



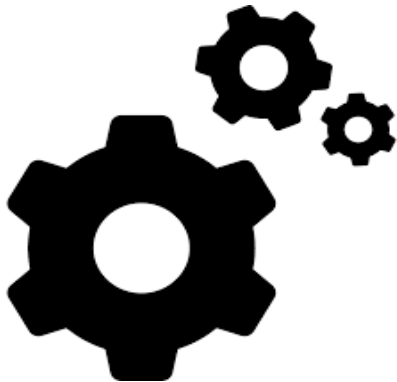
Relationship Between Competitiveness And Operational
And Financial Performance Of Firms: An Exploratory Study
On The European Brewing Industry



Homogeneous products



Technologies globally



Similar Technologies



Highly Internationalized

The sector is growing up in all aspects for many consecutives years (Swinnen,2011)

- Many brands were reportedly trying to exploit all possible niche segments by maturing the markets, developing new tastes and changing the lifestyle of consumers.



#RISK



#STATISTICS

- The global beer market is expected to garner \$688.4 billion by 2020.



#VISION

- From the Amadeus database we can see that in the period between 2015 and 2008, the equity of companies in the industry has had an average yearly growth of 3.39%, while the overall revenues have an average yearly increase of 4.93%.



#INVESTMENT

Key Factor in the job creation

- It has been acknowledged as a key actor for job creation and reportedly playing its part in supporting the delivery of the Europe 2020 Growth Strategy (Brewers of Europe, 2016).
- The EU is the second largest beer producer in the world, after China.
- There are over 6,500 active breweries, which produced around 383million hectolitres of beer in 2014 (Kirin Holdings Company, 2014).



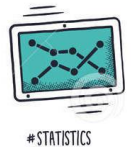
The beer industry has made a good and significant contribution to the European economy.

- This sector 17 is generating an estimated 2.3 million jobs: one job in a brewery generates on average a two in supply and agriculture, two in retail, and 13 jobs in the bars, pubs, cafés and restaurants Europe (Brewers of Europe, 2016).



What we found?

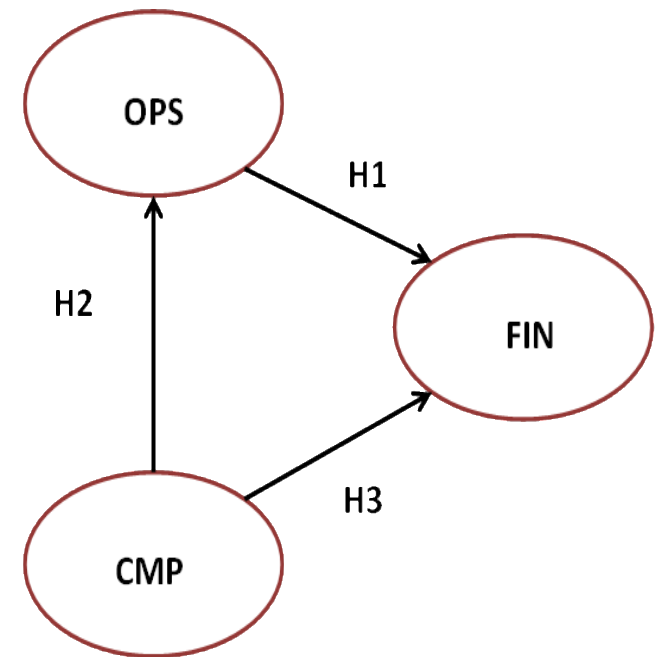
- Geographic concentration and growth have been proven drivers of growth in Europe
- Customers, suppliers and the supply chain are not necessarily correlated to financial bottom lines.
- Greater market shares are not necessarily correlated to higher equity values.
- The operational structure is not impactful in the competitive environment.
- Assets and balance sheets: bigger seems to be better.





As a summary, following displays the model, which contains the proposed hypothesis:

- **H1:** Positives changes in the operational performances will affect positively firm financial performance in the European brewing industry.
- **H2:** Higher competitiveness has a positive impact in the operational performance of firms within the European brewing industry.
- **H3:** Higher competitiveness has a positive impact in the financial performance of firms in the European brewing industry.





Total Firms	214	
Countries	Companies	Concentration
Belgium	24	11%
United Kingdom	37	17%
Ukraine	14	7%
Czech Republic	12	6%
Germany	11	5%
Spain	11	5%
Norway	10	5%
Poland	10	5%
Austria	8	4%
Serbia	5	2%
Italy	6	3%
Others	60	22%

Number Of Employees		
> 1000	26	12%
< 1000	173	81%
Rest	15	7%

Sales		
>1.000.000	7	3%
0-30.000	87	41%
30.000-90.000	49	23%
90.000-400.000	62	29%
400.000-1.000.000	9	4%

Details of the companies in the sample

Introduction

Expectation

Ecosystem

Data

Results

Conclusion

Results:



- There is evidence of a lowly significant relationship, nonetheless existent, between operational performance and the competitiveness environment.
- Consistent with previous research, (Fynes, De Burca, & Voss, 2005), the supply chain structure of the industry could be the construct that determines the competitiveness environment, and not necessarily the businesses that compose it.
- Fixed assets concentration could explain why operationals are not necessarily impactful in the financial bottom line.
- The interaction between competitiveness to financial performance.
- Competitiveness is a driver in the profitability of firms, and their environment.





Conclusions:

- Competitiveness displayed significant relationships with the financial performance of the firm.
- Financial leveraging showed to have an inverse correlation with a growing competitive environment.
- It can be argued that higher access to financing, and lower costs of it, are significant for the growth of the brewing industry.
- Geographic distribution of the industry, and the country concentration, shows a regional bias which can either be interpreted as higher barriers for regional or foreign competitors, or a direct dependency of local industrial environments.



Recommendations:

- Comparative studies with data sectioned within each individual economy, in which the sampling or availability of financials is possible.
- This study could be replicated to similar industries such as wines and spirits.
- The regional segregation must be a consideration, in order to contrast findings in Europe compared to other high or low income economic regions.





Q&A