Chapter 12: B2B Case Study – AB-InBev (Z-Tech)

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"MiMercado by AB InBev offers a more convenient, intuitive experience online for our customers. It's a core pillar of our digitization strategy, a strategy to grow our business, and an opportunity for us to strengthen our relationship with our buyers."

- Luiz Gondim, CTO at Z-Tech and Global VP, Innovation at AB InBev

Introduction

Consumer Packaged Goods (CPG) companies have seen their distribution networks disrupted in growing the markets of Central and South America by big box stores and online marketplaces. This is especially true when it comes to supplying smaller grocery stores and markets. This disruption has created an emerging need among CPG companies and brands to regain control of the relationship with those smaller businesses.

The sheer amount of small businesses who stock consumers of packaged goods represent a significant part of the market share in these regions. This was made even more evident during the COVID-19 when distribution channels were slowed or stopped, causing supply shortages and outages across the region.

MiMercado is AB-InBev subsidiary Z-Tech's response to that the need for a more direct line between CPG brands and the small markets that offer their products.

About MiMercado and Z-Tech

Z-Tech is the innovation branch from AB InBev, biggest brewery company in the world w/ \$45 Billion revenue yearly and 630 beer brands around 150 different countries. Z-Tech's mission is to empower small and medium-sized businesses to change the world through technology. They target the Marketplace and FinTech markets, through the creation and acquisition of business ventures from those segments, and tries to introduce disruptive technology solution that, coupled w/ the

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strengths of AB Inbev, can change these markets landscape. Currently comprised of 3 main ventures, our focus for this case study is MiMercado.

MiMercado is a B2B marketplace launching in the Mexican market, where corner stores (Points of Consumption - POCs) can buy their CPG inventory in a single platform to reduce the friction of managing multiple vendors at the same time or having to travel to fulfill the goods, resulting in lost sales and long working hours.

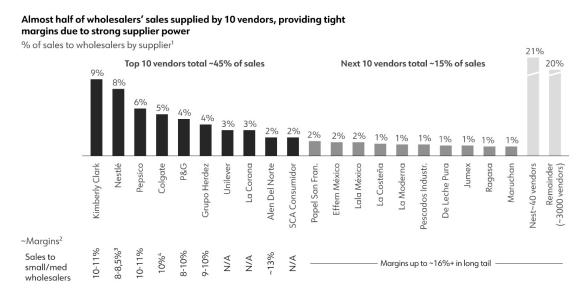
These aspirations are backed up by research of the Mexico City market, where findings show that the city alone has 40k+ POCs, with a weekly AOV of Mex\$ 3200.

Furthermore, other joint efforts from Z-Tech supports the notion that a global marketplace engine can expand this model to other parts of Mexico and other countries in Central and South America can achieve comparable results, making this vertical of business viable, even for a conglomerate the size of AB Inbev.

Market Landscape

Currently, the market landscape for CPG and overall inventory products for POCs are supplied by long-standing, often family owned & operated wholesalers, with some reticence to change where and how they purchase their store's stock.

All eight of the largest wholesalers in this region have been around for over thirty years and account for more than sixty percent of the market. Another crucial factor is that margins are tight for these large wholesalers, netting to less than 10% gross margin and losing much of that on logistics, sales, and service costs.



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Marketplaces Best Practices