

Heineken Global Business Strategy

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Executive summary

Global competition is a challenge for any international company. The Heineken beer company is one of the oldest beer companies in the world. Besides, it's the world's number two biggest beer company. Despite its tremendous success, the company is facing overwhelming global competition. The report aims at exploring the main problem facing Heineken company and suggests possible solutions to the problem. The report is structured into three main parts which include an introduction, a body, and a conclusion. The report kicks off with a pyramid depicting the flow of thought and the thought process for easier understanding. The introduction captures the foundation of the problem; and identifies the problem and causes. The body of the report includes a detailed discussion of the possible viable solutions. The conclusion segment offers a summary of the whole case scenario.

Thought Process Pyramid

Global Stiff Competition

Acquisitions of major beer brands

Young people-centred marketing strategies

Introduction

Heineken is a beer company based in the Netherlands. The company is listed as the second world's biggest beer company and the largest brewer in Europe. The company enjoys good sales in almost every country in the world and has breweries in sixty-five nations. The family-controlled firm has risen into the global market by establishing joint ventures and acquiring global companies. Also, the company has acquired licensing to extend its market share and reduce manufacturing costs. Notably, despite the U.S. being an attractive global market, the company did not establish a brewery there as it saw it well to maintain the status of imported beer.

However, the success of Heineken came under attack in the 1990s when it lost a significant share of the market. With the wave of globalization, industries were motivated to enter global markets. Companies such as Plc of South Africa, Anheuser-Busch and SAB Miller, pose a threat to the company. Further, mega-mergers between beer companies such as Coors and Molson in the year 2005 put

Heineken on alert (Howard, 2014). There also emerging global breweries such as Amstel, Kingfisher and Guinness continue to increase competition in the beer industry. At the moment, Heineken is facing stiff competition from both old and upcoming beer companies.

Discussion

Global competition is one of the main challenges that multinationals have to encounter. Companies normally pursue growth strategies with the aim of increasing their market size and revenues. Competition comes as a result of globalization whereby every company has the freedom to enter global markets and carry out its business (Howard, 2014). Competition is a necessary condition in the market and thus has to happen in every industry. Therefore, individual firms have put in place strategic management strategies to stay competitive. Some of the strategic [management strategies that this report will include competitive and marketing strategies](#).

The competitive strategies help a firm to conduct a SWOT analysis to identify its strengths, weaknesses, potential threats and opportunities. On the other hand, marketing strategies focus on getting more customers onboard through developing appropriate marketing tactics. The two main solutions that can help the Dutch brewer, Heineken, overcome global competition are acquiring mega beer brands and formulating marketing strategies targeting young people. SWOT analysis is a unique tool that organizations use to evaluate their performance and formulate strategies.

The SWOT analysis helps the firm to know what its competitors are doing. In the beer industry, companies strive to remain competitive by acquiring other firms, licensing, and owning a wholly subsidiary and joint venture. Heineken is a famous beer company which has survived global competition through mergers and joint ventures. However, other companies have learned this tactic and acquired even bigger brands putting Heineken at risk. Heineken must, therefore, strive to acquire more and bigger brands.

There are numerous merits of expanding a business through mergers or acquisitions. First, acquisitions help the company to obtain a skilled labour force, additional knowledge, intelligence and skills regarding the industry. In this case, the company will benefit from good management and technology capabilities from the acquired firm. Heineken must aspire to win more acquisitions or risk being bought by other big companies. Another advantage that will accrue to Heineken through acquisitions is the ability to access funds and assets such as distribution and production facilities.

Thus, the company will save the capital that would otherwise be deployed in buying new assets and establishing a new distribution channel. Further, significant mergers and acquisitions will help Heineken reach out to a broad customer base and thus increasing its market share. The acquired business has distribution networks and systems which Heineken can use to avail its products to the customers (Sluyterman & Bouwens, 2014)). Acquisitions also help in achieving product diversification since the company acquires new beer brands. Product diversification helps consumers access a wide

range of products which satisfy their tastes and preferences.

Further, the company will be able to reduce its overhead costs, avoid duplicated departments and increase profits. The above advantages of acquisitions and joint ventures will help Heineken reduce competition by staying competitive. Moreover, it is important for Heineken to attract young consumers to purchase its products to reduce global competition. Evaluating and reviewing the company's marketing strategy to target the young generation is key. One of the reasons why Heineken lost to its competitors is the fact that young people view its products as obsolete.

Young people form the largest target market for beer companies. It is thus important that Heineken targets this promising consumer market. More innovative and aggressive marketing strategies such as digital marketing and young tailored advertisements will help the company increase its market share. There are a million internet users globally, the majority of whom are young people (Howard, 2014). Social media provides a powerful opportunity for beer brands to sell themselves and attract more customers. [Social media marketing](#) is less expensive as compared to contemporary marketing methods. Also, Heineken should understand consumer trends and keep up the pace. For example, modern consumers are looking for health and safety products. These consumers are mainly young people who demand quality products. Many of Heineken's competitors have captured young people by incorporating well-being into their products. Heineken should get into the well-being movement and produce healthy and low-calorie beer to capture young people and more beer consumers.

Conclusion

The beer industry is well known for its stiff competition as a result of the globalization of the sector. Many industries within the beer industry have found themselves at risk of being acquired or becoming extinct due to competition. The Heineken company, one of the first beer companies to enter the global market is facing stiff competition from other global beer industries. The company can acquire major beer brands and target young people through its marketing strategies to remain competitive in the beer industry.

References

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- Sluyterman, K. E., & Bouwens, A. M. C. M. (2014). *Brewery, Brand, and Family: 150 Years of Heineken*. Amsterdam: Boom.