Heineken acquires a premium brewer in Russia

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Heineken acquires a premium brewer in Russiaâ€™s second city, by Â Euromonitor International
Heineken's acquisition of Russian brewer, Stepan Razin will mean gaining around 2% volume share and approximately 15% value share. An additional benefit to Heinekens' portfolio will be the Kalinkin brand; this will strengthen the company position in the premium lager segment, which currently represents about a quarter of total beer sales. The acquisition will make Heineken the second biggest Russian brewer of premium lager, in a market for beer that is forecast to grow by almost 20% to 2009.
Premium city Stepan Razin main markets are St Petersburg and Moscow, where the population has high disposable income and premium larger is the drink of choice. In these cities however, with beer consumption of 79-80 litres per capita, there is little room for volume expansion, making premium products the most viable option for value growth. The new combination of Heineken's existing brands and Stepan Razin products (and the other recent acquisition of Patra in St Petersburg) should dominate the premium market, in these and other major conurbations in western Russia.
Go forth and multiply With the Moscow and St Petersburg markets very consolidated and saturated, Heineken may now look further east, continuing its acquisition programme in the central and eastern parts of Russia. The gradual and continued construction of a distribution network and a portfolio of premium brands will provide the foundation of urban market penetration across Russia, in cities where beer consumption is low and disposable income is increasing.
Following the assumed acquisition target criteria, a possible Heineken target could be the brewer Krasny Vostok, based in Vladivostok.
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