

# SabMiller company analysis



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## Introduction

SABMiller the globally active company is world second largest brewery company in the world. SABMiller has been built through a bold yet focused programme of international development. The company head quarter is in London although it was formed in south Africa in 1895. Its brands include grolsch, miller genuine draft, peroni nastro azzurro and pilsner urquell. Today SABMiller holds 98 percent share of its beer market. It operates seven brewery in Africa with 14 brands of beer.

The company maintain the measure presence in south Africa soft drink market through a 74 interest in Amalgamated beverages industries ltd, largest distributor for coca-cola products it also own 30 percent of the stake of distell group ltd the leading distributors of wine and sprits of south Africa. In 1994 as joint venture of government of Tanzania SAB invited to revatilized the government industry in Tanzania which was one of the first foreign investments. Expansion continued to Africa and other continent china,

Romania, Poland, Slovakia, Russia, the Czech Republic, India and Central America (2001)

Mission, philosophy:

SABMiller mission is to expand its market all over the world by nurturing local and international beer brands that are the first choice of the customer and become the number one brewery company in the world:

- To work and win in a group
- To create a balanced & attractive global spread business
- Developing relevant strong brand portfolios.
- Raising the profitability of local business sustainably.

Market characteristics:

SABMiller distributes its brewery in over 60 countries across 6 continents which includes the international brands beer such as Pilsner Urquell, Peroni Nastro Azzuro, Miller Lite, Snow and Tyskie. These are in the world's top 50 brands in beer. As it is a biggest franchise bottler distributor of Coca-Cola products including Fanta, Sprite, Appletiser and Minute Maid. It operates 41 bottling plants which is responsible for producing 5 billion litres of soft drinks per annum.

SABMiller has grown from its origin South African base into a global company with operations in developed markets and in emerging economies such as Eastern Europe, China and India. In South Africa SAB Ltd is the country's largest producer of product Coca-Cola company with its brands Castle Lager, Grolsch, Castle Milk Stout, Hansa Marzen Gold, Hansa Pilsener, Carling Black Label,

castle lite, redd's, skelters, brutal fruit, blakes and doyle and sarita.

Company brewery operations in Africa span 31 countries. The group national brand in china , snow, is produce in partnership with china resources enterprise ltd. SABMiller has a joint venture in Vietnam and Australia and it is the second largest brewery company in India. It has the foster brand in India and Vietnamese market. In 1995 SABMiller entered into the Europe market with the acquisition of Dreher in Hungary. SABMiller was the first international brewery to enter central America with the acquisition of Cerveceria Hondurena in Honduras. Since then it has extended its latin American operation in other six countries including Colombia, Peru, El Salvador and panama.

#### Performance:

Between 1855 and 1888 the company annual productivity increased from 300 barrels to 80, 000 barrels of beer. This growth continued to the present day. Its true home country south Africa where south African breweries limited was founded today holds 98 percent impressive share of its beer market. Although the underlying skills are same SABMiller intend to win activity differ from market to market.

#### International marketing planning:

Marketing planning is recognized to play a central role in an enterprise. The rapid growth and dynamics changes in international business over the past numerous years have made international marketing of unprecedented.

SABMiller has an incredible assortment of over 200 brands , including both globally recognised premium beers. By extending the potential of local

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brands, developing innovative new brands and by introducing international brands into new markets company ensure that their brands are the first choice for consumers worldwide.

SABMiller offers marketing carriers across a wide series of opportunities at every level, including brand management, advance, brand communications, market development, consumer insights, market research, trade and group marketing.

Their marketing seeks to support their brands to consumer it does not promotes the consumption of alcohol . alcohol marketing is the most regulated form of advertising in the world .

## **Internal and external analysis**

With a leading market in central Europe, Asia , Africa, north and central America, Africa and south Africa its is known as major global player in beverage industry. Internal and external analysis can identify the company strength and weakness. Swot analysis is a strategic planning method used to evaluate the strengths, weakness, opportunities, and threats involve in project or in business. The aim of any swot analysis is to identify the key internal and external factors. We use swot analysis tools to recognize a distinct strength and diversification of company. These are the areas where the company excels in comparison to other company or competitors.

An internal weakness for miller breweing company is the worsening image of two of its major labels miller high life and millers lite beer. The company has recently instituted the new ad campaign targeted at consumer of its lite beer which can help lessen this threat. . According to a press release from the

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company's web page, dated May 2, 2003, "' We are committed to helping prevent drunk driving and share a commitment with local law enforcement and our festival partners to help keep our community safer,' said Bob Bailey, General Manager of the local Miller distributor, in Atlanta Georgia."

(<http://www.millerbrewing.com/pressRoom/newReleasesDetails.asp?ideanumber=74>)

(S)Company resources, name recognition and diversification is one of the distinctive strength of the company.

(W)strong competition is a weakness

(O)the company can make opportunities by emerging market, by increasing the presence on internet, by focusing on ethnic target markets and by increasing its advertise.

(T)changing consumer trends, increased advertise from competitors, government taxation, lower priced imports these are the main threats of company.

## **SWOT Analysis of SABMiller**

### **(S)trengths**

- Strong image of brand
- Compete in volume compared to Coors
- Lite Beer taste
- International existence
- Combine services with government rules and policy
- Environmentally conscious

- Strong marketing efforts for Lite Beer.
- Increased occurrence on the internet

### **(O)pportunities**

- Growing markets in Europe
- Emerging markets in Central Asia
- Rising market in U. S. with ethnic groups
- Capability to purchase smaller breweries
- Overseas investment
- Increased advertising funds

### **(W)eaknesses**

- Weak brand qualities over time – lack of advertising spotlight and regularity
- Not seen as high quality
- want for dark beer line
- Taste known as inferior to Budweiser
- Seen as a group producer
- Not connected with famous people
- Products not much differentiate from main competitors
- Small advertising budget compared to Anheuser-Busch
- Loss of brand consistency with Miller High-Life label
- Undifferentiated products, as compared to close opponent

### **(T)hreats**

- Government taxation increases
- Government rules and regulations added
- Growth by nearby contestants

- Lower priced introduce and local products
- Increase in rivalry from other beverages (e. g. water, fruit juices, etc)
- Changing buyer favourite
- Price wars from contestants

### Goals and objectives

SABMiller is second largest brewery company in the world. As it is the second largest company and operates in many part of the world including asia, Africa Europe latin America and central America. But still it have to extend its market in some other countries . I want to pursue similar operating strategies that have succeeded in other country

## **Marketing Strategy (ANSOFF)**

ANSOFF product market is a marketing tool created by Igore Ansoff matrix provide four different growth strategies market penetration, market development, product development and diversification.

Market penetration : the company entering with its current product to increase its market share is a market penetration. By advertising or by convincing current consumer or clients to use more of the products or service is the way to achieve this and it can be least risky for company to grow its market.

- Product development:

The new product is marketed out to their existing customer by developing and innovating new products offering to replace existing ones . As product is new it can carry more risk than simply attempting to increase market share.



- Market development:

If the company or the firm is expanding its product to different customers to earn more revenue for the firm this is marketing development. The best example for this is Lucozade which was first marketed for sick children but later rebranded to target athletics.

Diversification: it requires both product and market development and can be outside the core competency hence it is the most risky of the growth strategy.

### Market analysis

The world is divided into 100+ sovereign nations and each nation has a potential market for products of international firms. Marketing analysis concerns with two different tasks considering the size of existing markets and forecasting the size of future markets. Before entering into a new market we should study the several factors like customs, tastes, the trade restriction, collection of national statistics.

Taking SABMiller to a new market involves the marketing analysis of the particular place or the chosen country. SABMiller has operated its product in some Asian markets including China, India, Vietnam, Australia. As an international marketing manager I would like to expand my company in some Asian countries. Among Asian countries I'm going to focus on four Asian countries, among these I'm going to choose one for the future venture of my company:

- Nepal

- India
- Pakistan
- Korea

#### 1) Nepal:

Nepal is a small developing country situated between two leading countries china and india with an area 147181 sq. km and it has 30 million population.

Pest analysis for Nepal

Political(p): until 1990 Nepal was running under monarchy. Since from last two decades it has several political changes. The political stability of Nepal is not strong so it keeps on changing in every short period of time . due to which it has its direct impact on country GDP and other part.

Economic(E): Nepal is an agriculture country 80% people depends on agriculture . economic development in social service has not made dramatic progress. young and educate people migrate to other countries in search of jobs and employment. it is a Hindu country. About 80% of the people follow Hinduism . According to Hindu religion people they don't drink alcohol. According to social belief and behaviours people they don't drink and allow alcohol in their social life.

Technological: IT a poor developing countries due to political instability and lack of skilled man power country lacks technology.

2) India: SABMiller enter in Indian market in july 2000 with acquisition of jv . and it has occupied 1/3 indian market share of beer . its already in india so I want to take my company to other part of the asia.

3) Pakistan: the estimated population of Pakistan is 170.6 million. Pakistan GDP is us\$167 billions. Because of the unhappy consumer credit market, slow movement of civic sector programmes, security risk Pakistan economic growth faced a

serious set back in 2009. shortage of energy and power do not let the boom entered into the industrial sector. Government is unable to make different and identify the developed and non developed budget. And the major problem of the Pakistan is security . so I cant extend my market over there for this reason.

4) South Korea

South Korea has a republic government with power shared between president legislation and court. South korea has a good relation with many international foroms . the republic of korea maintains diplomatic relations with more thn 170 countries and broad a network of trading relationship . Is in 15th position in the world GDP rate. It is known as asian tiger. Since from 1960 south korea had one of the world fastest growing economies . it's GDP rate is expanded by more than 8% in. from US\$ 2.7 billion in 1962 to us\$ 230 billion in 1989.

### **Marketing Entry Strategy**

Marketing entry strategy is known as a plan method of delivering gods or services. It refers to establishing and managing contracts exporting and importing services. One can choose any country that you want to go into so that u can perform identification to undertake a general overview of

potential new market. Business can be achieved by entering into a new market .

Now there is a several method of entering into a new market . the decision of how u going to enter a foreign market can have a significant impact on results. Expansion into foreign market can be achieved by following 4 way

Exporting : the word export comes from conceptual meaning as to ship the goods and services out of the country port. It is known as traditional way of reaching our goods to foreign market. This is a direct sales of domestic product goods in another country . direct export is frequently used to enter into a new market. It is made with an agreement with distributor or trading house for the purpose of selling the product into target market.

Licensing: licensing permits a company in the target country to use the property of licensor which are usually intangible such as trademark, productions technique etc. for the rights to use the intangible property and possible for technical assistance one have to pay a fee in exchange . it allows the licensor to use make and sell products.

Joint venture : it is similar to business partnership with two differences first with partnership generally involves ongoing long term business relationship where an equity based joint venture which compromise a single business activity and second partner have to agree to dissolve the partnership before it comes to an end. Joint venture can be form inside own country with different firms or it can also be formed between international firms. The reason for doing joint venture is to combine the strength or to by pass legal restriction.

**Foreign Direct Investment:**

foreign direct investment is known as long term participation by one country into another country, means which function outside the domestic territory of investor. It requires a business relationship and it also helps to give rise to multinational corporations. FDI can be classified into two different types outward FDI and inward FDI. An outward FDI is subject to tax incentives & disincentives of various forms. Different economic factors like loan, tax break, subsidies are inward FDI factors.

**3. 1) country profile (introduction)**

By analysing the situation of above 4 country that I mention. I came to the conclusion that to extend my company brand in south korea. In the past several decades the republic of korea has received notable high economic growth . the geological area of korea is 98, 480 sq. km with total population 48, 636, 068. Korean population is one of the most ethnically and linguistically homogenous in the world language .

Since from the partition in 1948 korea has developed into Asia's prosperous country. Government sponsored schemes encouraged the growth of family owned industrial . the current economy of the south korea is the third largest in Asia. South korea industrial and manufacturer base include computers and computer peripheral, auto mobiles , steel production etc.

**3. 2) alternative entry method**

As it is the world second largest brewery company measured by income. I am going to enter into a Korean market by its famous brand miller Lite.

About miller lite its early production was 12. 8 million barrels which which quickly increased to 24. 2 millions barrel by 1977. in 1991 lite beer became the biggest domestic beer in America. Under miller lite brand the company is going to produce three craft beers an amber, ablonde ale and a wheat. It contains glycol alginate, water , barley malt, corn, syrup, chemically modified hops extracts, yeast, amyloglucosidase, carbondioxide, papain enzyme, liquid sugar, potassium, metabisulfile and emka malta.

Method to enter : joint venture

I m going to enter into the Korean beer market by joint venture . with the help of one of the local firm I m gong to enter with my miller lite brand. This makes me easier to enter into the new market with low risk in my business. It helps to access me to local borrowing power and resources through participation of national partner.

Advantages of Joint Ventures

- Offers opportunities to the company to get new abilities
- Helps to enter into a new geological market and helps to achieve new technological information
- Joint venture also makes low risk by sharing by sharing the economic risk with co venture
- In order to grow into the new market we need resources in the form of method technology and approach, it open the enue for such needs.
- Offers a creative way for company to exit from non core corporation

Disadvantages of Joint Ventures

- It can take a long time or attempt to built a relationship or partnering a right partner
- Different culture and management way can bring poor result
- Co venture or partners don't offer enough leadership
- Can be imbalance in levels of expertise
- Have to agree in lot of things and these can cause this venture fall apart
- The profit made by you will be shared

#### **Task 4: Implementation (4Ps of marketing)**

The marketing decision is generally controlled by 4 categories: product, price, place, promotion.

Product: if u going to do business you have to produce a product that the people going to buy. People in korea are fond of different drinks. I m going to take by brand miller lite in korea market. It has won the best world beer cup gold medal for best American style light lager in 1996, 1998, 2002 and in 2006.

Price: the price must be high enough to cover the cost but it doesn't mean that it should be really high. The price of this product will be in favour to all category people so that they can enjoy its taste .

Place: it will be the first market entry in Korean brewery . I want to place my product in every public place where they can enjoy and have a fun like restaurant, bar , local shops, store etc. so that I can take focus from the customer.

Promotions: customer have to be made aware of the product. So I m going to advertise my product in television, papers, internet, leaflets etc so that i can make more space in he market share.

Conclusion: people in the society wants different product with new taste . People of the today's world are more conscious about product brand this shows that people are conscious about their choice , health and money. All this observation shows that SABMiller extending in new market is very profitable and helps to know its products brand world wide.