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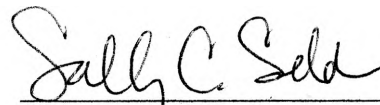
Anheuser-Busch and The EU
Keith Tolbert

Honors Project

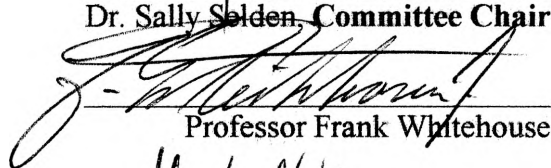
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of the Business Management Program

Business Management Program

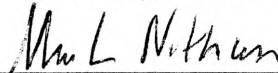
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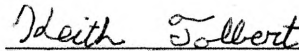
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Keith Tolbert

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Abstract

The following paper provides analysis of Anheuser-Busch, its current position within the European Union (EU), and its opportunities/threats that exist in the EU. Included is background information about Anheuser-Busch containing its products, financial condition, and major competitors within the EU. I have provided extensive analysis of the areas of concern for Anheuser-Busch in the EU as well as recommendations for the company to consider. The major market for opportunity covered is Germany. Anheuser-Busch is not a current competitor in Germany, however, possible expansion opportunities into the country is addressed. Additionally, a realistic outlook of Anheuser-Busch's future other EU countries is provided. If you have any questions regarding this paper or the supporting research, feel free to contact me via email at: Tolbert_k@lynchburg.edu.

Introduction

The alcoholic beverage industry is a competitive and profitable industry throughout the world. (Yahoo) In some countries, especially countries within the European Union (EU), alcohol is an essential part of the culture. Although alcohol is widely used in Europe, its use is subject to criticism (most notably for its health effects). Anheuser-Busch is the most recognizable name in the U.S. alcoholic beverage industry and the company is continuing to expand worldwide. Its presence internationally is mostly in Mexico, with a recent surge in China, and a limited presence within the EU. This paper will analyze the alcoholic beverage industry within the EU and also focus on the opportunities and challenges that Anheuser-Busch will encounter in furthering its presence there.

This paper will be broken into four main sections. The first section will provide background information on Anheuser-Busch, and explain which products are vital for Anheuser-Busch's successes as well as provide information on its key competitors within the EU. The next section will explain and evaluate Anheuser-Busch's current markets within the EU as well as provide an analysis of where it is headed in those markets. The third section will explain key markets in the EU, which Anheuser-Busch should attempt to gain a position in and also describe reasons to advance the company in EU markets where it already competes. The last section will review these areas of interest and concern for Anheuser-Busch and provide a synopsis of where the company is headed.

Background

Creation of Anheuser-Busch

Eberhard Anheuser and Adolphus Busch founded Anheuser-Busch Incorporated (ABI) in the 1860s and in 1876 Anheuser-Busch introduced Budweiser. World War I and the prohibition of alcohol caused Anheuser-Busch to enter other markets, such as producing corn products, baker's yeast, ice cream, soft drinks, and commercial refrigeration units. Further diversification occurred after World War II when the company gained interests in family entertainment, real estate, cans manufacturing, and transportation. Still, the heart of Anheuser-Busch was in the alcoholic beverage industry. During the time period of 1946-1974 the company built eight regional breweries. In 1979 Anheuser-Busch Companies, a Delaware corporation was organized as the holding

parent of ABI. In addition to ABI, which is the nation's leading brewer of beer, the company is also a parent company to other subsidiaries: domestic beer, international beer, packaging, entertainment, and other. (Annual Report) Anheuser-Busch now employs over 31,000 employees worldwide.

Key Products

The following section provides a description of Anheuser-Busch's key products. Given the nature of the research, beer is the dominant product discussed. Included are its current beer products, information about its beer products acquired through recently formed alliances, and a newly introduced beer product line.

Anheuser-Busch's key product is beer. Although the company is also involved in other industries such as entertainment, packaging, and transportation, beer is its dominant product. Anheuser-Busch's top selling beer products belong to the Budweiser Family. The Budweiser family includes Budweiser, Budweiser Select, Bud Light, Bud Ice, Bud Dry, and Bud Ice Light. Budweiser and Bud Light are the top two brands of beer in the world. Some of Anheuser-Busch's other beer product lines include the Michelob Family, Specialty Beers (i.e. Anheuser World Lager, Bare Knuckle Stout, ZiegenBock, etc.), Non-Alcoholic Brews, Busch Family, Natural Family, Malt Liquors, Specialty Malt Beverages, Alliance Partner Products, and Energy Drinks. (Anheuser-Busch)

In the last few years, Anheuser-Busch has made a push towards spirits in the alcoholic beverage industry. Anheuser-Busch formed an alliance with Bacardi, which will help them compete with the popular spirits in the EU. Under the agreement with Bacardi, Anheuser-Busch is manufacturing and distributing the Bacardi Silver line of malt beverages. (Anheuser-Busch) Recently Anheuser-Busch agreed to become the U.S. importer of the upscale Grolsch traditional European beer brands. The agreement will be effective April 1, 2006. Grolsch makes Grolsch Amber Ale, Grolsch Light Lager and Grolsch Blonde Lager. (Yahoo Finance)

A new product line that Anheuser-Busch just recently introduced is Peels a line of fizzy alcoholic fruit drinks, which targets women. While the new product appears to be a good strategy for reaching the flavored-oriented consumer, the success may be limited due to heavy criticism of the increased amount of alcohol consumed by women. According to a recent article in the Wall Street Journal, American and British women

drank a third more alcoholic beverages by volume in 2005 than they did in the previous five years. This statistic has created a growing amount of concern for the alcohol related health problems in women. Countries in the EU, specifically the UK and Germany, have begun taking action against the popular alcopop (soft drink or lemonade containing alcohol and are more attractive to women) thus the reason for the decline in sales since 2002. These actions include creating alcohol support groups, implementing sticker alcohol related laws (especially driving laws), and providing better education about the negative effects of alcohol. The U.S. on the other hand has paid less attention to the increasing amount of alcohol women consume. As a result, alcopop sales in the U.S. grew by 2% the last fiscal year. Nonetheless, the increasing amount of alcohol that women consumes is a trend world wide and if Peels is a success in the U.S. then future expansions into EU countries would appear profitable for Anheuser-Busch.

Financial Condition

A company's financial condition is the key information used to evaluate the position of the company in relation to its competitors. The following section provides an analysis of Anheuser-Busch's involvement in the alcoholic industry. This is not in an attempt to belittle the importance of the company's other markets, however, alcohol is the dominant market for Anheuser-Busch.

Anheuser-Busch is very profitable compared to the industry average, mostly due to its dominance in the U.S (94.5% of revenues come from the U.S. market). (Annual Report) As shown in Table #1, the company's P/E ratio of 17.64 indicates that investors are relatively confident in the firm's future performance, although not nearly as much as they are in Molson Coors (the industry leader at 38.91). The company's Return on Equity is 61.19%, just over 50% higher than the industry average at 21.10%. This is a positive sign for the firm because the higher the return, the more financial opportunities exist for its owners. Anheuser-Busch's long-term debt/equity of 2.38, the highest in the industry (Diageo PLC is next with 1.01), suggest the company aggressively finances growth with debt. (Yahoo Finance) The more debt a company has, the greater risk of being unable to meet its contractual debt payments and becoming bankrupt. Overall the financial position of Anheuser-Busch appears stable, however, an improvement in long-term debt is desired.

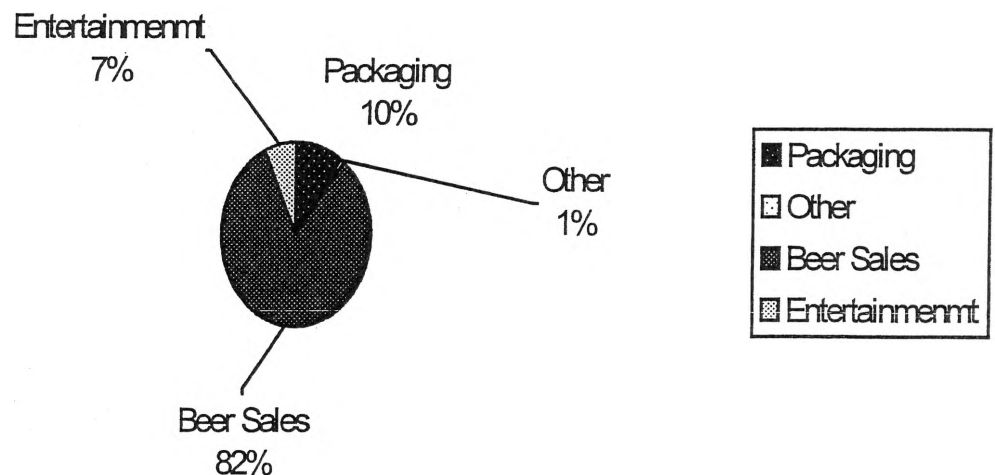
Table #1

Anheuser-Busch vs. Alcohol Beverage Industry Leaders

<i>Statistic</i>	<i>Industry Leader</i>	<i>BUD</i>	<i>BUD Rank</i>
<i>Market Capitalization</i>	DEO	45.59B	32.18B 2 / 13
<i>P/E Ratio (ttm)</i>	TAP	38.91	17.64 5 / 13
<i>PEG Ratio (ttm, 5 yr expected)</i>	ABV	2.71	2.45 2 / 13
<i>Revenue Growth (Qtrly YoY)</i>	ABV	0.33%	-0.00% 9 / 13
<i>EPS Growth (Qtrly YoY)</i>	ABV	2.05%	-0.38% 6 / 13
<i>Long-Term Growth Rate (5 yr)</i>	LQU	20.0%	7.1% 7 / 13
<i>Return on Equity (ttm)</i>	BUD	61.19%	61.19% 1 / 13
<i>Long-Term Debt/Equity (mrq)</i>	BUD	2.384	2.384 1 / 13
<i>Dividend Yield (annual)</i>	CU	4.30%	2.60% 2 / 13

The following graph depicts a breakdown of Anheuser-Busch's total revenues from its various products:

Figure #1



(Anheuser-Busch Companies)

The graph strengthens the statement that the company's main product is beer. Anheuser-Busch's dominance in the U.S. is directly connected to the amount of beer sales; however, the company is still facing a struggle in many other countries including

those in the EU. In order to obtain a more dominant position within the EU, Anheuser-Busch's goal should be to mirror its expansion of China (i.e. purchasing a brewery when it comes available) and/or forming additional licensing agreements with EU based brewers.

Competitors

Beer is a global product and Anheuser-Busch faces stiff competition worldwide. Anheuser-Busch's major competitors within the U.S. are Molson Coors (Molson and Coors merged on February 9, 2005) and SABMiller. Hypercompetition exist between these two companies (i.e. if one company promotes a low-carb beer then the other two companies will do the same). Although Anheuser-Busch is successful at competing with the company in the U.S., Molson Coors is more successful than Anheuser-Busch in the EU. The ability for Anheuser-Busch to dominant the U.S. market is credited to its 12 breweries, which are strategically located across the country. This network not only reduces freight costs, but also gives the company a second competitive advantage: the freshest beer of any major brewer. Anheuser-Busch's beers are generally 14 days fresher than the nearest competitor. (Annual Report)

Adolph Coors Company and Molson Inc. decision to merge is directly related to the growing competition in the global market. According to Molson Coors, the merger dramatically increased its size overnight, enhanced its ability to support aggressive marketing campaigns, innovate product introductions and strategic geographic expansion. (Molson Coors) Molson Coors' number one beer market in the EU is the UK, and its leading brand of beer Coors Light is the countries best selling lager. (Molson Coors) According to its Annual Report, Molson Coors is prepared to enter into high potential new markets across the globe; however, its main focus is on improving its position in the UK. In 2003, Molson Coors directed its focus in the UK market by introducing Coors Fine Light Beer in the biggest off-trade launch in the company's history. The UK strategy centers on focusing on the right customers to continually improve UK sales performance. In order to implement this strategy, Molson Coors has reduced the number of suppliers, cutting costs while building more strategic, value added relationships with its vendor-partners. (Molson Coors) Molson Coors' strategy to continue to expand globally and

improve its UK market is a direct concern for Anheuser-Busch. Anheuser-Busch must be aware of the strategic decision of Molson Coors and develop a strategy to counter attack.

SABMiller is another competitor of Anheuser-Busch both in the U.S. and, in a stronger force, in the EU. In 2002, South African Breweries (SAB) acquired the American company Miller, under the agreement that Miller became a wholly owned subsidiary of SAB, thus creating SABMiller. (MarketLine) SABMiller's international strategy is focused on acquiring additional companies in order to strengthen its global presence, particularly companies within Europe. The EU countries in which SABMiller competes in are Italy (direct competition with Anheuser-Busch), Poland, Hungary, Czech Republic, and Slovakia. Although Anheuser-Busch is more competitive in the U.S., SABMiller is more competitive in the EU primarily due to its dedication of globalization.

The following graph from Anheuser-Busch's website provides the leading brands of beer worldwide, with Anheuser-Busch owning 3 of the top 20. Some of Anheuser-Busch's major competitors in the EU also have its brands of beer listed in the top 20.

Some of those brands are:

- #3 Skol by InBev
- #5 Heineken by Heineken
- #9 Brahma Chopp by InBev
- #12 Amstel by Heineken
- #14 Carlsberg Stout by Guinness Brewing Worldwide (Diageo)
- #20 Kaiser by InBev

Table #2

Top 20 Beer Brands Worldwide¹ (millions of barrels²)			
Rank	Brand	Company/Brewer	Shipments 2003³
1	Budweiser	Anheuser-Busch, Inc.	38.1
2	Bud Light	Anheuser-Busch, Inc.	37.1
3	Skol	InBev	27.2
4	Corona	Grupo Modelo	23.0
5	Heineken	Heineken	18.8
6	Coors Light	Coors Brewing Co.	16.6
7	Asahi Super Dry	Asahi Breweries	16.0
8	Miller Lite	Miller Brewing Co. (SAB)	15.9
9	Brahma Chopp	InBev	13.9
10	Polar	Cerveceria Polar CA	12.3
11	Tsingtao	Tsingtao Brewery	10.2
12	Amstel	Heineken	9.4
13	Carlsberg	Carlsberg Breweries	9.2
14	Guinness Stout	Guinness Brewing Worldwide (Diageo)	8.9
15	San Miguel Pale Pilsen	San Miguel Corp.	8.8
16	Kirin Tanrei	Kirin Brewery Co.	8.6
17	Natural Light	Anheuser-Busch, Inc.	8.3
18	Baltika	Baltic Beverages Holding AB	8.3
19	Stella Artois	InBev	8.2
20	Kaiser	Cervajarias Kaiser (Molson)	7.6
Total Top 20⁴			306.4

Anheuser-Busch has a worldwide market share of 27.25% compared to Heineken's 9.2% share, InBev's 16.09% share, and Diageo's 2.9% share. This data can be misleading however, because Anheuser-Busch's share of the market is heavily weighted by its dominance in the United States. The company's foreign sales are far less competitive than its competitors, which make the company extremely dependent the U.S. market. If you were to take away home country sales from each company listed above, then Anheuser-Busch would no longer hold the largest share of the market. Companies such as Heineken and InBev are not as dependent on its home countries, which is a major advantage for them over Anheuser-Busch.

Michael Porter describes five forces that can be used to assess the competitiveness Anheuser-Bush will face in the EU alcohol industry. The five forces are bargaining power of suppliers, threat of substitutes, bargaining power of buyers, threat of new entrants, and rivalry. When analyzing the five forces, a rating of low, medium, or high can be assigned. (Hunger and Wheelen 60-64) A low rating means the force is viewed as an opportunity while a high rating means the force is considered more of a threat.

According to my research and assessment, the following ratings would apply to the alcoholic industry in the EU:

- Bargaining power of suppliers is low because there are many competitors and substitute products are readily available.
- Threat of substitutes is high because there are many brands (1660 European brands alone) of beer to choose from, therefore, placing a ceiling on prices.
- Bargaining power of buyers is medium. Although many substitute products exist, beer can be differentiated by quality, however, only the more established individuals can afford the better quality products.
- Threat of new entrants is low because the most successful brewing companies have been around for many years and have a strong hold on a large consumer base. It may be relatively easy to enter a market if the company is already established but it would be relatively hard for a new company to penetrate the global market.
- Rivalries among firms are high. Ex: When Miller comes up with a new beer targeted at a particular segment, Anheuser-Busch will counter attack with a similar product (Miller Light vs. Bud Light). This type of hypercompetition is the norm for the alcohol beverage industry.

According to the analysis of each force of Porter's model, the level of competitive intensity in the EU alcohol beverage industry can be rated as medium. A medium rating assumes that opportunities exist however the threat of new entrants is limited. Substitutes are readily available due to the intensity of competition within the EU. Opportunities are high because of the love for beer that exist in participating countries, however, the competitive intensity will create a barrier to entry for Anheuser-Busch. The analysis of Porter's forces demonstrates that differentiation will be necessary for Anheuser-Busch in order to enter individual EU markets. The target market has plenty of different beers to choose from; therefore Anheuser-Busch must create and/or import a beer that stands above all other beers within the participating countries. Anheuser's dedication to innovate exciting product choices that challenge the perception of beer can be utilized to

differentiate its products in the European market. (Annual Report) The product line Anheuser-Busch decides to enter in to EU countries also must be competitively priced due to the increased amount of substitutes. The analysis of Porter's five forces provides valuable insights in reference to the intensity of competition Anheuser-Busch will face when entering EU countries. The key advantage Anheuser-Busch possesses is that it encounters the exact forces in its domestic market, which the company dominates. Entering into additional EU countries is a realistic strategy for Anheuser-Busch because it is a well-established company, however, the company must be prepared for the obstacles addressed in the analysis of Porter's five forces.

International Landscape

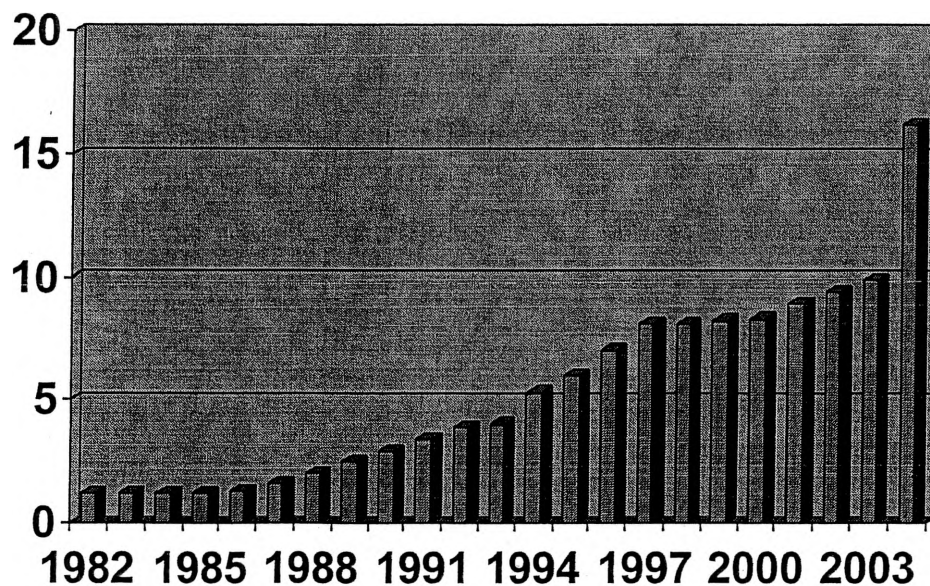
Anheuser-Busch's key market is the alcoholic beverage industry, which accounts for roughly 83% of the company's total revenues. Although Anheuser-Busch receives 94.5% of its revenues from the U.S. market, it is continuing to establish a stronger position in the global market. (MarketLine) Anheuser-Busch's international division main focus was the expansion of the Chinese market in 2004. As a result of its dedication to the Chinese market, the company acquired the country's fourth-largest brewer, Harbin, enhancing its leadership position in China. The Chinese beer market is already larger than the U.S. market and is the fastest-growing beer market in the world. (MarketLine) Anheuser-Busch is also well positioned for growth in Mexico, in large part because of its 50 % ownership of Modelo, Mexico's leading brewer and the brewer of Corona, the number one import brand in the U. S. Anheuser-Busch Europe Limited (ABEL) is the European division of the company, overseeing the production and sales of Anheuser-Busch's products in 29 European countries. ABEL also operates the Stag Brewery in the United Kingdom, where its brands are brewed and sold. In 2004, Anheuser-Busch increased both volume and profit in the UK and achieved record sales levels. (Annual Report) Aside from the UK, Anheuser-Busch intends to strengthen its position in key EU countries such as Ireland and Italy through its partnerships with Guinness and Heineken Italia SPA.

Anheuser-Busch International, Inc. (ABII), is the international beer subsidiary of Anheuser-Busch Companies, Inc. Anheuser-Bush International was established in 1981 and is responsible for the company's foreign beer operations and equity investments.

ABII establishes and operates the company's facilities outside the U.S. (Anheuser-Busch) Anheuser-Busch currently operates 15 company owned international breweries, 14 in China and 1 in the UK. Anheuser-Busch made its first initial investment in Tsingtao, the largest brewer in China, in 1993 and currently owns over 27% of the company. In 1995, Anheuser-Busch acquired a brewery in Wuhan. Anheuser-Busch distributes Budweiser through a network of more than 100 independent wholesalers to more than 40 major Chinese markets. During the last five years, China has accounted for a third of the world's beer volume growth. (Annual Report) Budweiser is also locally brewed in seven other countries under direct supervision of an Anheuser-Busch brewmaster including Argentina, Canada, Ireland, Italy, Japan, South Korea, and Spain. (Anheuser-Busch) The following graph demonstrates the total beer volume Anheuser-Busch has produced/shipped internationally from 1982-2004.

Figure #2

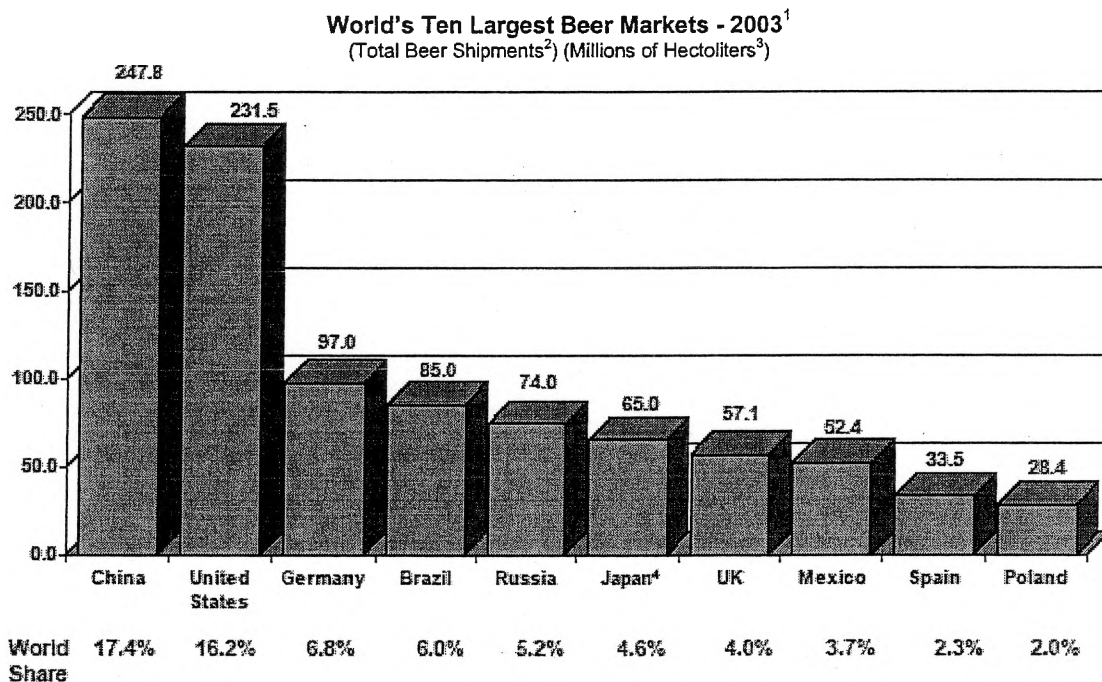
Anheuser-Busch International INC
Total Beer Volume 1982-2004
(Millions of Hectoliters)



(Anheuser-Busch Companies)

In 2004, Anheuser-Busch total beer volume was 13.8 million barrels (16.2 hectoliters) and the company's share of its equity affiliates volume was 19.3 million barrels (22.6 million hectoliters), giving it a combined international volume of 33.1 million barrels (38.8 million hectoliters). The major jump between the 2003-2004 is attributed to the acquisition of Harbin Brewery Group, the fourth most profitable brewer in China. Anheuser-Busch's Budweiser also achieved its highest volume level of sales in the UK in 2004. Aside from the countries that Anheuser-Busch already competes in, there are other markets where opportunities exist for Anheuser-Busch. The key EU markets Anheuser-Busch should enter are analyzed later in this paper, but the following graph will show the top ten beer markets according to 2003 data.

Figure #3



(Anheuser-Busch Companies)

Anheuser-Busch has a presence in six of the top ten beer markets globally and two of the six are EU members, including the UK and Spain. However Anheuser-Busch is non-existent in the leading EU market Germany. If Anheuser-Busch can capitalize on the German beer market, then the company will have a presence in the top three beer markets in the world.

Overall, the EU beer market has been declining for the last four years; however, rapid expansion in the Spanish and Italian markets should lead to a steady growth in the market. (Karlsson) There is an increased opportunity for Anheuser-Busch to compete in the growing Spanish and Italian markets because the majority of beer consumed coincides with Anheuser-Busch's major products. The following is a list of the leading types of beer sold within the EU:

- Standard Lager 45.60% (Totaling \$63 billion in sales for 2004)
- Premium Lager 31.30% (Totaling \$43.3 billion in sales for 2004)
- Ales, Stouts, and Bitters 12.90%
- Specialty Beers 8.20
- Low/no Alcohol Beers 2.00%

(MarketLine)

Anheuser-Busch specializes in Standard and Premium Lagers, which are the two leading types of beer sold in EU countries. Anheuser-Busch can also take advantage of the low/no Alcohol beers with its brands O'Douls, O'Doul's Amber, and Bush NA.

Also of importance in the EU market are the distribution channels. The primary channel in the EU beer market is on trade, (restaurants, bars, and pubs, etc.) accounting for 40.50% of the market's volume. Hypermarkets and Supermarkets are the secondary channel accounting for 20.90% of the market's volume. (MarketLine) Hypermarkets are usually part of a retail park with many shops, restaurants, and cafeterias where the cheapest prices are found. Supermarkets in the EU are smaller than hypermarkets where prices are competitive but not as cheap as those in hypermarkets. (Eurapart).

Current EU Markets

As mentioned in the financial section, Anheuser-Busch gains most of its profits from the US, however, the company is striving to gain a more global presence. The fact that Anheuser-Busch possesses the top two brands of beer globally is misleading because without the U.S. market the brands would be far behind its major competitors. Anheuser-Busch's involvement within the EU lies in four main countries: Ireland, Italy, Spain, and the UK. Anheuser-Busch also has offices in Dublin and Belfast (Northern) Ireland, Milan Italy, Barcelona Spain, and London England. Given the nature of many EU citizens' love for alcohol, Anheuser-Busch appears to be missing many opportunities

within the EU. The following sections will analyze the four major markets for Anheuser-Busch in the EU and provide recommendations for how Anheuser-Busch should further expand its company within these countries.

Ireland

For the better part of 20 years, Anheuser-Busch has been productive in Ireland. In 1986, Anheuser-Busch formed a licensing agreement in the Republic of Ireland with Guinness. (Anheuser-Busch) The agreement provides Anheuser-Busch with the opportunity to have its brands of beer brewed locally in Ireland, thus giving its consumers a fresh product. Guinness is also the market leader in Ireland with a market share of 68% and 15% is directly related to the Anheuser-Busch's products. (Anheuser-Busch) Anheuser-Busch also benefits from a strong marketing presence in Ireland, which includes its creation of a Budweiser Irish Derby (a very popular event in Ireland). Anheuser-Busch's Budweiser is also the official beer of FIFA World Cup and of the English Premier Soccer League. Anheuser-Busch also holds an annual Bud Rising Musical Festival, which is a multi-day event in central Dublin that attracts many local and national bands. (Anheuser-Busch) Anheuser-Busch creates opportunities for itself through its' strong marketing efforts in Ireland, however, the company must continue to further its expansion in Ireland if it intends to gain a more substantial share of the Irish market. Some possible options for continued expansion in Ireland include but are not limited to:

- Introducing other brands within Ireland -- The company's licensing agreement with Guinness would provide a sufficient amount of resources to introduce new brands.
- Create more breweries within Ireland -- This may be the most expensive of the three options, however, with two offices in Ireland, control systems could easily be set up to ensure high quality products.
- Form agreements to sale/produce locally popular brands -- This would be an option if the company decided to open a local brewery.

Ireland is a trade-dependent economy that is one of the fastest growing economies in the world. The growing economy is attributed to the transformation from a traditional manufacturing based country to one based on hi-tech and internationally traded services

sectors. (Irish) Ireland's population is over 4 million people and an estimated 1.4 million people work, earning a GDP per capita of about \$34,100. The country's GDP not only has doubled over the last decade, it also is ranked fourth in the world. (The World) The high level of GDP for citizens of Ireland and the amount of which is spent on alcohol Ireland presents an opportunity for Anheuser-Busch. Ireland citizens spend an estimated 3% of their annual salary on alcohol; meaning about \$1,344,000,000 is spent on alcohol each year. (Tiscali) The average person consumes 15 liters of alcohol each year, which are the highest consumers of alcohol in Europe. (Eurapart) Beer is the most popular alcohol beverage of choice representing about 75% of all alcohol sales while spirits and wine account for 16 and 10 percent respectively. (Hope and Ramstedt) If Anheuser-Busch opened its own brewery in Ireland it could expect to earn \$24,192,000 per year (assuming 60% of alcohol sales are on beer and assuming a 3% market share for Anheuser-Busch). The key is for Anheuser-Busch to not become complacent with its strong position in Ireland. Complacency is often known as the road to failure; therefore, Anheuser-Busch must continue to aim "high" and reach areas within Ireland that it is not currently involved in.

Italy

Anheuser-Busch also has a relatively strong presence in Italy, which can be credited to its licensing agreement with Heineken Italia S.P.A. The agreement allows the local Heineken brewery to produce Anheuser-Busch's brands of beer and is the major reason Italy is Anheuser-Busch's fourth largest market outside of the U.S. Anheuser-Busch also benefits from its strong relationship with sporting events such as, being the official beer of the 2006 Olympic Winter Games in Torino, and also sponsoring the "Budweiser-NBA Basket Jam" with parties in top bars and spectacular street ball challenges. (Annual Report) Anheuser-Busch's affiliation with the NBA is a major opportunity in Italy, as well as other EU member countries, because of the growing love for professional basketball overseas. Anheuser-Busch should focus more local events around the NBA, which will allow Italians to watch the game while enjoying an "ice cold" Budweiser (or any other Anheuser-Busch product).

A major challenge that Anheuser-Busch has faced in the last 8-10 years in Italy is the growing concern for the dangers of alcohol (also the case worldwide). (Hope and

Ramstedt) This can be attributed to the increased consumption of alcohol, especially in teens, young adults, and women during the last decade. In 1994, the Italian government passed several laws to prevent the dangers of alcohol dependence, drinking and driving, and many other problems that are associated with alcohol. The following are results of law:

- Education of alcohol related problems concentrate on prevention.
 - To be carried out in schools, universities, the armed forces, prisons, and places where youngsters get together. (Karlsson)
- Urgent cases of alcohol abuse are treated in appropriate medical units, hospitals or approved private clinics.
- Dangerous working environments (identified by the Ministry) are alcohol free.
 - Including random alcohol taste and fines. (Karlsson)
- Tighter driving controls enforced with more efficient testing equipment.
 - On motorways the sale of beverages exceeding 21% alcohol content (spirits) is forbidden between 10pm and 6 am. (Karlsson)
- Industry, television, and radio adopted a self-regulating code regarding commercial advertisements for alcohol beverages.
 - Such commercials are banned within programs aimed at youth.
 - Advertisements cannot show youngsters drinking nor appear in places where youngsters get together.
 - TV commercials for alcohol are prohibited between 4PM and 7PM, when it is estimated that most youngsters are watching.
 - Ads are also banned in papers and magazines intended for youth and in cinemas showing films aimed at young people. (Karlsson)
- The National Council on Alcohol-related Problems was established. It is chaired by the Ministry of Social Affair and consists of 18 members.
 - The Council provides a periodical report to the Ministry about the implementation of the law. (Karlsson)

Changes instituted by the Italian government greatly impacted the alcoholic beverage industry. In response to the changing public climate, Anheuser-Busch's public relation department should create and support groups/events that aid in helping people

with alcohol problems (this is something that should be done on the worldwide scene not just in the EU). While the company will not have a significant amount of financial gain from its involvement with these programs, the company's image and name will strengthen. Being involved with programs/groups/events such as this will illustrate that the company cares about people who abuse alcohol and/or are involved in an alcohol related incidents. There is no contingency plan for this particular issue because there is no reason that Anheuser-Busch cannot support alcohol related programs.

Spain

A third country within the EU that Anheuser-Busch has a presence in is Spain. In 1995, Anheuser-Busch reached an agreement with Sociedad Anónima Damm, a Spanish beer company, allowing them to brew and package Budweiser. In 2001, the relationship expanded when Damm became responsible for all Budweiser sales in Spain as part of a new licensing agreement. Anheuser-Busch uses a "Great Lengths" advertising campaign in Spain that focuses on the great lengths people will go to obtain a Budweiser. The TV advertisements show a lighter side of Budweiser that has gone over well with consumers. (Anheuser-Busch) Anheuser-Busch's brands also maintain a strong presence in the contemporary bars in major Spanish markets through point-of-sale advertising. And, of course, Anheuser-Busch uses its involvement with the sporting world to promote its products.

Although Anheuser-Busch claims its brands of beer are widely accepted in Spain, the Spanish market seems to be the weakest of all EU markets where the company competes. A particular area suggested that Anheuser-Busch venture into in the Spanish market is spirits. Spain is a wine producing country, thus Anheuser-Busch should focus on promoting its flavored alcoholic drinks as well as Budweiser. This would be an excellent opportunity for Anheuser-Busch to utilize its partnership with Bacardi to import the Bacardi line of drinks into the country. Also, if the company's new product Peels is a success in the U.S. then the company should consider importing it into Spain. As of 1997, 52% of Spanish adults over the age of 16 claim to be regular drinkers and 24% were accustomed to drinking alcohol everyday. (Karlsson) Although it is suggested Anheuser-Busch be more involved with spirits in Spain, it must continue to market its beer brands because consumer taste are leaning more towards beer in the last twenty

years. According to The Globe magazine beer is becoming more popular with young adults (31%) compared to wine (27%). The following are expected future alcohol trends within Spain:

- Wine consumption, in decline over the last two decades, will increase because of the growing popularity of spirits worldwide. (Karlsson)
- Drinking among teenagers has become a weekend activity, and, in particular, it will be increasingly common to find cases of drinking to the point of intoxication. (Karlsson)
- Per capita consumption of alcohol will gradually decrease, which will have a negative effect on Anheuser-Busch financially. This is why gaining a presence in the spirit market is vital. Achieving this will provide the company with another product that may offset the losses incurred by the decreased rate of consumption. (Karlsson)
- Alcoholism among women will become more and more common. (Karlsson)

As mentioned above, alcohol is widely accepted in Spain but there will undoubtedly be more pressure to tighten up on alcohol related problems as seen in Italy. GDP per capita in Spain is \$23,300 (18 million in the workforce) of which, 3.1% is spent on alcohol adding up to about \$27.6 billion/year. (Tiscali) If Anheuser-Busch can continue to offer various brands of beers that relate to consumer taste in Spain and find a way to import its flavored drinks (i.e. Bacardi line of products and/or Peels) then the company could have potential earnings of around \$496,800,000 (assuming 60% of market sales are beer and spirits and a 3% market share for Anheuser-Busch). Anheuser-Busch could utilize its resources from its UK brewery to aid in the creation of a new brewery in Spain. Also, a brewmaster would be needed to maintain the quality of beer produced in the new brewery. A contingency plan for Anheuser-Busch would be to form additional agreements with other companies that already sell beer and/or spirits in Spain. While either one of these two options will strengthen Anheuser-Busch's position in Spain, the most profitable option would be to introduce its own line of products.

The UK

The largest market inside the EU for Anheuser-Busch is the UK. (Annual Report) The UK is also Anheuser-Busch's third largest market outside of the U.S, trailing only China and Japan for the company's top international market. The UK is the only international country other than China that has an Anheuser-Busch brewery. Anheuser-Busch's Budweiser is the main product of Anheuser-Busch in the UK, and it is also the No. 1 premium packaged lager (PPL) in bars, pubs, clubs, and restaurants. Overall, Budweiser is the country's second best-selling PPL. Anheuser-Busch also markets Michelob, Michelob Ultra, Anheuser World Lager, and Bud Ice in the UK. Although, Anheuser-Busch uses its relationship with the sporting world to advertise its products in the UK (just like the countries mentioned above), the company also focuses advertisements on promoting a more contemporary appeal through humorous "True" ads. Anheuser-Busch also uses a "Freshness" campaign, which emphasizes its "born on date" coding that lets the consumers know the date the beer was packaged. These campaigns are supported by a media plan that provides Budweiser with the highest level of TV exposure among premium lager brands in the UK. (Anheuser-Busch)

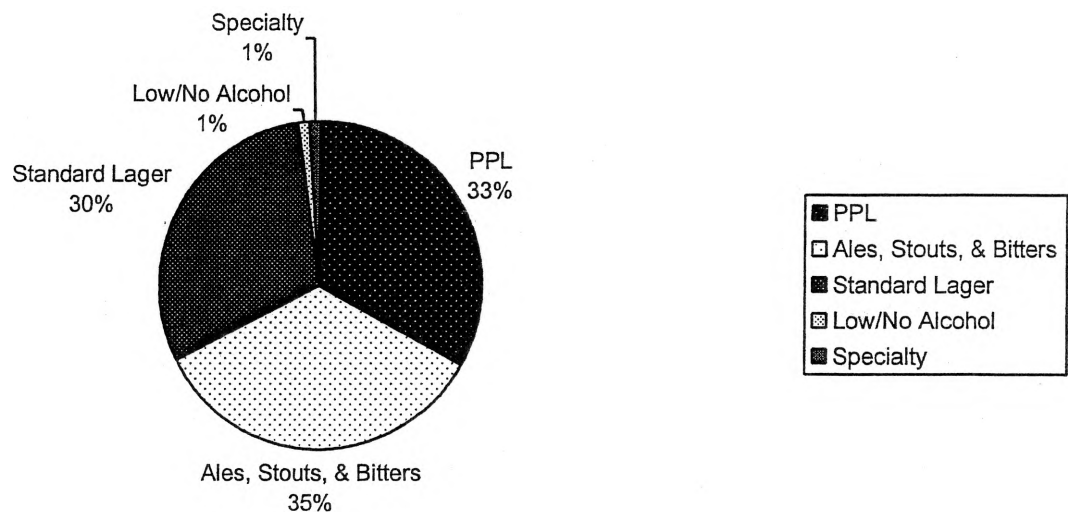
Although the UK is a very profitable market for Anheuser-Busch, there are still areas within the country where Anheuser-Busch can improve. According to the company, its' brand Michelob Ultra has maintained a unique position in the UK beer market since its entrance in 2003. (Anheuser-Busch) The main reason for Michelob Ultra's success is that it appeals to the carbohydrate-concerned consumer. If this is the case, Anheuser-Busch's other products, such as Budweiser Select and Bud Light should have relatively the same success given that each are low carbohydrate beers. Budweiser Select, especially, should be promoted in the UK to the carbohydrate-conscious consumer because it is the company's newest low carbohydrate beer.

Another concern for Anheuser-Busch is that that company is not considered a major player in the UK. According to MarketLine Business Information Center, there are three main players in the UK: (1) Scottish & New Castle owning 27.10% of the market, (2) Adolph Coors Company owning 19.70% of the market, and (3) and Interbrew S.A. owning 18.80%. This leaves 34.40% of the market to other companies including

Anheuser-Busch. This is a bit perplexing, because the UK is Anheuser-Busch's third largest international market.

An advantage for Anheuser-Busch is that PPL makes up 39.20% of overall sales and standard beer makes up 28.30% of the UK beer market (the company competes in both), and Budweiser is the leading PPL in bars, pubs, clubs, and restaurants (see graph below). Bars, Pubs, clubs, and restaurants account for 47% of alcohol sales in the UK, 93% of which are draught sales (43.7 million hl). (Ali) A disadvantage for Anheuser-Busch is that Ales, Stouts, and Bitters make up 32.20% of the market and this is an area where Anheuser-Busch has no brands. Together, all aspects of the alcoholic beverage industry in the UK reported sales of \$44.9 billion in 2004. (Tiscali)

Acquisitions or licensing agreements are two possible strategic moves Anheuser-Busch could implement in order to gain a stronger presence in the alcoholic beverage industry. Anheuser-Busch already has the necessary resources and processes in the UK needed to carry out operations if an acquisition or licensing agreement is reached. Assuming Anheuser-Busch is competitive in 60% of the market and owns a 3% market share, the company could expect to gain \$808,200,000 (according to marketline Scottish & New Castle earned \$10 billion in 2004). If neither one of these strategic plans work for Anheuser-Busch, then the company will continue to rely on its strong presence in the PPL segment of the market.

Figure #4

Key Markets to Enter

A major concern for Anheuser-Busch in the EU is its limited presence in certain countries. Anheuser-Busch has little presence in Germany, a large potential market for the company. Germans are known worldwide for their love of beer; therefore, it is surprising that Anheuser-Busch does not compete in the market. Another key country that Anheuser-Busch is lacking presence in is Estonia. Although Estonia is not a large country, its most attractable attribute is that three other EU countries are closely located. The Czech Republic would be major EU country of interest for many companies in the alcohol beverage industry; however, Anheuser-Busch's battle with Budvar (mentioned below in the Germany section) makes this impossible. The following section analyzes the reasons why Anheuser-Busch is not a major player in each of these markets, explains why/how Anheuser-Busch should enter the markets, and provides milestones that could be achieved if the company did enter these markets.

Germany

In Germany, alcohol (especially beer) is widely accepted thus the reason that 1279 of 1660 brands of beer in Europe are German. (Karlsson) The Germans love their beer; therefore it is a very profitable market for the companies involved in the alcoholic beverage industry. The only countries which Germany has a trade deficit in beer are Belgium, the Czech Republic, and Mexico. The total beer consumption in Germany is 107,800,000 hl and 20% of it is sold via kegs, 65% returnable bottles, 15% non-returnable bottles and cans. Of the 107,800,000 hl only 2,738,000 hl are from imports, which suggest the strong market presence of genuine German beers. (German) The following graphs represent the main German beer imports/exports by origin:

Table # 3

German Beer Imports by Origin (1000 hl)							
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<i>Denmark</i>	1070	956	1071	1321	1372	1487	1389
<i>Netherlands</i>	932	656	542	689	734	431	143
<i>Czech Republic</i>	548	503	493	450	526	583	735
<i>Belgium/Luxembourg</i>	399	396	450	546	526	506	207
<i>Austria</i>	1	2	2	4	80	111	128
<i>Ireland</i>	195	152	71	172	29	4	
<i>UK</i>	18	10	133	29	8	16	36
<i>Italy</i>					1	14	
<i>France</i>					87	2	
Total	3729	2823	3054	3228	3806	3305	2738

(German)

Table # 4

German Beer Exports by Origin (1000 hl)							
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<i>Italy</i>	1579	1598	1625	1711	2232	2420	2616
<i>UK</i>	1458	1252	1136	1111	2069	1555	1514
<i>USA</i>	1219	1321	1421	1466	1490	1517	1527
<i>France</i>	1099	1164	1122	919	2372	1213	854
<i>Netherlands</i>	814	676	511	487	820	762	698
<i>Spain</i>	637	774	784	926	1304	1268	793
<i>Russia</i>	421	283	29	23	30	35	25
Total	9237	8930	9464	10752	10842	11056	12095

(German)

A key concern for Anheuser-Busch is that the U.S. is not listed as a key country for importing to Germany. Also overall imports of Germany have decreased over the 7-year period while exports have gradually increased. This suggests that Anheuser-Busch will have a better opportunity to enter the market by creating a German beer locally as opposed to importing a brand from another country (i.e. U.S. to Germany). Two particular barriers to entry that Anheuser-Busch faces in Germany are the Purity Law and the Protected Geographical Indication (PGI) status.

The Purity Law (or Reinheitsgebot in German) has been around since 1516 and states that the only allowed ingredients in beer are water, barley malts, and hops. The point of this was to ensure that brewers did not add cheaper and poorer ingredients to the beer to save money, thus cheating the consumers. (Purity Law) This is a disadvantage for Anheuser-Busch because its beers not only contain water, barley malts, and hops but they also contain yeast and rice. However, a closer look at some German beers will show that the law is not as strictly enforced, as Germans would like you to believe. Many German beer labels state proudly that they are brewed according to “the purity law of 1516”, however, this is not 100% true. In fact, the only brewers in the world following the original purity law are the lambic brewers, who get natural yeast bacteria from the air. (Purity Law) Other ingredients that are used, which are not allowed according to the purity law are wheat malts, rye malts, and spelt. The reason why Germans can get around this is because there is a modern version of the law, called the German Beer Tax Law, which allows yeast and other cereal malts. If the beer contains maize, rice, or millet, it must be clearly marked. (Purity Law) So, although Anheuser-Busch is at a disadvantage according to the original purity law, they are actually abiding by the modern day law.

Figure#5



Another barrier to entry that Anheuser-Busch faces in Germany is the Protected Geographical Indication (PGI). PGI is a way for countries within the EU to protect its most famous products. PGI provides a specific link between the products and its original place of production. Recently a Czech Republic company, Budvar, gained PGI status for its brand of beer, “Budweiser.” (Jarvis) Anheuser-Busch and Budvar have been in a trademark controversy for years over who should have the rights to use the Budweiser trademark and are currently in court battles all over the world. Budvar originates from Budweis, a small town in the Czech Republic, forming its main argument for the rights to the trademark. (Jarvis) With the PGI status, Budvar has entered an exclusive club of European products whose members include Cognac, Champagne, and Parmesan cheese. This is a major issue in many EU countries, not just Germany, for Anheuser-Busch. Some countries allow both companies to use Budweiser, while others only allow one of the companies to use the name.

Table #5

Who Possess Rights in Specific EU Countries

<i>Budvar</i>	<i>Anheuser-Busch</i>
<i>Switzerland</i>	<i>Italy</i>
<i>Germany</i>	<i>Spain</i>
<i>Latvia</i>	<i>Finland</i>
<i>Lithuania</i>	<i>Denmark</i>
<i>UK</i>	<i>UK</i>
	<i>Hungary</i>

Anheuser-Busch needs to find a way around the PGI, in order to gain a presence in Germany as well as other EU countries. The company should attempt to sell some of

its other brands of beer in Germany besides Budweiser (namely a beer that has no tie-ins to the name “Bud”). In order to sell another brand of beer, Anheuser-Busch should be aware of which types of beers are most successful in Germany. The most popular types of beers sold in Germany are Standard and Premium lagers, which are the two types of beers Anheuser-Busch specializes in. Bottom fermentation is the process used when brewing lagers. This method uses malted barley, hops, and water at low temperatures. After fermentation, lager beers are stored in refrigerated cellars for maturing and clarification (typically 1-3 weeks).

The best method for Anheuser-Busch to gain a presence in Germany is to create a beer specifically for the country. The beer should focus on satisfying German expectations and taste. The company needs to assign a brewmaster (whom oversees each step of the company’s brewing process) to investigate the adjustments to be made in order to make its product more desirable in Germany and consistent with the laws. After assessing the brewmasters’ findings, Anheuser-Busch should implement a business strategy, specifically a cooperative strategy to enter the German market. Utilizing a cooperative strategy suggest that Anheuser-Busch form an alliance with an existing German company in order to create the new brand of beer. A licensing agreement is the preferred strategy for Anheuser-Busch as well as the German partner. The agreement will establish the German company as the brewer and Anheuser-Busch would own the brand. The agreement should be based on a multi year deal that has the option for added years if both companies feel it is profitable. A particular issue that Anheuser-Busch must outline in the agreement is that the German company cannot produce this beer or a related brand of beer for resale in its own name even if the agreement comes to maturity without a renewal. Anheuser-Busch should offer incentives to the German company that will validate the aspects of becoming a contractual partner. The incentives will include but not be limited to the following: (1) Discounts of essential ingredients (barley, rice, etc.) (2) Cover all necessary start-up cost for producing the brand (including manufacturing and marketing costs) and (3) Additional funding for unexpected occurrences directly affecting the production of the new beer brand. Anheuser-Busch will be responsible for creating the label for the new beer due to its expertise in unique packaging; however, input from the German company will be valuable (i.e. they will

have better concept of current trends in Germany). The contractual alliance will provide Anheuser-Busch with two advantages: (1) the company has the beer brewed locally therefore cutting costs of shipping, import taxes, etc. and (2) German brewers name (clearly stated as the brewer not owner of the beer) on the label will create customer loyalty. The entrance of this new brand of beer into Germany should take place during Oktoberfest. Each year more than 6 million people attend Oktoberfest and drink more than 5 million liters of beer. (Oktoberfest) Anheuser-Busch's brand of German beer could take of if the company can successfully form an alliance with a German brewer and have its brand of beer introduced during Oktoberfest.

Anheuser-Busch should "sale" this proposal to a German brewer who focuses on a horizontal growth strategy and is looking to gain a presence in the U.S. market. A horizontal growth strategy suggests that the company is looking to expand its products into other geographic locations. As depicted in Table #6, over 1,500,000hl of German beer were imported into the U.S. in 2003. This creates an entrance opportunity for the German brewer in the U.S. The new brand of beer should be on a trial basis in Germany for the first two years. After two years, if the beer is successful, Anheuser-Busch can market the beer in the U.S. as a German beer. The contractual agreement may be revised as needed upon its entry into the U.S. This strategy presents a "win win" situation for both companies. Anheuser-Busch wins because it will have finally entered Germany and the German company will have entered the U.S. German beer is often thought of as the "best" beer, therefore, if Anheuser-Busch can successfully create a German beer it can expand it into many different markets worldwide.

Anheuser-Busch could also utilize its licensing agreement with Guinness, which allows Budweiser to be brewed locally at the Guinness's Kilkenny brewery in Ireland, as an entrance strategy into Germany. Guinness has a respectable presence in the German market where the company products sold over 95,000hl of beer in 2002. If Anheuser-Busch cannot find a company willing to form an alliance to produce the new brand of beer then the company should propose the opportunity to Guinness. The same marketing plan to introduce the new brand of beer at Oktoberfest should be implemented. Also, Anheuser-Busch should still use a trial base plan and if successful, enter the beer into the U.S. market. This strategy however, should be used only as a back-up plan to the

previously proposed strategy. Forming an alliance with a genuine German brewery will create more customer loyalty than utilizing the already established licensing agreement with Guinness. Also, as noted in Tables 3 & 4, more beers are being exported from Germany than importing into the country. Aside from the importing/exporting trends in Germany, Anheuser-Busch will have to pay import taxes because the beer will be produced in Ireland then imported to Germany. Also, if Anheuser-Busch can find a company operating under a horizontal growth strategy then the future expectations to expand into the U.S. market will be more realistic and attractive to a company who is not already competitive in the U.S. market (Guinness already competes in the U.S.). Nonetheless, Anheuser-Busch could definitely utilize its licensing agreement with Guinness as possible entrance into the German market.

Alcohol sales reached \$37.8 billion in Germany for 2004. If Anheuser-Busch can overcome the two barriers to entry above and successfully introduce a brand of beer that appeals to Germans, the company could expect to gain \$680 million a year (assuming 60% alcohol purchases is beer and Anheuser-Busch gains 3% market share). The key for Anheuser-Busch is to create an alliance with a German brewer focuses on horizontal or either utilize its licensing agreement with Guinness to enter the German market. The opportunities that exist within Germany are too great for Anheuser-Busch to be continuously non-existent in the country. Not only will entering Germany strengthen the company's international landscape, but it will further its strong hold on the U.S. market when its very own German beer is introduced into the U.S.

Estonia

Another country that Anheuser-Busch should consider entering is Estonia. Estonia is a smaller EU country, about the size of Vermont and New Hampshire combined, however, the size is not the most attractable attribute for Anheuser-Busch. Anheuser-Busch would benefit the most simply from obtaining a presence in another EU market. Also, Estonia is located about 50 miles south of Finland with Latvia and Lithuania also near by. This is the most beneficial aspect that Anheuser-Busch would gain from entering Estonia. With the nearby markets, exportation of its products into each country is a realistic expansion method once the company firmly establishes itself in

Estonia. Also, the proximity of these three countries will provide Anheuser-Busch with the next strategic move in order to strengthen its presence within the EU.

Figure#6

Map of Estonia and Neighboring Countries



The difference in tax laws between Estonia and Finland present another rational for entrance into Estonia for Anheuser-Busch. Finland's tax on alcohol was previously about 80% compared to 18% in Estonia. Recently Finland has cut the alcohol taxes, now ranging from 32% - 44%, however, it is still well above Estonia's 18%. (Miller) As a result of the difference in price because of the tax, residents of Finland often cross the border to purchase beer in Estonia. These types of travelers are so important to Estonia's economy that it accounts for a major part of the country's 6% annual economic growth rate. One Finnish oven-factory worker says he comes to Estonia two or three times a year where for about 50 euros he can buy four cases of Finnish beer for half the price at home. (EU TAX) Given the difference in tax laws and the proximity of other EU countries, Anheuser-Busch should enter the Estonia market by one of the following methods:

- Form an alliance with either of the two largest brewers in Estonia, Saku or Tart. Anheuser-Busch will face competition with Baltic Beverages Holdings who owns the majority shares of leading brewers in Estonia and Latvia, and the number two brewer in Lithuania.

- Import its own brands of beer into Estonia.
- Continue to look for any possible acquisitions. Resources are already in place when acquiring a current brewery. Also this will speed up the production process for Anheuser-Busch because it will not have to build its own brewery. The company would simply need to transfer some of its current employees in the EU to oversee operations for the new brewery until it is operating to satisfaction.

Any of these three methods will allow Anheuser-Busch to gain a stronger presence within Estonia. However there are several factors Anheuser-Busch needs to be aware of before it enters the country.

- New licensees of any type of business must have a working capital of at least EEK100,000 (\$8,800), which should be relatively easy for Anheuser-Busch to achieve. Three thousand such licenses have been approved since 1995. (Karlsson)
- Stricter drunk-driving laws have been implemented in recent years. This adds pressure on all companies in the alcoholic-beverage industry. (Karlsson)
- A draft Law on Alcohol is in the works, which would restrict the use of alcohol advertisements near health, educational, or children's institutions. (Karlsson) Anheuser-Busch should have a marketing analyst research this law because it could have major effects of where the company could/could not advertise.
- Heavy criticism follows the alcoholic beverage industry in Estonia because of its expected involvement in many automobile accidents and acts of crime. (Karlsson)

Estonia is definitely a market within the EU that Anheuser-Busch could have success in if the company can overcome the issues mentioned above. Estonia's size is the main reason why Anheuser-Busch has not attempted to enter the country, however, the potential for success goes beyond the 1,332,893 people living in the country. (The World) Assuming that 60% of the population purchases a minimum of 400 euros/year of beer and that Anheuser-Busch claim 3% of the market, then the company's potential profits would be 14,395,244 euros or \$17,013,739/year. In addition, Anheuser-Busch should consider the possible sales from border-crossing shoppers (a possible \$5-8 million sales) and it appears to be a smart financial move for Anheuser-Busch. These "border-crossing shoppers" may be a major concern for EU officials because it takes possible revenue away from their home country, but it can be a major opportunity for Anheuser-

Busch. Anheuser-Busch could transfer some of its current EU employees into Estonia to run operations until everything is “up to par” with expectations. Again, Anheuser-Busch should also analyze Latvia and Lithuania for opportunities while it begins operations in Estonia and anticipate future expansion into those countries. This will provide the company with a back up plan in case things do not go well in Estonia or even if things do go well, then the company may have found its next strategic move.

Conclusion

Anheuser-Busch is undoubtedly the “King of Beer” within the U.S.; however, the research conducted illustrates the same is not true internationally, especially in the EU. In order to enjoy the same success within the EU, Anheuser-Busch needs to address the issues outlined in the paper. The firm is already successful in Ireland, Italy, Spain and the UK, however, it is missing out on the main EU country, Germany. Entering into the German market is the most vital strategy mentioned above that Anheuser-Busch should undertake in order to strengthen its self within the EU. Germans love their beer and it is unimaginable that a company so dominant in its industry does not compete there. Estonia also presents opportunities for Anheuser-Busch; however, the Estonia market should only be used as a “stepping stone”. Anheuser-Busch is not going to “get rich” by entering Estonia, however, it will provide the company with another market within the EU. The most important aspect gained from entering Estonia will be that Lithuania, Latvia, and Finland are nearby. The recommendations provided above will be a challenge for Anheuser-Busch; however, it is a challenge that can be overcome and provide numerous rewards.

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