

Asahi Beer Ltd.'s Investment in Romania

Student name: George Iulian Chiras

Student ID number:2120095

Module Code: LCBB4005_LON

Lecturer name: Hossein Shokri

Date: 07/05/2023

Table of Contents

<i>Introduction</i>	3
<i>History</i>	3
Company Framework	3
Annual reports.....	4
<i>Analysing and Critical Thinking</i>	4
PESTEL	4
Porter Five Forces.....	5
SWOT	6
<i>Philosophy and Management system</i>	7
<i>Conclusion</i>	8
<i>References</i>	9
<i>Appendices</i>	10

Introduction

The goal of the analysis is to give an overview of a global company's move into the growing country of Romania. The objective of the study is to find out why the group decided to put funds into Romania, what challenges they ran into, and what opportunities they found. The study looks at how the company's spending changed the Romanian economy, such as generating jobs, make the market more competitive, and bringing in new tools and management methods. The study also looks at the cultural and social problems that the company had to deal with when it joined the Romanian market. For example, the company had to deal with language barriers and local practises. The first part of the study will talk about why the company chose to invest in Romania. It will look at the country's economy, government security, development of facilities, and prospects for market growth and profit. The study will also look at the problems that came up during the process, such as legal hurdles, governmental processes, and variations in culture, and how they were solved. In the study, the effects of the corporation's spending on the Romanian economy will be looked at. These effects include the creation of jobs and the improvement of skills, as well as the rise of competition and the use of modern technology and management techniques. The study will also look at the cultural and social factors that the organisation had to think about when growing into Romania, such as language hurdles and local customs, and how these factors affected their strategy. In the end, this study will give you important information about the possible benefits and problems of growing an organisation into a new market like Romania.

History

Company Framework

Asahi Beer Ltd. is a multinational Japanese beer company that started in Osaka in 1889. The company's goal is to give people all over the world high-quality beer that tastes good. Asahi Beer Ltd. has business in more than 80 countries, but its major markets are in Asia and Oceania. The company sells a lot of different things, like Asahi Super Dry and several other beers and drinks that don't have alcohol in them. 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. The company has also put money into projects that help local communities and teach people how to drink in a responsible way. Asahi Beer Ltd. is known for its attempts to create new products and technologies, which it values.

Many awards, like the World Beer Cup and the Monde Selection, have been given to the company for its high quality and creativity. Asahi Beer Ltd. works hard to make sure its customers are happy, and it wants to build long-term ties with them by giving them high-quality products and great customer service (Asahi Beer Ltd.).

Annual reports

The World Bank says that the economy of Romania grew by 7% in 2021, which made it one of the most rapidly expanding in Europe (World Bank, 2022). This growth was caused by strong demand at home, a rise in exports, and more spending from both the public and private sectors. From 5.2% in 2020 to 3.9% in 2021, Romania's jobless rate went down (Trading Economics, 2022). But the country still must deal with problems like crime, inefficient government, and a growing income gap.

The investment made by Asahi Holding Ltd. in Romania has also been good for the Romanian economy. Because of the company's presence, jobs have been made available and the local beer business has grown. Asahi Holdings Ltd. has also put in place sustainable business practises and engaged in community programmes to help local communities and encourage people to drink in a responsible way.

Analysing and Critical Thinking

PESTEL

Asahi Holding Ltd. is a Japanese global company that focuses on both alcoholic and non-alcoholic drinks. The company has a big influence on the Romanian market, and its affiliate, Asahi Romania S.A., runs business there. We can do a PESTEL evaluation to learn more about the business setting in which Asahi Romania works (Euromonitor International, 2021).

In the past few years, the government situation in Romania remains stable, which is good for Asahi Romania. But the government has put in place new rules about selling and marketing booze, which could change how the company markets itself. Changes in tax laws and trade agreements could also affect how Asahi Romania does business. Also, Romania's economy has grown steadily, which is good for Asahi Romania. The growing middle class in the country has increased the market for high-end alcoholic drinks, which can help the company. But inflation and higher prices for raw materials and labour can also hurt a company's ability to make money.

The increasing awareness of health among consumers in Romania is likely to impact the market demand for drinks containing alcohol. Asahi Romania might try to offset

this trend by diversifying its product range to include non-alcoholic beverages. Moreover, there has been a growing trend towards premiumization, which could potentially benefit the company's luxurious product range.

Asahi Romania could improve its operations and marketing by using technology. As an example, the company could use social media channels to reach more people and make its brand more well-known. Also, if the company uses data analytics, it can learn more about what customers want and make products and marketing efforts that meet their needs. However, the Romanian authority has put in place a number of rules about selling and marketing drinking drinks, which can affect how Asahi Romania does business. The company must also follow the rules and laws about work in the area.

Asahi Romania would have to consider environmental considerations in the course of its operations. The enhancement of the company's sustainability activities that can be achieved through the diminution of its carbon footprint, advocacy for responsible alcohol consumption, and the use of ecologically sound packaging.

Asahi Romania's business operations take place in a good business environment marked by government stability, steady economic growth, and a growing preference among consumers for high-end goods. According to a report from Euromonitor International in 2021, for the company to stay competitive in the Romanian market, it needs to deal with changing regulations, rising costs, and changing customer preferences.

Porter Five Forces

Asahi Romania S.A., which is a part of Asahi Holding Ltd., does business in Romania. We can use Porter's Five Forces framework (Whittington, Richard, 2020, p.75-78, Ch. 3) to look at the competitive context in which Asahi Romania works.

The industry of alcoholic beverages in Romania is characterised by intense competition among several established businesses both locally and abroad. The field's high capital investment requirements and regulatory barriers present formidable obstacles for new entrants, reducing the threat of new competition. Asahi Romania procures raw materials, such as barley and hops, from both domestic and foreign suppliers. The significant size and well-established brand of the company afford it with considerable bargaining power over suppliers, thereby reducing the bargaining power of the suppliers. When it comes to drinking drinks, Romanians have a lot of options, which makes it harder for Asahi Romania to get what it wants. But the company has some power over buyers because of its strong name and high-quality products.

Asahi Romania faces a potential threat of substitution from the non-alcoholic beverage industry. Furthermore, there exists the potential for consumers to transition to alternative alcoholic beverages. The company's emphasis on high-end merchandise and a varied range of products has the potential to alleviate the impact of substitute products. The Romanian alcoholic beverage industry is characterised by intense competition, as numerous domestic and international entities compete for a share of the market. Asahi Romania's competitive edge stems from its emphasis on high-end merchandise and well-established brand. As overall, the competitive environment where Asahi Romania operates is defined by intense competition. However, the company's widely recognised brand, emphasis on quality goods, and extensive size provide upon it a competitive edge over both new market entrants and suppliers. Additionally, the company's diversified product portfolio serves to reduce the potential impact of substitute products.

SWOT

Asahi Romania's main edge is that its name and image are well-known in the alcoholic beverage industry. The company has a competitive edge because it focuses on making high-quality products and selling a wide range of them. Asahi Romania could use these benefits to get a piece of the growing Romanian market.

The identified weaknesses of the company pertain to its dependence on externally sourced raw materials and the upward trend in raw material expenses. The limited range of goods of the company and its dependence on alcoholic beverages render it vulnerable to fluctuations in consumer preferences.

There exist multiple prospects for business expansion in the Romanian market. The company stands to benefit from the expanding market for high-end alcoholic beverages and the concurrent trend towards premiumization, which presents a notable avenue for growth. Moreover, Asahi Romania has the potential to expand its range of products by incorporating non-alcoholic beverages in response to the increasing demand for health-oriented options among the Romanian customer base.

Its primary challenge is that it must fight with local and foreign companies that have been around for a long time in the drinking beverage market. This is a big risk for its business. The business has a big problem with the idea that non-alcoholic drinks and other alcoholic drinks could take the place of its goods. Changes in laws and trade

policies, as well as the effects of inflation and rising raw material costs, could influence Asahi Romania's business.

In summary, Asahi Romania has a competitive edge in the Romanian market because it has a solid reputation, focuses on goods of excellent quality, and has a wide range of products. To stay competitive, the company must work on its weaknesses, such as its reliance on outside providers and its susceptibility to changes in customer tastes. Asahi Romania can grow its market share by taking advantage of growth possibilities, such as widening its product line to meet the needs of health-conscious customers and the growing trend of the increase in price. To keep its place on the Romanian market, the company also has to deal with threats like competition from established players and new rules and trade policies (Whittington, Richard, 2020, p.131, Chapter 5).

Philosophy and Management system

A particular philosophy serves as the compass by which Asahi Holdings Ltd. navigates the processes involved in the functioning of its management system. This philosophy is founded on the premise that the success of the company is dependent on the prosperity of society, and that the aim of the firm is to contribute to the sustainable development of humanity (Whittington, 2020). This principle forms the foundation of this philosophy. To put it another way, the prosperity of the community is directly proportionate to the triumphs of the business. Asahi company places significant emphasis on its commitment to the principles of corporate social responsibility (CSR) as a fundamental tenet of its philosophy. Harjoto and Jo (2019) claim that Corporate Social Responsibility (CSR) is a notion that pertains to a corporation's duty to the community and the natural world. Asahi Holdings Ltd. recognises its responsibility and attempts to make a positive impact on the advancement of the societies in which it conducts its operations. The company in Romania provides support for a range of social and environmental initiatives, encompassing the promotion of equitable growth, education, and health. The management system that Asahi uses in Romania places a significant emphasis on innovative ideas, which is another key component of the system. Because the organisation believes that being innovative is essential to its success, it invests a significant amount of money in research and development. According to Kehoe and Bednar (2019), Asahi Holdings Ltd. encourages its employees to think independently and come up with innovative ideas that may assist

the company in expanding its operations and remaining competitive in the international market. The entity holds the belief that conducting business with integrity and transparency is of the highest priority. Therefore, it has implemented several regulations and procedures to ensure the consistent adherence to this principle. The commitment to ethical business practises fosters trust among various stakeholders, including consumers, suppliers, and other parties involved. Asahi's attitude and management system in Romania are based on the company's drive to organisational ethical behaviour, innovation, employee interaction and growth, and responsible business practises. By sticking to these values, the company hopes to add to the long-term growth of society while staying competitive in the worldwide market.

Conclusion

In conclusion, Asahi Beer Ltd. made a smart move by investing in Romania, which has helped both the company and the business of Romania. The focus of the study has been on why Asahi Beer Ltd. chose to invest in Romania, the problems they ran into, and the chances they found. It has also looked at how the company's spending affects the Romanian economy, such as by creating jobs, making the market more competitive, and bringing in new technology and ways of running a business. The study also showed the culture and social problems that the company had to deal with when it went into the Romanian market. Asahi Beer Ltd. is committed to doing business in a responsible and sustainable way. They show this by working with local communities and creating schemes that encourage responsible drinking. A PESTLE study was done to figure out how the Romanian business environment affects Asahi Romania's processes. Even though there are problems, like changes in government rules and growing costs, the steady growth of Romania's economy and the growth of its middle class give the company chances. The rising trend towards premiumization and health awareness among customers can also help the company's products. Using technology and data analytics can also help the company improve how it runs and how it markets itself.

Overall, this study gives important information about the advantages and disadvantages of growing a business into a new market like Romania. Asahi Beer Ltd.'s investment in Romania has paid off, and the company's sensible and environmentally friendly business practises have helped the Romanian economy. Asahi Beer Ltd. keeps coming up with new ideas and making high-quality goods. Their

dedication to customer happiness and ethical business practises will help them succeed in the Romanian market and elsewhere.

References

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



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



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, 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.

Company Background

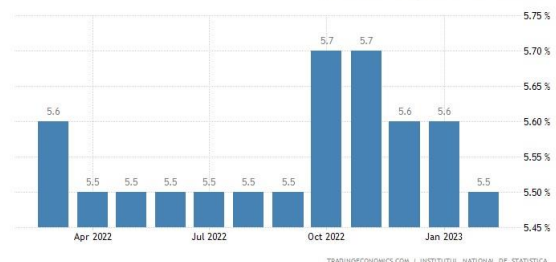
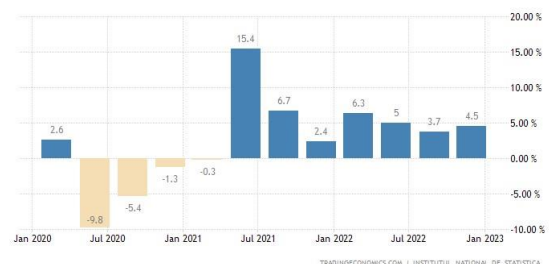
- Asahi Beer Ltd. is a Japanese multinational beer company founded in Osaka in 1889
- Company's major markets are in Asia and Oceania, with business in more than 80 countries
- Products include Asahi Super Dry and several other beers and alcoholic drinks
- Committed to sustainable business practices 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.





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 quality 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

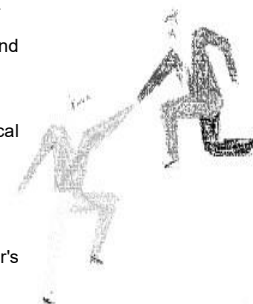
Threats

- 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





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

PESTEL Analysis

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

(Asahi Beer Ltd., n.d.)



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

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

**5
FORCES**



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

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

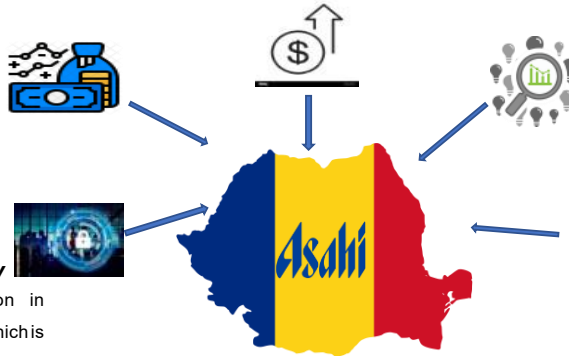
The investment made by Asahi Holding Ltd. in Romania has been good for the Romanian economy, with jobs created and the local beer business growing

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



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.

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 changing 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 sustainability activities.
- This study provides valuable information about the benefits and challenges of expanding a company into a new market like Romania.

CONCLUSION



References

- 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, 425.
- 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 Statistics* 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 7-31, chapter 35, Harlow