

Heineken in Asia Pacific

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Introduction

Heineken has been able to remain one of the world's leading consumer and corporate brands for more than 130 years. It confronts directly the challenges in many of our markets to deliver organic profit growth, but also focuses on building the long-term future of brands and business.

Heineken has wide international presence through a global network of distributors and breweries. Heineken owns and manages one of the world's leading portfolios of beer brands and is one of the world's leading brewers in terms of sales volume and profitability. The principal international brands are Heineken and Amstel, but the group brews and sell more

than 170 international premiums, regional, local and specialty beers, including Cruzcampo, Tiger, Zywiec, Birra Moretti, Ochota, Murphy's and Star.

Heineken has five operating regions: Western Europe, Central and Eastern Europe, the Americas, Africa and the Middle East as well as Asia-Pacific. Each region is headed by a Regional President. The three members of the Executive Board, the five Regional Presidents and five Group Directors together form the Executive Committees. The Executive Committee supports the development of policy and ensures the alignment and implementation of key priorities and strategies across the organization.

Heineken Time Table

1864	22-year-old businessman Gerard Adriaan Heineken purchased the “The Haystack” brewery, the largest in the region.
1869	Gerard Heineken decided to switch from traditional top fermentation to the Bavarian method of bottom fermentation, a totally different technique that produces a clearer, purer beer, which keeps longer. The new beer was known for its quality and was called ‘Gentleman’s Beer’ as opposed to ‘Workman’s Ale’.
1875	Heineken beer was won a gold medal at the International Exposition in Paris and regular shipments to the French capital begin.
1893	Gerard Adriaan Heineken died.
1900	Heineken beer was honored with a special Jury Prize in Paris. Sales of beer brewed under Heineken’s auspices increased to 200,000 hectoliters.
1912	Competition between well-established major Breweries again increased to fever pitch. Heineken responded by reducing the price slightly and concentrating on on-premises sales.
1923	Heineken was one of the first Dutch companies to establish a non-contributory pension fund for employees.
1931	Heineken and Fraser & Neave in Singapore started Malayan Breweries Limited (MBL), now Asia Pacific Breweries, operating in China, South-East Asia and New Zealand.
1939	Heineken was listed on the stock market. The Foundation of the Central Brewery Organization was established, initiated by Heineken.
1964	A new international logo was introduced, for labels, coasters and other visual Designs. Among these were the famous ‘Heineken lips’, the two red semi-circles enclosing the black stripe and name on the coaster. The style has been remained the international icon by which the brand has been known.
1999	In the Netherlands, the Heineken brand was voted ‘Brand of the Century’ and Alfred Henry Heineken was proclaimed ‘Advertiser of the century’.
2000	Heineken received the King William I Prize for Dutch Entrepreneurship.
2003	The acquisition of Brau-Beteiligungs A.G. (BBAG) in Austria, the largest acquisition in the history of Heineken.
2005	Heineken acquired a number of breweries in Germany and Russia.

Heineken in Asia

Nearly 75 years ago, Heineken formed a partnership with Fraser and Neave to build its Asian business. Today, thanks to the success of joint venture, Asia Pacific Breweries, Heineken's key investment vehicle in Asia Pacific, Heineken have a strong presence across the Asia Pacific region. They are well placed to capitalize on the region's considerable growth opportunities.

Heineken has always been committed to the region through its partnership with Fraser and Neave. Heineken continuously committed to increase share of the regional profit pool. Heineken will also continue the strategy of selective acquisitions in Asia Pacific region as well.

Heineken is the most widely available beer in the world, with operations in more than 170 countries. It is brewed in more than 50 countries, including Hong Kong, Malaysia, Indonesia, Vietnam, Cambodia, Singapore and Thailand. About one quarter of its sales come from Asia Pacific and African regions, which are its most rapidly growing markets.

Heineken in India

Asia Pacific Breweries (APB), AN ARM BEER MAJOR Heineken, has announced its entry into India by acquiring an initial 76 percent stake in Aurangabad Breweries Ltd., (AUBL).

The company will invest about \$18 million funded through a combination of internal resources and external borrowings.

Heineken announced its affiliate; Asia Pacific Breweries had bought a 76 percent stake in India's Aurangabad Breweries for \$18 million. Heineken controls approximately 42 percent of Asia Pacific

Breweries.

Marc Bolland, Heineken's chief operating officer said the Indian beer market was growing by more than seven per cent annually, putting it ahead of growth predictions for beer in Russia this year. This is because of "consumers are trading up from lower quality, cheap beer, into modernized mainstream products and then on what we refer to as 'worth more' brands and consumers are also moving into beer as an aspiration mainstream alternative to cheap spirits, or other types of local indigenous alcohol."

Marc Bolland, Member of the Executive Board and Chief Operating Officer of Heineken N.V. commented: "South Asia is an attractive emerging market with favorable demographics. With this acquisition, APB is expanding its brewery network to the Indian beer market, which is currently growing by more than 7 percent annually. Heineken will further build on AUBL's strong existing market position in Maharashtra and Goa and Heineken has seen future earning potential for the Heineken brand by leveraging the strength of AUBL's distribution system."

Heineken in China

Singapore-listed Asia Pacific Breweries plan to move its production and marketing of Heineken lager to China. Heineken Asia Pacific Breweries China will initially construct the production of the popular international premium beer in China to its 97 percent owned subsidiary, Shanghai Asia Pacific Brewery. Heineken hopes the local production will reduce the cost of the beer and the money saved can be used on building the Heineken brand and volume growth activities in China. China's beer market is estimated at more than 230 million hectoliters with a grown potential of 3

percent to 5 percent over the next 10 years. China has become the largest beer market in the world in terms of volume.

Heineken N.V. said that it planed to build a third brewery in China to meet fast-growing demand in what has already become the world's second-largest beer market. Heineken, itself the world's second-largest brewer, said it had signed an agreement with its Chinese partner, the Hainan Brewery Company, for a share in the new brewery on Hainan Island, costing \$67.5 million in the first phase. The brewery will be 80 percent owned by Asia Pacific Breweries Ltd., in which Heineken and the Singapore brewer Fraser & Neave each hold 42.5 percent. Hainan Brewery will take the remaining 20 percent of the venture, which will make Tiger beer for the local market.

Currently Heineken's biggest selling beer in China is Reeb, which is produced through the wholly owned Shanghai Brewery. It has helped the company forge a strong position in the North-west region, but elsewhere the brewer's market coverage has not been so strong.

Currently the company's brand portfolio in the Asia Pacific region includes Tiger Beer in Singapore, Bintang in Indonesia, Reeb in China and Bivian in Vietnam.

The beer market in the People's Republic of China is the largest in the world in terms of volume and is growing at an annual rate of 5 percent. In light of the growth and market consolidation trends in China, APB streamlined all its brewery operations under Heineken-APB (China) Pte Ltd (HAPBC*) in 2004. HAPBC assumes all production, marketing and sales of beer brands under Heineken and APB; and spearheads all business strategic activities such as investments, mergers and acquisition in the PRC.

Reaffirming its commitment to Greater China, HAPBC set up Heineken-APB (China) Management Services, Co., Ltd as its Regional Headquarters in June 2005. The Shanghai-based subsidiary has since undertaken HAPBC's responsibility to oversee its operations and investment activities in the Chinese mainland.

Conclusion

Heineken in Asia is tending to be new opportunity and well developed. In India with number one percentage of consumer, it will be the place that all brewery companies will try to get into the market. By positioning the brand as high quality and life style beer, it will capture the emotional of consumers and life style of more than average consumers in India which have many percentages as above average people in India society. Also in china, with high volume and big grown opportunity, Heineken will penetrate to the market by acquiring the already built factories and will reduce the capital by changing the location of production by moving to the China's territorial.

All these are the strategies of Heineken. And for the future, all countries in Asia-Pacific will have tremendous growth opportunities that will lead to big percentage of income for Heineken compare to many countries that Heineken already went.

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