



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Global Business Environment

Asahi Beer Ltd.'s Investment in Romania

Student name: George Iulian Chiras

Student ID: 2120095

Module code: LCBB4005_LON

Lecturer: Hossein Shokri

Date: 07/05/2023



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Introduction

•**Purpose:** To analyse a global company's move into Romania

•**Objectives:**

- Understand why the company invested in Romania
- Identify challenges and opportunities the company faced
- Evaluate the impact of the company's spending on the Romanian economy
- Examine cultural and social issues the company encountered

•**Topics covered:**

- Reasons for investing in Romania
- Challenges encountered and how they were solved
- Effects of the company's spending on the Romanian economy, including job creation, skills improvement, competition increase, and use of modern technology and management techniques
- Cultural and social factors affecting the company's strategy, such as language barriers and local customs

•**Significance:** Provides valuable information about the benefits and challenges of expanding a business into a new market.



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Company Background

- Asahi Beer Ltd. is a Japanese multinational beer company founded in Osaka in 1889
- Company's major markets are in Asia and Oceania, with business in more than 80 countries
- Products include Asahi Super Dry and several other beers and non-alcoholic drinks
- Committed to sustainable business practices and supporting local communities
- Emphasizes innovation and technology, winning awards like World Beer Cup and Monde Selection
- Values customer satisfaction and building long-term relationships

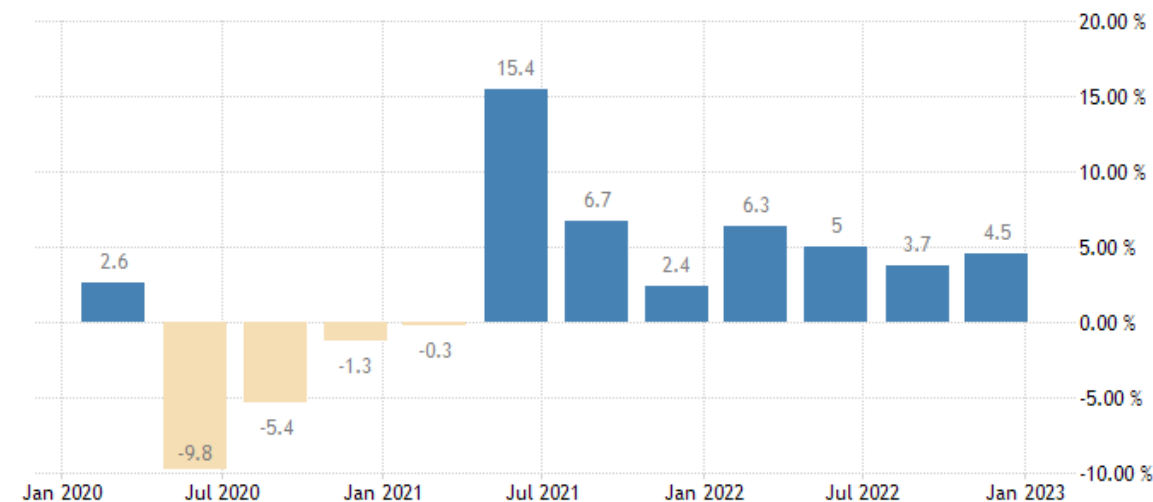


(Asahi Beer Ltd., n.d.)

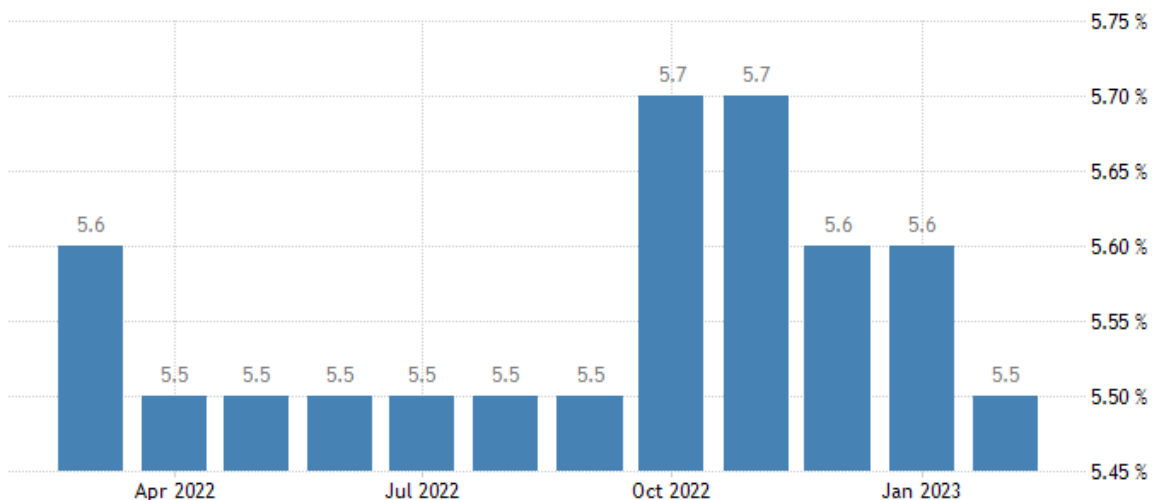


Market Overview

- Romania's economy grew by 7% in 2021, making it one of the fastest-growing in Europe (World Bank, 2022).
- Strong demand at home, a rise in exports, and increased spending from public and private sectors contributed to this growth.
- Romania's jobless rate dropped from 5.2% in 2020 to 3.9% in 2021 (Trading Economics, 2022).
- However, Romania still faces issues such as crime, inefficient government, and a growing income gap.
- Asahi Holding Ltd.'s investment in Romania has had a positive impact on the local economy.
- Asahi's presence in Romania has created job opportunities and contributed to the growth of the local beer industry.
- Asahi Holdings Ltd. has implemented sustainable business practices and community programs to promote responsible drinking and help local communities.



TRADINGECONOMICS.COM | INSTITUTUL NATIONAL DE STATISTICA



TRADINGECONOMICS.COM | INSTITUTUL NATIONAL DE STATISTICA



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Challenges and Opportunities

Strengths:

- Established global presence and expertise in the beer industry
- Committed to sustainable business practices and community involvement
- Investment in Romania has led to the creation of jobs and growth in the local beer market
- Known for high-quality products and innovation
- Strong customer service focus and commitment to building long-term customer relationships

Opportunities:

- Growing Romanian economy and demand for high-end alcoholic beverages
- Trend towards premiumization in the Romanian market
- Potential to diversify product range to include non-alcoholic beverages
- Use of technology to improve operations and marketing efforts

Weaknesses:

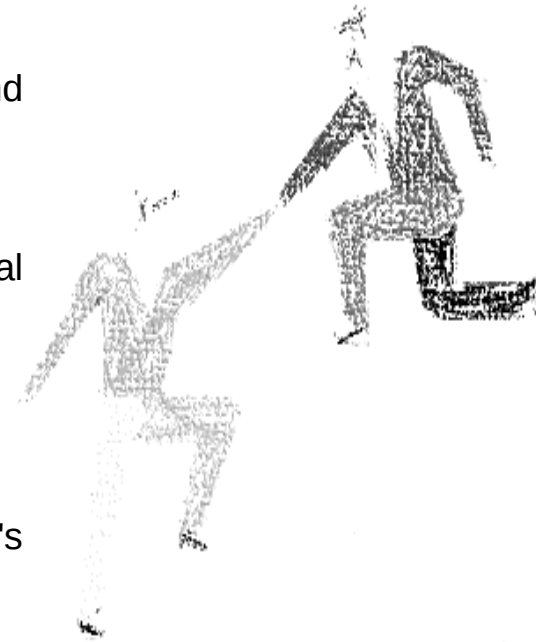
- Language and cultural barriers when entering the Romanian market
- Possible legal hurdles and governmental processes when investing in Romania
- Dependence on the beer market for revenue and growth

Threats:

- Crime, inefficient government, and income gap in Romania
- Changes in tax laws and trade agreements that could affect Asahi Romania's business
- Possible impact of the increasing awareness of health among consumers in Romania on the market demand for drinks containing alcohol
- Strict rules and laws about selling and marketing alcoholic beverages in Romania.

Challenges Faced

- Legal hurdles, governmental processes, cultural and social differences, and language barriers.
- Asahi Beer's spending in Romania generated jobs, increased market competition, and introduced new management methods and technology.
- The company had to consider cultural and social factors, such as language barriers and local customs, when expanding into Romania.
- Asahi Beer is committed to sustainable business practices and community programs.
- Growing inflation and higher prices for raw materials and labour could hurt Asahi Beer's profitability.
- Consumer trends towards health and premiumization could impact Asahi Beer's business.
- Technology could improve Asahi Beer's operations and marketing, but the company must follow rules and laws in the area.
- Environmental considerations must also be taken into account.





PESTEL Analysis

ocial

Technological

Legal

Environmental

Political

- Stable government situation is good for Asahi Romania.
- New rules about selling and marketing alcohol could change how the company does business.
- Changes in tax laws and trade agreements could also affect Asahi Romania's business.

Technological

- Asahi Romania could improve its operations and marketing by using technology, such as social media and data analytics.
- The Romanian authority has put in place rules about selling and marketing drinking drinks that could affect how Asahi Romania does business.

Economic

- Romania's economy has grown steadily, which is good for Asahi Romania.
- Growing middle class in Romania has increased the market for high-end alcoholic drinks.
- Inflation and higher prices for raw materials and labour can hurt the company's ability to make money.

Environmental

- Asahi Romania would have to consider environmental considerations in the course of its operations.
- The enhancement of the company's sustainable business practices is good for the Romanian environment.

Sociocultural

- Increasing awareness of health among consumers in Romania is likely to impact the market demand for drinks containing alcohol.
- Growing trend towards premiumization could benefit the company's luxurious product range.
- Language barriers and local practices are cultural and social problems that Asahi Romania had to deal with when growing into Romania.

Legal

- Asahi Romania must follow the rules and laws about work in Romania.
- New rules about selling and marketing alcohol could change how the company does business.



Porter Five Forces analysis

- ***Threat of new entrants***: low barriers to entry for new players in the beer industry in Romania, but Asahi's brand recognition and established presence offer some protection
 - ***Bargaining power of suppliers***: moderate bargaining power of suppliers due to the availability of raw materials in Romania and competition among suppliers
 - ***Bargaining power of buyers***: high bargaining power of buyers due to the large number of choices available in the beer market in Romania
 - ***Threat of substitutes***: high threat of substitutes from other alcoholic and non-alcoholic drinks due to the increasing awareness of health among consumers in Romania
 - ***Rivalry among existing competitors***: intense rivalry among beer companies in Romania due to the growing market and presence of local and international players





Cultural and Social Responsibility in Asahi Beer's Move into Romania

Asahi



- Asahi Beer invested in Romania to explore new markets and growth opportunities
- Challenges faced: language barriers and local customs
- Impact on Romanian economy: created job opportunities, generated competition, and introduced modern management techniques
- Asahi Beer is committed to social responsibility: sustainability, community engagement, and responsible drinking campaigns
- Asahi Beer must navigate Romanian laws and regulations, such as new rules on selling and marketing alcoholic beverages
- Asahi Beer can benefit from technology and data analytics to improve operations and marketing in Romania



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Cultural and Social Effects

Language barriers

As a multinational company based in Japan, Asahi Beer Ltd. likely faced language barriers when communicating with locals in Romania who speak Romanian. The company may have had to invest in language training or hire local translators to help bridge the communication gap.

Job creation

Asahi Beer Ltd.'s investment in Romania likely created job opportunities, which can have a positive impact on the local economy and community.

Adoption of modern technology and management techniques

Asahi Beer Ltd.'s investment in Romania may have brought in new tools and management methods to the local market, which can have a positive effect on the industry as a whole.

Local practices

Asahi Beer Ltd. may have had to navigate local practices and customs in Romania to successfully do business there. This could have included understanding local consumer preferences and cultural norms around drinking alcohol.

Competition

Asahi Beer Ltd.'s presence in the Romanian market may have increased competition, which can be a positive effect for consumers as it can lead to lower prices and higher quality products.

Why Asahi Beer Ltd. chose to Invest in Romania

Economic factors

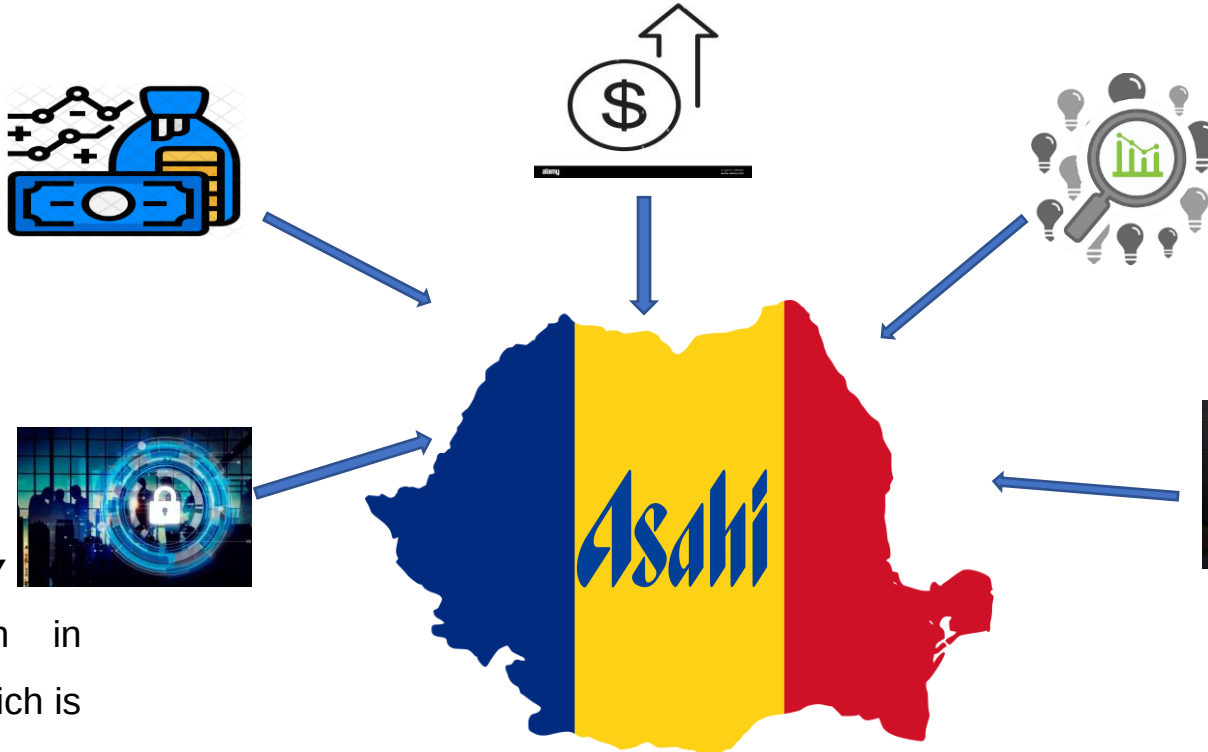
The growing middle class in the country has increased the market for high-end alcoholic drinks, which is good for Asahi Romania.

Prospects for market growth and profit

The investment made by Asahi Holding Ltd. in Romania has been good for the Romanian economy, with jobs created and the local beer business growing.

Market factors

The rise in exports, more spending from both the public and private sectors, and strong demand at home make Romania a lucrative market. The company saw an opportunity to generate profits and grow its business in the country.



Government security

The government situation in Romania remains stable, which is good for Asahi Romania.

Development of facilities

Romania has developed facilities and infrastructure that can support businesses, making it an attractive location for investment.



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Technological Advancement

- Asahi Beer Ltd. has a reputation for creating new products and technologies, and it values them.
- Asahi Romania could improve its operations and marketing by using technology, such as social media channels and data analytics.
- The company must also follow the rules and laws about work in the area, such as those governing the sale and marketing of alcoholic drinks.
- Asahi Beer Ltd. is committed to doing business in a way that is good for the earth and has taken a few steps to do this, such as engaging in sustainable business practices.
- Asahi Romania could also consider environmental considerations in the course of its operations, such as enhancing the company's sustainability practices.



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Conclusion



CONCLUSION

- Asahi Beer Ltd. invested in Romania's beer market to tap into the country's growing economy and potential for profit.
- The investment generated jobs and brought in new technology and management practices, but the company also had to deal with cultural and social challenges such as language barriers and local practices.
- Asahi Beer Ltd. is committed to doing business in a way that is good for the earth and has taken steps to help local communities and promote responsible drinking.
- The Romanian government's stable situation and growing middle class have created opportunities for Asahi Romania, but changes in tax laws and trade agreements could affect its business.
- Asahi Romania could benefit from diversifying its product range, using technology for operations and marketing, and enhancing its sustainability activities.
- This study provides valuable information about the benefits and challenges of expanding a company into a new market like Romania.

Asahi Beer Ltd. (n.d.), “*About Asahi Beer*” Accessed May 2, 2023, from online source:

<https://www.asahibeer.co.jp/en/about/index.html>

Euromonitor International (2021), *Alcoholic Drinks in Romania*, Accessed May 3 2023, from online source:

<https://www.euromonitor.com/alcoholic-drinks-in-romania/report>

Harjoto, M. A., & Jo, H. (2019). *Corporate social responsibility and firm innovation: A comparative study of Japanese and US firms*. Journal of Business Research, 100, 15-25.

Kehoe, R. R., & Bednar, M. K. (2019). *Innovation in Japanese management: the role of executive teams*. Journal of Organizational Change Management.

Trading Economics, (April 2022), *National Institute of Statistic*, Accessed May 2, 2023, from online source:

<https://tradingeconomics.com/romania/unemployment-rate>.

World Bank (2021), *Romania Overview*, accessed May 3 2023, from online source:

<https://www.worldbank.org/en/country/romania/overview>

Whittington, Richard, (2020), *Exploring strategy: text and cases*, Person, edition 12, pages 75-131, chapter 3-5, Harlow