

# [Anheuser-busch (ab) inbev - a global company analysis](https://assignbuster.com/anheuser-busch-ab-inbev-a-global-company-analysis/)

Introduction

My analysis for this case study will include Anheuser-Busch (AB) InBev and two major competitors whom are in the beer industry. The first competitor is Molson Coors Brewing (TAP). The second competitor is Boston Beer Company, Inc. (SAM). Additionally, in my analysis an assessment of five key financial ratios. Furthermore, an explanation of their strategy compared between the three companies, and completing a ratio analysis of the companies which in details will explain calculations and strategies. Additionally, key decisions to be evaluated and recommended consequences involving specific recommendations that are potentially impacting and could better improve their operations.

Strategy

Anheuser-Busch embraces a more focused lower cost, and a promising strategy to be the fundamental beer company throughout the world. Winning over all consumers is a huge challenge, however an established focused brand strategy is an asset being accomplished by the consumer itself and the amount of money that is involved. Additionally, the marketing position encounters a value based brand to undertake consumer choice to buy the beer. Motivation, faithfulness, and acquaintances are among the different philosophies consumers will believe and rely on. Also, Anheuser-Busch approach is engaged to improvement, among the key issues in attempting to acquire an innovative strategy. Additionally, expanding capacity must be implemented to undertake consumer demand that the future holds for all distribution warehouses. A global strategy which focuses many milestones for implementation in their strategy. All negotiations are regulatory but expansion operations must be structured to achieve a successful outcome. Finally, they have an attractive reasonable strategy by reaching the best most organic materials for brewing beer and marketing their product dependent on the market performance and authorities, and markets involved in each country (AB InBev, 2016).

Analysis of Results

Analysis of the five ratios tables will have to describe each ratio table and compared with the two competitors. The gross profit margin for Anheuser-Busch, year 2015, (in US$ Millions) 43, 604-17, 137/43, 604 = 0. 606985598, year 2014, (US$ Millions) 47, 063-18, 756/47, 063 = 0. 60147037, year 2013, (US$ Millions) 43, 195-17, 594/43, 195 = 0. 592684338 (Anheuser – Busch InBev SA/NV BUD, 2016a) Competitor #1 Molson Coors Brewing, the gross profit margin for year 2015, (in US$ Millions) 3, 568, 000-2, 164, 000/3, 568, 000 = 0. 393497758, year 2014, 4, 146, 000-2, 493, 000/4, 146, 000 = 0. 39869754, year 2013, 4, 206, 000-2, 546, 000/4, 206, 000 = 0. 394674275 (Molson Coors, 2016). Competitor #2 Boston Beer Company, (in US$ Millions) 960-458/960 = 0. 522916667, year 2014 (in US$ Millions) 903-438/903 = 0. 514950166, year 2013 (in US$ Millions) 739-354/739 = 0. 52097429 (The Boston Beer Company Annual Report, 2016). All trends are increasing higher which will handle operating expenses. Molson Coors Brewing should keep a close watch on its revenues, profits, sales and other investments. The current ratio for Anheuser – Busch, year 2015, (US$ Millions) 134, 635, 000/88, 916, 000 = 1. 514181925, year 2014, (US$ Millions) 142, 550, 000/88, 293, 000 = 1. 614510777. Year 2013, (US$ Millions) 141, 666, 000/86, 358, 000 = 1. 640450219

Additionally, the current ratio for Molson Coors Brewing, year 2015 (US$ Millions) 10, 250, 000/42, 630, 000 = 0. 240441004, year 2014, (in US$ Millions) 11, 280, 000/43, 820, 000 = 0. 257416705, year 2013 (in US$ Millions) 9, 870, 000/44, 550, 000 = 0. 221548822 (Financial Summary, 2016) The current ratio for Boston Beer Company, year 2015, (US$ Millions) 34. 65/17. 22 = 2. 012195122, year 2014, 34. 28/18. 21 = 1. 882482153, year 2013, 36. 99/23. 50 = 1. 574042553 (The Boston Beer Company Investor Relations, 2016). Anheuser – Busch displays good ratios between 1. 0-2. 0. The indication shows that the second competitor Boston Beer company is on target which the firm will cover short term liabilities which are using their assets to convert to cash. The first competitor Molson Coors Brewing is falling below a 1. 0 for all three years. Therefore, will have difficulty covering its short term liabilities and trying to convert to cash.

Furthermore, the debt to assets ratio for Anheuser – Busch year 2015, (in US$ Millions) 42, 185, 000/134, 635, 000 = 0. 313328629, year 2014 (in US$ Millions) 42, 135, 000/142, 550, 000 = 0. 295580498, year 2013 (in US$ Millions) 41, 267, 305/141, 666, 000 = . 2913 (Anheuser – Busch InBev SA/NV ADR BUD, 2016a).   Molson Coors Brewing, year 2015, (in US$ Millions) 2, 937, 400/12, 276, 300 = 0. 239274048, year 2014, (in US$ Millions) 3, 170, 300/13, 980, 100 = 0. 226772341, year 2013 (in US$ Millions) 3, 799, 900/15, 580, 100 = 0. 243894455 (Financial Summary, 2016). Boston Beer Company, year 2015 (in US$ Millions) 529, 000/645400 = 0. 819646731, year 2014, (in US$ Millions) 528, 000/605, 161 = 0. 872495088, year 2013 (in US$ Millions) 53, 000/444, 075 = 0. 119349209. According to my analysis stated Anheuser – Busch has accumulated between 29% to 31% of debt. This calculation should be towards the 20%-25% to help position the company in the competitive beer industry. Molson Coors Brewing indicates from year 2013 with 24% debt has been decreasing in year 2014 with 22. 6%, and slightly increasing to 23. 92%. Overall these figures are in good standing for having this amount of debt. Boston Beer Company holds a smaller amount of debt ranging from 11%-82%. A very risky position that may bring upsetting calculations. May lead to bankruptcy (The Boston Beer Company Investor Relations, 2016).

Plus, the inventory turnover will display how management will handle its assets. Anheuser-Busch calculations for year 2015, 17, 137, 000/2, 862, 000 = 5. 98777079, year 2014, 18, 756, 000/2, 974, 000 = 6. 3066577, year 2013, 17, 594, 000/2, 950, 000 = 5. 964067797. The numbers are headed higher especially in year 2014.   Molson Coors Brewing, year 2015, 2, 164/1. 75 = 1. 236571429, year 2014, 2, 493/1. 62 = 1. 538888889, year 2013, 2, 546/1. 51 = 1. 686092715. The numbers for Molson Coors Brewing are indicating a slow turnover which will lead to problems selling its beer (United States Securities and Exchange Commission, 2016). The Boston Beer Company, year 2015, 458, 317/8. 75 = 52. 34285714, year 2014, 437, 996/8. 48 = 51. 6509434, year 2013, 345, 131/12. 70 = 27. 87401575. The numbers calculated here indicate turnover is positive therefore selling their beer (Molson Coors Financials, 2016).

Finally, the price -earnings ratio for Anheuser – Busch year 2015, $114. 24/$5. 05 = 22. 62178218, year 2014, $103. 11/$5. 64 = 18. 28191489, year 2013, $88. 69/$8. 90 = 9. 965168539. Molson Coors Brewing year 2015, $93. 92/$1. 93 = 48. 66321244, year 2014, 74. 52/2. 76 = 27, year 2013 $55. 76/$3. 08 = 18. 1038961. Boston Beer Company, year 2015, $201. 91/$7. 25 = 27. 84965517, year 2014, $289. 54/$6. 69 = 43. 27952167, year 2013 $239. 79/$5. 18 = 46. 29150579. All calculations suggest good performance and attractive stock purchase for each company. Anheuser-Busch and Boston Beer Company have attractive numbers for stock purchase (The Boston Beer Company, 2016).

Decisions and Strategy

Anheuser – Busch uses a focused brand strategy. Developing this ability will help brand awareness, its status, and benefit leads its customers to an improved brand choice of beer, and support of the employees with the visualization it wants to follow. Essentially, a focused differentiation strategy, the agreement may be developed, and consistency established to meeting its opportunities. Three decisions that that clarifies a focused brand strategy is first a product diversification. This involves developing over 200 beer and melt beverages promoted globally, therefore, having the distinct best product for production. A second strategy is revenue growth, by providing aggressive customer implementation to help build their portfolio with this product. A third strategy is a fixed cost strategy will assist to pertaining to inflation and cost efficient agendas building relationships providing the innovation for the company (Anheuser – Busch InBev SA/NV (BUD), 2016b).

Anheuser – Busch will benefit from these three key decisions to be moved to two other different strategies. The first key decision that Anheuser – Busch must attempt is cost leadership. Essentially, decreasing the cost for Anheuser- Busch. Reducing costs and reorganizing the suggested industry average. Increasing market share by lowing process while making a profit on each sale of beer because of the reduced cost. Arranging resourceful logistics to be able to handle new organized structure.   The second key decision is a differentiation focus. Maintaining differentiation pertaining to a specific focused beer industry. Providing a product that is different yet more attractive than any competitor. Provided it has brand image and actual sales and marketing for the beer industry comprehends the benefits. Additionally, provide a the very best consequence that pertains to a smaller inventory volume. The third key decision is to perform a SWOT analysis that illustrated the strengths and possibilities of the company. Indicate the weaknesses for proper market value and customer demands. Anheuser – Busch has the opportunity to their focused brand strategy to focused low-cost strategy. Additionally, the second strategy is a best cost provider strategy (United States Securities and Exchange Commission, 2016).

Recommendation

My recommendation strategy for Anheuser – Busch pertaining to the financials is to attempt to reduce your long term debt and short term debt. Having debt can affect transition to different strategies, by delaying opportunities that may be available for excellent positions pertaining to the beer industry. Plus, evaluating how much cash is needed for reorganizing to new strategies for the company. Additionally, evaluating and possible reducing inventory will assist the change suggested. Finally, all marketing negotiations must be reevaluated and restructured to adjust and match the specific market niche you are aiming for. Perhaps advertising in other emerging markets to display the special beer you are creating. Moreover, developing a strategic mission that can market the special beer you are creating. Prioritizing your objectives and setting goals based on performance of Anheuser – Busch. The operation decisions must be followed by having enough capacity to handle demand and supply. Making plant improvements will to upgrade all plant equipment. Therefore, Anheuser – Busch can explore and present the good quality beer, and perhaps research new options to focus other age groups for recognizing and purchasing the world’s greatest beer.

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