

## Confronting a Globalizing Industry

Heineken was one of the pioneers of an international strategy, using cross-border deals to expand its distribution of its Heineken, Amstel, and about 300 other beer brands in more than 100 countries around the globe. For years, it has been picking up small brewers from several countries to add more brands and to obtain better access to new markets. From its roots on the outskirts of Amsterdam, the firm has evolved into one of the world's largest brewers, operating more than 190 breweries in over 70 countries in the world, claiming about 10 percent of the global market for beer (see Exhibits 3 and 4).

**EXHIBIT 3** Geographical Breakdown of Sales (millions of euros)

	2021	2020	2019	2018
Western Europe	9,494	11,159	10,629	10,348
Americas	7,226	6,479	7,429	6,781
Africa, Middle East, & Eastern Europe	3,159	3,400	3,370	3,051
Asia Pacific	2,764	3,448	3,205	2,919

Source: Heineken.

**EXHIBIT 4** Significant Heineken Brands in Various Markets

Markets	Brands
United States	Heineken, Amstel Light, Paulaner, <sup>1</sup> Moretti, Lagunitas
Netherlands	Heineken, Amstel, Lingen's Blond, Murphy's Irish Red
France	Heineken, Amstel, Buckler, <sup>2</sup> Desperados <sup>3</sup>
Italy	Heineken, Amstel, Birra Moretti
Spain	Heineken, Amstel, Cruzcampo, Buckler
Poland	Heineken, Krolewskie, Kujawiak, Zywiec
China	Heineken, Tiger, Reeb*
Singapore	Heineken, Tiger, Anchor, Baron's
India	Heineken, Arlem, Kingfisher
Indonesia	Heineken, Bintang, Guinness
Kazakhstan	Heineken, Amstel, Tian Shan
Egypt	Heineken, Birell, Meister, Fayrouz <sup>2</sup>
Israel	Heineken, Maccabee, Gold Star*
Nigeria	Heineken, Star, Maltina, Gulder
South Africa	Heineken, Amstel, Windhoek, Strongbow
Panama	Heineken, Soberana, Crystal, Panama
Chile	Heineken, Cristal, Escudo, Royal

\*Minority interest

<sup>1</sup> Wheat beer

<sup>2</sup> Nonalcoholic beer

<sup>3</sup> Tequila-flavored beer

Source: Heineken.

In fact, the firm's flagship Heineken brand ranked second only to Budweiser in a global brand survey jointly undertaken by *BusinessWeek* and Interbrand several years ago. The premier brand has achieved worldwide recognition according to Kevin Baker, director of alcoholic beverages at British market researcher Canadean Ltd. A U.S. wholesaler recently asked a group of marketing students to identify an assortment of beer bottles that had been stripped of their labels. The stubby green Heineken container was the only one that incited instant recognition among the group.

But the beer industry has been undergoing significant change due to a furious wave of consolidation. Most of the bigger brewers have begun to acquire or merge with their competitors in foreign markets in order to become global players. This has given them ownership of local brands, propelling them into a dominant position in various markets around the world. In addition, acquisitions of foreign brewers can provide the firm with the manufacturing and distribution capabilities they could use to develop a few global brands. "The era of global brands is coming," Alan Clark, a Budapest-based managing director of SABMiller Europe, stated some years ago (see Exhibit 5).<sup>3</sup>

Since 2000, South African Breweries, Ltd. acquired U.S.-based Miller Brewing to become a major global brewer. They subsequently acquired Fosters, the largest Australian brewer. U.S.-based Coors linked with Canadian-based Molson in 2005, rising to a leading position among the world's biggest brewers with their combined operations. In 2008, Belgium's Interbrew, Brazil's AmBev, and U.S.-based Anheuser Busch all merged to become the largest global brewer with operations across most of the continents. Finally, Anheuser-Busch InBev made a move in 2016 to acquire SABMiller to become an even more dominant player in the industry.

Since its acquisition of Anheuser Busch, InBev has included Budweiser along with Stella Artois, Brahma, and Becks in its lineup of what it is promoting as its global flagship brands. Each of these brands originated in different locations, with Budweiser coming from the United States, Stella Artois coming from Belgium, Brahma from Brazil,

**EXHIBIT 5** Leading Global Brewers (market share percentage based on annual sales)

Brewers	Market Share
1. Anheuser-Busch InBev (AB), Leuven, Belgium (incl. SABMiller)	25.7
2. Heineken, Amsterdam, Netherlands	12.2
3. Carlsberg, Copenhagen, Denmark	6.1
4. China Resources Snow Breweries, China	5.9
5. Molson Coors	4.6

Source: Statista, 2020.