

Stella Artois Case Analysis
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We (Interbrew) have various options to consider for diversifying our brand portfolio. Our strategy to capture growing beer markets and develop global brand recognition through acquisitions and mergers has allowed us to penetrate mature and growing markets. With our growing global beer segments accounting for 90 per cent of our volume, I suspect that we will have profitable opportunities to enter and control mature and growing markets. For Interbrew to remain successful in the beer market, we need to develop strategies to overcome or capitalize on the following:

- Customers are *fiercely loyal* to their local brew.
- Interbrews increased sales, 67 percent was related to the *new affiliates* in China, Montenegro, and Korea.
- Interbrews had a 19.7 per cent increase in *global sales* for Stella Artois.
- Interbrew experienced growth in total sales from 31 per cent in 1997 to 33 per cent in 1998 for *premium* and *specialty beers*.
- Interbrews traditional strategy has been to add to its portfolio of brands through *acquisitions* of existing brewers, principally in growth markets.
- Interbrew identifies certain brands, typically specialty products, and to develop them on a regional basis across a group of markets.
- After two years support, Stella Artois volume was up to 20,000hls, growing 70 per cent annually, out of a total premium segment of 400,000hls.
- Stella Artois only accounted for 10 per cent of total Interbrew volume in 1999.
- Interbrews development of a new series of strategic *filters* for further global branding.
- City strategy developed to target cities rather than traditional countries as markets.

We have a large market opportunity in growth and mature markets. Developing a global brand will provide the basis for the distribution and entry our entire brand portfolio. Stella Artois is the best brand to take global and represent the Belgium experience in our city stores. Furthermore, we need to support the brand with advertising, extensive market selection, and local commitment. Additionally, we need to interlock our core competencies with the overall market trends. Essentially, we need to develop a global brand strategy for Stella Artois as a premium beverage.

From this analysis, we can make the following moves:

- A. We can enter the new markets through strategic opportunities targeting large cities.
- B. Stay focused on our core competencies and enter markets through geographic regions.
- C. Continue to diversify our brand portfolio with regional branding.
- D. Launch a series of global product to be branded under the global Interbrew name.
- E. Introduce pubs in large cities offering and featuring Interbrews beers.

One of our strengths is size and product diversity. We also have considerable market share in high growth markets; however, our global competitors are successfully introducing global brands and we have a more regional focus. In my view, we need to continue to capture existing and growth markets segments. Focus on development of a global brand to lead an entire range of global products. Furthermore, we need to develop an entry strategy that is creative. Our large platform, I feel, allows us to introduce Stella Artois as the key global brand with others to follow its lead. A strategy targeting cities selected via a series of filters will further establish Stella Artois globally and capitalize on the Belgium pub experience. Plus, Stella Artois will further pave the way for future global brand introduction needing only minor changes for cities.

Eventually, I feel that the Belgium experience offered through these stores will help Stella to become a global brand. Through locating in various cities, we can cater to the local consumer by offering Stella along with our other acquired products in meet market specific demands. We should introduce Stella as a *premium* or *specialty* global brand at the same time as maintaining our core competencies in acquisitions for expansion in growth markets. This recommendation can be implemented under the city strategy targeting the right concentration of affluent consumers, as well as acquire the attention and support of wholesalers and initial retail consumers. Overall, we need to develop core programs to support the global brand. By focusing on global brand offering in cities, under Stella as a premium brand, we will better position ourselves in the mature markets. And, we should support Stella as the global brand to lead the way for the introduction of Tecate, Sol, Dos Equis and other acquired brands for global consumption in city based pubs. This strategy will emphasize the Belgium pub experience whilst offering consumers additional regional specific brands to select from and ultimately capitalize on the growth markets of Asia and South America. In sum, we simply need to go forward with Belgium pubs in cities that will promote Stella and the development of additional global brands targeting a variety of consumer tastes.