. A good example of a weakness faced by Anheuser-Busch, Inc. is that of poor organizational culture whereby the way of carrying out activities has been questioned by many critics and particularly the way of competition it is engage in. It is alleged that the company sell and manufactures products

which do not meet specification required by bureau of standards in some other target markets. There is need for the management to look critically this issue in order to avoid spoiling the name of the company, for example consumers may prefer other products because it will be viewed that the company is not sensitive to its consumers. Such weakness can also lead to government authorities closing down the existing subsidiaries and refusing to allow for opening of new branches. The other weakness is that of poormotivationof employees and research indicates that despite the fact that Anheuser-Busch, Inc. being among the top companies in the world, remuneration of its staff is considered not to match with the company's name and its overall productivity in that they are still paid low wages than expected. Unless the management acts accordingly such weakness may lead to employees seeking greener pastures elsewhere in the industry. Such labor turnover rate may affect Anheuser-Busch, Inc. negatively in future in that those employees may relocate to Anheuser-Busch, Inc.'s rivals and thus leak information that may make the company lose in the market place in terms of market share and growth (David and Fred, 2008).

Opportunities

An opportunity in this perspective is anything that provides Anheuser-Busch, Inc. with distinctive advantage over its rivals in the market. It is anything that if the company maximizes it will lead to enhancement of achieving of goals. Because of globalization there is emergence of new potential markets all over the world. The company being well known should take advantage of this by ensuring that they reach to such new markets fast in order to attain large market share. The company should therefore take this advantage by

diversifying to many countries particularly developing countries which they are now witnessing immense economic growth in all sectors of the economy including alcohol and entertainment industries. Because of the strength of strong and well built financial base the company has the opportunity of producing new products in the market for example new beers and other non-alcohol products without straining its budget. Such products should be unique and of high quality as compared to that of other firms in the industry in order gain significant market share. The company has an opportunity too of undertaking vigorous marketing campaigns and promotional activities when selling such products and therefore it may be viable to produce new products for long-term purposes.

Threats

A threat is looked upon as any happening which if not handled well might probably prevent the success of Anheuser-Busch, Inc.'s purposes e. g. consumers waning real income and rivalry along with other proceedings believed to cause risk to the procedures of the business undertaking. Anheuser-Busch, Inc. is essentially faced with powerful opposition in production of beers as well as in non-alcohol drinks because a lot of firms have chosen to join the marketplace for the reason that it is regarded as profitable. Another threat faced by Anheuser-Busch, Inc. is that of poor management in some other subsidiaries. Reports suggest that the staff of the company in other branches of the company may have been recruited on discriminative basis and therefore they have been incompetent in fulfilling their tasks. This threatens the company because many a times some branches have been closed because of misappropriation of funds due to poor

management techniques. Such event is very risky because it affects the overall market share of the company in the market place (David and Fred, 2008).

Recommendations

Marketing

Strategy

A marketing strategy is a plan of action in which Anheuser-Busch, Inc. will have to utilize in order counter the competition from its rivals and in the process attain a significant market share in the market arena. Since Anheuser-Busch, Inc. is a big multinational firm in the world it has in the past chosen to compete across entire market in market. However, this strategy has not gone on well with the company in that in some places particularly in Europe it has lost ground in terms of market share. Therefore, the best marketing strategy of Anheuser-Busch, Inc. is to compete in particular segments only that will perform better more than its competitors. To achieve this market segmentation should be carried out by Anheuser-Busch, Inc. prior to marketing activities (Grant, 2005)

Market

segmentation

Market segmentation involves identifying those target markets that the company will do well. It is only through this strategy that Anheuser-Busch, Inc. can ensure its survival ability in the business. This is because through market segmentation the company will only specialize in few and potential target markets that will yield good returns and also it will require little resources to compete in the segments than competing across the entire market. The management of Anheuser-Busch, Inc. should ensure that the

target market selected provides an opportunity of accessing the market information required in order to save time and financial resources.

Market

Penetration

Strategies

The company too may focus on market penetration strategies whereby it will be involved in manufacturing of new beers and other non- alcoholic products for both the existing and new potential markets in the industry. Such a strategy if it succeeds will lead to large market share in that the company will maintain the old as well as attracting the new customers (Bagley and Savage, 2006).

BCG

Matrix

Concept

Identification of portfolio plan too for the company will be an important strategy too for the company in that the management will be able to identify those subsidiaries that are not performing well in the market. Such a strategy involves classifying the branches of the company in to four groups as follows. The first group is that of a star which symbolizes a branch that does well and is said to have large market share in a growing market. The strategy adopted is that of building the business unit. The other group is question mark or problem child, which is a branch of the company characterized by declining market share in expanding industry. The strategy is that of harvest or divest to other markets. The third group is of cash cow which is characterized by low market share but in a growing industry. Cash cow normally sustains other branches because its cash flows are constant. The strategy associated with cash cow is harvest. The fourth group is that of the dog whereby the business unit in question has low market share in a declining industry. Such a business require a lot of financial resources and

time thus losses are experienced. The strategy for such strategy is to divest to other branches or business units in order to avoid losses (David and Fred, 2008).

Implementation, Evaluation and Control

Under this, implementation will simply require the company to carry out its laid down tasks in order to achieve its objectives. Implementation will involve Anheuser-Busch, Inc. putting in practice its planned activities as well considering identifying alternatives and choosing from those alternatives the best options which yield excellent outcomes for the company. The use of advancement in technologies for example the use of Just in Time and Total Quality Management approaches in order to be efficient and effective in its undertaking. Implementation of the market strategies adopted will require both management and the staff of the Anheuser-Busch, Inc. to be committed in ensuring that all the set objectives are achieved and carried out in line with company's policies and regulations as well taking in to considerations any legal considerations from the external environments (Cullen and Parboteeah, 2005).

The implementation process will entail the company allocating resources to the strategic business units to carry out the marketing strategies adopted. Although Anheuser-Busch, Inc. is said to be financially strong, this does not imply that the management should just allocate resources arbitrary to the target market. Prior research should be done before implementation that will reveal the amount of resources required to implement the strategies adopted by the company. The use of financial forecasting techniques such as those of seasonal trends and cyclical variations should be utilized by the

company's staff in order to determine the appropriate amount of funds, human resource and other materials required for the successful completion of implementation of the adopted marketing strategies. For example the company should aim to be a low cost producer but at the same time ensuring that the profitability levels and cash flows of the company are not adversely affected (David and Fred, 2008).

Evaluation should also be done constantly by the management of Anheuser-Busch, Inc. The target markets that the company gets into should be constantly assessed in order to know their productivity. Such evaluation should be based on profits levels that each target market identified contribute to the company. This is a stage where management identifies the strategic business units that are viable as well as those business units that are considered to be liability to the business i. e. those that do not contribute to profitability of the business but generate losses despite the fact that they are funded and managed well by the company. Under control strategy, the management of Anheuser-Busch, Inc. should constantly monitor the activities of the company in terms of its productivity. It is the duty for the management concerned to ensure that all production activities are in order, the human resource recruited are competent and that the products manufactured are available to the market without further delay. Controlling activities will also provide an opportunity to the company to compare the actual results with the expected outcomes and thus identify the areas that need to be addressed urgently (Hilltop and Sparrow, 1994).

Conclusion

We can therefore conclude that for firms to be successful in the market place

it must therefore prepare workable marketing plans that will eventually ensure the success of the company in the long-term. Marketing strategies adopted should be those that go in line with the company's mission and vision's statements as well incorporating the issue of corporate socialresponsibilityso that the strategies implemented are of benefit to the company, its employees and the surrounding society. Anheuser-Busch, Inc. should also utilize the opportunities that arise in the market place particularly in the alcohol industry by ensuring that it fully utilizes its strengths to accomplish those opportunities. Since modern businesses are faced with stiff competition as a result of globalization, Anheuser-Busch, Inc. must carry out marketing research in advance in order to be informed with all the marketing activities in the market place thus formulating market plans that will ensure profitability in the long term.

Epilogue and Further Research

Every business including Anheuser-Busch, Inc. is faced with challenges and it has to fully adhere to market regulations in order to avoid unfair competition. The concept of globalization cannot be written off either since many firms including Anheuser-Busch, Inc. has diversified to various markets and there are problems and opportunities associated with such globalization. Therefore Anheuser-Busch, Inc. should formulate strategies that are considered global in nature in order to meet the current expectations of the customers in the target customers. Such strategies like build, harvest or divest should be considered by Anheuser-Busch, Inc. when assessing the performance of its products in its target markets. Management functions of planning, directing, leading and controlling should be adhered to by the

management of Anheuser-Busch, Inc. in order to significantly improve the operations of the company by achieving the required targets particularly that of sales increment of beers, nonalcoholic drinks, and entertainment services.

The management of Anheuser-Busch, Inc. should focus in the future and particularly focusing to both new and existing customers' needs and expectations. From this study, it can be deduced that Anheuser-Busch, Inc. is a customer-focused business. Therefore the available knowledge of customers and markets should facilitate Anheuser-Busch, Inc. to construct and develop an extensive range of its products that are considered relevant to its target customers. Also Anheuser-Busch, Inc. should utilize the concept of marketing research to target and build up its potential markets in order to become an international leader in the market (Brandenburger and Nalebuff, 1995).

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