

Strategy Management Analysis of Tsingtao Brewery

-- Based on SWOT Model

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Abstract

Beer is one of the most popular drinks in the current society, and how to make the alcoholic drinks represented by beer have a broader development in the future is the problem we need to think about. As a representative brand among many beer brands in China, Tsingtao Brewery has a profound history and has a great international influence. This paper aims to make a strategic analysis of Tsingtao Brewery and discuss its development strategy in the highly competitive beer market. This paper will first introduce Tsingtao Brewery Co., Ltd., and then use the SWOT model to analyze the Strengths, Weaknesses, Opportunities and Threats of Tsingtao Brewery, and provide a strategic reference for its future development.

Keywords

Tsingtao Brewery Co., Ltd.; Strategic Management Analysis; SWOT Model.

1. Company Introduction

Tsingtao Brewery, also known as Tsingtao Brewery Co., Ltd., is a beer manufacturer with a long history in China. As one of the leading enterprises in China's beer industry, Tsingtao Brewery enjoys a good reputation both at home and abroad for its long history, unique brewing technology and high-quality products. In 1993, Tsingtao Brewery was listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange successively. At present, Tsingtao Brewery has a number of beer production bases in many provinces, cities and autonomous regions in China. The beer produced is exported to many countries and regions in the world, and Tsingtao Brewery has been one of the world's top 500 for many years. In 2022, "Tsingtao Brewery" continued to maintain the first brand value in China's beer industry with a brand value of 218.225 billion yuan.

2. Analysis of Strategic Management of Tsingtao Brewery based on SWOT Model

As one of the most famous beer brands in China, Tsingtao Brewery has a high visibility and influence in the domestic beer industry. It not only has a wide range of consumer groups in the domestic market, but also in the international market has visibility. Tsingtao Brewery has its own excellent brand value. The following SWOT model will be used to analyze the strategic management of Tsingtao Brewery.

2.1. Strengths

(1) Tsingtao Brewery offers a wide variety of products for low, middle and high-end markets, which is highly praised by consumers at all levels. Tsingtao Brewery has a long history and rich experience in beer brewing, so it provides a relatively rich variety of beer. Therefore, it provides mid to high-end varieties such as Augerta, Amber Lager, etc. A rich variety of beer types can

attract consumers at all levels. At the same time, compared with traditional high-end alcoholic beverage such as liquor and red wine, the price of Tsingtao Brewery is relatively cheap. Compared with high-end alcoholic beverage such as liquor and red wine, beer is more widely used in daily life, so people's consumption of beer is also more prominent.

(2) Has a long historical and cultural tradition, and pays attention to brand marketing and promotion. The predecessor of Tsingtao Brewery was a brand jointly created by German and British businessmen in 1903. It has a long history and culture, and traditional craftsmanship has been passed down and preserved. Tsingtao Brewery also focuses on the publicity and promotion of its own historical and cultural heritage. Tsingtao No.1 Brewery Factory has built the Tsingtao Brewery History Museum, which retains the records of traditional production processes, and people can visit them. At the same time, they can taste beer and feel the historical and cultural charm of Tsingtao Brewery. Tsingtao Brewery pays attention to the marketing and promotion of the brand, selecting many well-known people at home and abroad for publicity and promotion, and successfully gaining the favor of the mainstream crowd in the market.

(3) Combine traditional production technology with contemporary modern technology to create high-quality beer. In terms of production process, Tsingtao Brewery operates in strict accordance with all links of the brewing process, from the selection of raw materials to fermentation to the final mature links, in strict accordance with the formulated standards. At the same time, in terms of production line, Tsingtao Brewery is timely updated and upgraded to improve the efficiency and quality of product production. Tsingtao Brewery also pays attention to research and development investment, invested in the construction of Technology R&D Center, and cooperated with well-known technicians and Technology R&D Center, and has achieved remarkable research results. Yeast is the key to maintain the taste of beer. In order to maintain the pure quality of yeast, Tsingtao Brewery has established the first state key laboratory of the beer industry, -- "State Key Laboratory of Beer Biological Fermentation Engineering", to strengthen the research on yeast.

(4) Tsingtao Brewery has established a strong influence in the minds of consumers and has a high brand awareness. When it comes to Qingdao, Shandong province, China, people's first impression is seafood and Tsingtao beer. Tsingtao Brewery has developed into one of the world's top 500 enterprises, and its global international influence is further improving. The annual beer festival is also famous, attracting millions of consumers from home and abroad to participate every year.

2.2. Weaknesses

(1) Beer brands are subject to regional factors. Although the popularity of many beer brands is low, consumption habits have been formed due to the influence of local eating habits. Local consumers are used to drinking local beer brands, and may have resistance to other beer brands. Therefore, Tsingtao Brewery Should Strengthen local market promotion.

(2) There are too many branch factories of Tsingtao Brewery, so the companies are difficult to maintain complete consistency in the taste of the beer produced. Tsingtao Brewery has many branch factories in various provinces in China, but due to the different water quality and sources of raw and auxiliary materials, the beer produced by the same production process may have slight differences of flavors.

(3) Tsingtao Brewery's own public relations ability needs to be improved and strengthened. In recent years, the "Raw material urination" incident of Tsingtao Brewery has attracted wide attention from the society. The occurrence of this incident caused panic among all parties, and the market value loss of Tsingtao Brewery is amazing. However, Tsingtao Brewery did not carry out public relations activities in the first time, which further triggered a kind of negative rumors. In the face of such incidents as "Raw material urination", the truth needs to be released to

consumers in time, so as to gradually dispel the doubts of consumers and restore the reputation of the enterprise.

2.3. Opportunities

(1) China has introduced corresponding policies and measures to promote the development of alcoholic beverage industry. With the rapid development of China's economy and society, the government has issued corresponding policies to boost the development of the beverage industry. At the same time, with the rapid development of China's economy, people pursue high-quality life, and consumers pay more and more attention to meeting their diversified needs. For Tsingtao Brewery, which has multi-level price options, consumers can have more choices about product types, which is undoubtedly an opportunity.

(2) The main company of Tsingtao Brewery is backed by Qingdao, which is a coastal port city with convenient and developed foreign trade. The annual beer festival also attracts many people to come, and Tsingtao Brewery is currently insisting on strengthening its exploration of the international market. With effective marketing measures and favorable geographical location, Tsingtao Brewery has a more obvious advantage in foreign trade compared to other beer brands. There are more opportunities for Tsingtao Brewery to expand overseas markets.

(3) With the rapid development of economy and society, consumers' consumption awareness is also constantly improving. People tend to choose more types of beers in their daily lives. Tsingtao beer can seize this opportunity to launch corresponding beer drinks such as fruit beer and craft brewing to meet the needs of a wider range of consumers and attract more young consumers.

(4) The rapid development of the Internet and digital technology, and the rise of online sales methods. Tsingtao Brewery can make use of technology to expand the market through online platforms, social media and other marketing methods, better interact with consumers, enhance its brand influence, expand sales channels, and achieve market share growth.

2.4. Threats

(1) The current internal competition in the beer market is fierce, and Tsingtao Brewery may be involved in the price war. At present, the competition in the beer industry in the Chinese market is fierce. In addition to Tsingtao Brewery brand, there are also many brands such as Budweiser APAC, China Resources Beer, Chongqing Brewery and Yanjing Beer. After the stable development of its own brand location, each beer company competes to develop and enter new markets. In order to highlight their unique advantages, beer enterprises cut prices for price war, which will be an important threat to Tsingtao Brewery.

(2) With the current world economic development, the international forms are complex, and the energy prices are rising. Affected by the supply and demand of agricultural products, beer raw material prices are also rising. In the case of rising product production costs, the profits will be reduced, while under the influence of the "price war" in the beer industry, the profits of enterprises will be further squeezed.

3. Analysis of Tsingtao Brewery-related strategies

3.1. SO Strategy

SO strategy (Strengths + Opportunities), make full use of the opportunities and play to the strengths. Tsingtao Brewery should make full use of the corresponding policies issued by the government to strengthen the upgrading of beer manufacturing technology and the sales of beer. At the same time, Tsingtao Brewery has rich experience in making beer. Facing the market demand for multi-level and rich products, Tsingtao Brewery should accelerate the development of new beer types to meet the market demand. In addition, Tsingtao Brewery should not only

pay attention to the update of production technology, but also strengthen the innovation and promotion of sales methods, and spread its popularity to countries at home and abroad. Ultimately, on the premise of a rich variety of products and successful marketing promotion, the company should fully utilize the advantages of geographical location to promote the development of exports and introduce advanced foreign technologies and processes.

3.2. WO Strategy

WO strategy (Weaknesses + Opportunities), use the opportunities to make up for their own weaknesses. At present, the market demand for beer is multi-layered, and Tsingtao Brewery has mastered the specialization of beer production technology, which can help produce special beer suitable for local people's taste. This will to some extent improve the production efficiency of companies, while diversifying production and operation methods will also play a role in reducing risks. Nowadays, with the rapid development of Internet information technology and the rise of a kind of social software such as TikTok, Tsingtao Brewery should also make use of such conditions to strengthen information dissemination, improve its own public relations ability, and solve the problems in time. Nowadays, the development of information technology is fast, and Tsingtao Brewery should also strengthen the construction of digital information to maintain its competitiveness in the industry.

3.3. ST Strategy

ST strategy (Strengths + Threats), use strengths to avoid threats. Tsingtao Brewery has a long history and strong innovation and development ability. In the face of fierce market competition, the best solution is to innovate and develop a variety of new products. At the same price point, ensure excellent product quality and a wider range of choices. Meanwhile, Tsingtao Brewery should be adjusted according to the specific market situation to ensure reasonable prices. On the other hand, Tsingtao Brewery should strengthen its upstream supply chain construction, timely communicate and discuss with suppliers to ensure the stability and reliability of the supply chain.

3.4. WT Strategy

WT strategy (Weaknesses + Threats), eliminate the impact of weaknesses and threats. Tsingtao Brewery can reduce its dependence on the single market and reduce the pressure brought by competition by expanding its product line, exploring new market areas and entering the international market. Tsingtao Brewery can also effectively control the cost and guarantee the profitability of enterprises by improving production efficiency, optimizing supply chain management and reducing operating costs. More importantly, Tsingtao Brewery needs to continuously improve product quality and taste, launch new varieties and new products that meet consumer needs, realize product differentiation, and increase market attraction and competitive advantage.

4. Summary

Through the strategic analysis based on the SWOT model, we deeply analyze the strengths, weaknesses, opportunities and threats of the internal and external environment of Tsingtao Brewery Co., Ltd. Through this strategic analysis, this paper also provides some suggestions and strategic directions for the future development of Tsingtao Brewery. Tsingtao Brewery should also constantly adjust and improve its own strategy, to achieve sustainable and stable development, and further improve its international visibility.

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