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Definition of a Competitive Strategy to the Craft Beer category on J. Company

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Master in Applied Management

Supervisor:
Professor Doctor Sofia Lopes Portela, Assistant Professor,
ISCTE-IUL

February 2024



**BUSINESS
SCHOOL**

Department of Marketing, Operations and General Management

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Abstract

Currently, China's beer industry is experiencing a lack of growth momentum. With the change in consumer demand, people are demanding more and more from beer in terms of taste and quality. Against this backdrop, craft beer, with its distinctive taste and fine craftsmanship, is gaining popularity among Chinese customers. Company J recognized the potential of craft beer and established a craft beer business unit. Company J made several product development attempts and was successful in the market. But as the business expanded, its directors eventually came to understand that, in addition to developing a competitive strategy and implementing it based on the industry conditions, they also needed to consider their own particular set of circumstances in order to bolster the company's competitive advantage.

This study examines the choice and execution of Company J's competitive strategy using its craft beer company as the research subject. The key determinants of the internal and external surroundings the organization faces are examined through interviews, questionnaires, and literature study. After a qualitative and quantitative analysis of Company J's possible competing strategies using the SWOT and QSPM models, the differentiation-focused competitive strategy was determined to be the best option for the business. According to the analysis, Company J's craft brewing business needs to concentrate on providing flexible customization services for B-end users of craft beer in order to gain a competitive edge in the Chinese market. It also needs to concentrate on product and marketing differentiation in order to develop targeted differentiation strategies.

Keywords: Craft beer, Competitive strategy, Differentiation focus competitive strategy

JEL Classification: M31 L22

Resumo

Atualmente, a indústria de cerveja na China está enfrentando uma falta de momentum de crescimento. Com a mudança na demanda do consumidor, as pessoas estão exigindo cada vez mais da cerveja em termos de sabor e qualidade. Nesse contexto, a cerveja artesanal, com seu sabor distintivo e artesanato refinado, está ganhando popularidade entre os clientes chineses. A Empresa J reconheceu o potencial da cerveja artesanal e estabeleceu uma unidade de negócios de cerveja artesanal. A Empresa J fez várias tentativas de desenvolvimento de produtos e teve sucesso no mercado.

Mas, à medida que o negócio se expandia, seus diretores eventualmente entenderam que, além de desenvolver uma estratégia competitiva e implementá-la com base nas condições da indústria, também precisavam considerar seu próprio conjunto particular de circunstâncias para fortalecer a vantagem competitiva da empresa. Este estudo examina a escolha e execução da estratégia competitiva da Empresa J usando sua empresa de cerveja artesanal como objeto de pesquisa. Os principais determinantes do ambiente interno e externo que a organização enfrenta são examinados por meio de entrevistas, questionários e estudo de literatura. Após uma análise qualitativa e quantitativa das possíveis estratégias competitivas da Empresa J usando os modelos SWOT e QSPM, a estratégia competitiva focada em diferenciação foi determinada como a melhor opção para o negócio. De acordo com a análise, o negócio de cerveja artesanal da Empresa J precisa se concentrar em fornecer serviços de customização flexíveis para os usuários finais do segmento B de cerveja artesanal, a fim de obter uma vantagem competitiva no mercado chinês. Ele também precisa se concentrar na diferenciação de produto e marketing para desenvolver estratégias de diferenciação direcionadas.

Descritores: Cerveja artesanal; Estratégia competitiva; Estratégia completa de foco de diferenciação

Classificação JEL: M31 L22

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Glossary

EFE Matrix – External Factor Evaluation Matrix

GDP – Gross Domestic Product

IFE Matrix – Internal Factor Evaluation Matrix

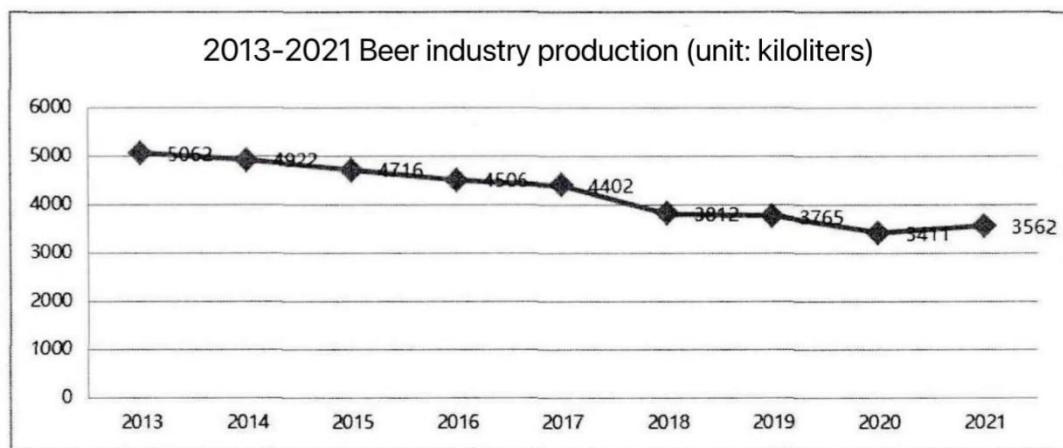
QSPM Matrix – Quantitative Strategic Planning Matrix

SME – Small and Medium Enterprise

1. Introduction

Beer is one of the most common alcoholic beverages, which is loved by many Chinese consumers, which makes China a large beer consumption country. At the same time, China is also a large country in terms of production of beer. Statistics show that China's beer production was 3411.1 and 3562 million litres, in 2020 and 2021, respectively (Ma, 2023). In 2021, China was the first in the world in terms of production of beer (Fleck & Richter, 2023). Although the output in 2021 has increased year-on-year, the overall trend of beer production in China has shown a downward trend in the last decade (as shown in the figure below). The domestic beer market tends to be saturated, the industry growth is weak, and the development has encountered bottlenecks. In this context, craft beer has brought a bright performance to the industry. Since 2013, the output of China's craft beer sector has grown rapidly and become an emerging force in the beer market. Since 2020, the global epidemic and the current unstable global situation may have a certain impact on the industry of craft beer, but there is a very optimistic attitude and expectations for the future development of the industry.

Figure 1 – 2013-2021 Beer industry production in China (unit: kiloliters)



Source: (Ma, 2023)

With the continuous development of China's economy, consumers' basic requirements for beer taste and quality continue to improve, as well as the increasing demand for personalized and diversified (Wang et al., 2017). In this context, traditional "industrial beer" has become more and more difficult to meet the needs of consumers. More and more enterprises have dedicated to fine process and small production scale as the concept, through smaller beer brewing equipment, innovating in the raw materials and processes, producing craft beer. The existence of craft beer in China has more than 20 years, but only in

2019 the first domestic regulations related to craft beer were introduced, and on April 25 of that year, the China Wine Association issued the "Craft Beer and its production specifications", which uniformly named this type of beer as "Craft beer". Craft beer refers to the production and processing of small beer production and processing line, no auxiliary materials unrelated to beer flavor adjustment can be added in the brewing process, and the brewed beer has outstanding flavor characteristics.

At present, craft beer consumption accounts for less than 3% of the total beer consumption in China, while the proportion of European and American countries has reached 25% (Salanță et al., 2020). The reason behind the continuous growth of craft beer is from the joint effect of supply and demand. Enterprises pursuit to increase production and sales with better taste and quality; On the other side, consumers are upgrading the quality and variety of consumption. The development of urban night economy and the rise of bistros have also positively influenced the development of craft beer market. Craft beer is a new trend and a direction of beer brewing industry development. The market of craft beer continues to expand, but there is an increasingly fierce competition, because beer leading enterprises have entered the game. These traditional beer giants have certain inherent advantages in terms of capital, channels, supply chain, etc.

Company J is an independent small and micro enterprise that came into being after the implementation of the "small and micro mode" strategic reform of H Group. Relying on the group's ecological platform, the company takes wine and food as links, and provides users with many categories of services such as craft beer, wine, agricultural products, and wine cabinets through intelligent Internet of Things technology and O2O supply chain system. In the early stage, the company mainly built the wine cabinet platform, and then focused on the product development, product sales and product creation of wine, craft beer and other products. The company saw the growth potential of craft beer and believes that it might be an important business segment of the company in the future. At present, Company J has found industry opportunities in the preliminary business pilot exploration, but also seen a series of problems such as rising costs, high channel fees, and increasingly fierce competition. As such, this project intends to design a competitive strategy to the craft beer category of J company.

To do so, an external and internal environment analysis is done, which allows to develop the SWOT analysis. Besides, a literature review and a survey were used to complement the diagnosis. The analysis identifies the problems in the craft beer business segment of Company J, and analyses the problems identified, explores some potential opportunities in the craft beer industry and analyses them to provide suggestions for the target company, with a view to helping the company gain a competitive advantage in the competition and achieve better development.

This project is divided into five chapters. Chapter 1 presents the Introduction. Chapter 2 presents the literature review. The content of this chapter mainly expounds the relevant theories of management, the latest progress of the research on competitive strategy, and the research status of the craft beer industry at home and abroad. Chapter 3 presents the methodology used in this project. The plan to design the competitive strategy to the craft beer category of J Company is presented in Chapter 4. Finally, the conclusions are presented on Chapter 5.

2. Literature Review

2.1. Strategy

The combination of the word "strategy" with business management does not have a long history. Ansoff, as a well-known economist in the United States, is considered the father of strategy. After Ansoff (1965), the emerging term "business strategy" began to be applied in the field of business management. It has been applied in various fields of today's society, such as economy, science and technology, and education.

Porter (1966) pointed out that choice is the core of strategy. Choosing activities that differ from competitors and providing differentiated positioning through differentiated value can help enterprises avoid excessive competition caused by mutual imitation among competitors. Mantere (2013) believes that in a variety of situations, corporate strategy is endowed with a variety of connotations. He made a conceptual induction of this complex situation, and proposed the "5P" theory, which are five definitions of strategy. They are strategy as plan, strategy as ploy, strategy as pattern, strategy as position, strategy as perspective. Strategy is divided into three levels, namely, the corporate level, the business level and the functional level. The corporate level strategy is the overall strategy formulated for all the businesses of the enterprise, while the business level strategy is the strategy adopted by the business sector itself, and the functional strategy is the strategy adopted by each subdivision of the business sector (such as finance, marketing, R & D, human resources, etc.) (Caves, 1980). In a single business, the strategy of the corporate layer and the strategy of the business layer are often integrated into one, or the strategic management of a single business enterprise has only two levels, namely the strategy of the corporate layer (or the business layer, because the company has only a single business, so it is consistent with the strategy of the business layer) and the strategy of the functional layer.

2.2. Competitive Strategy

It is generally believed that by providing better products or services that truly meet the needs of users better than competitors, enterprises can develop competitive advantages, which enables enterprises to develop. The core of the implementation of competitive strategy of enterprises is precisely this. Porter (1980) distinguishes the competitive strategy from the source of the establishment of competitive advantage. This author summarized three basic strategies: cost leadership strategy, differentiation strategy and focus strategy. The three basic competitive strategies should be analysed on a case-by-case basis and then they may combine organically according to the actual external environment and the company's own situation. One strategy should be considered the main strategy, and the others as auxiliary.

According to the cost leadership strategy, the enterprise offers reasonable cost reduction, the cost is lower than most competitors, or become the lowest cost. Eckstein et al. (2014) summarized the main sources of cost advantage, including scale effect, experience effect, full utilization of production capacity, selection of market entry time, and restructuring of value chain.

According to the differentiation strategy, in the face of competition, enterprises can achieve competitive advantages by providing differentiated products or services based on the needs of users and on what users are willing to pay for. The key points of the implementation of this strategy include: the cost of imitation or competition is very high, and users can obtain good value experience.

Focus strategy is when an enterprise anchor the business goal in a specific target user, to provide them targeted products or services. The scope of of this strategy it to provide targeted users with better products or services than other competitors in this scope, to gain a competitive advantage.

In recent years, there have been a lot of studies on the selection and practice of enterprises' competitive strategies. To study the relationship between different competitive strategies on firm value, Xiang et al. (2021) analysed a sample of A-share listed enterprises on Shanghai and Shenzhen Stock Exchanges from 2008 to 2017. They found that differentiation strategy has a positive impact on enterprise value, while cost leadership strategy has a negative impact on enterprise value. Besides, the positive impact of differentiation strategy on enterprise value is the most significant in mature enterprises, while the negative impact of cost leadership strategy on enterprise value is stronger in declining enterprises. This study further shows that high uncertainty of economic policy and good internal control level of enterprises can reduce the negative impact of cost leadership strategy on enterprise value. Hoskisson et al. (2000) pointed out that there should be a focus on analyzing the role of differentiation strategy in enterprise management, to make sure that differentiation strategy is fully applied in the actual business development process, and promote the effective development of enterprise management. This project mainly studies the selection and implementation of competitive strategy of small and medium-sized enterprises or enterprises in the initial stage or growth stage. Singh et al. (2008) believe that in order to design a competitive strategic model for SMEs, it is necessary to start with the management of production, operation, marketing, human resources, finance and other aspects of the enterprise, and evaluate the performance to ensure that the overall strategy runs well. Schindehutte & Morris (2001) mentioned that the form of strategic mix of new enterprises is related to the internal and external environment they face. The accumulation of market and technology knowledge is the core competitiveness of enterprise development and the decisive factor of strategic decision-making. Stratman (2007) studied how to

implement and improve the technology cost strategy in the process of enterprise development under the premise of different resources. It is found that with the development of enterprises and the continuous improvement of cost strategy level, the cost advantage of enterprises shows the evolution law from static to dynamic, from comparative advantage to competitive advantage. Technological innovation plays a certain role in promoting the utilization of enterprise resources and makes enterprises have cost advantages. Meanwhile, the improvement and development of enterprise cost advantages will also force enterprises' technological innovation ability. Generally, it evolves along three stages: "imitative strategy, cooperative strategy and innovative strategy". Different enterprises are in different competitive environments, the choice of technology cost strategy will be different, and the dynamic match with the resources of the enterprise. The formulation of enterprise competition strategy should fully study the needs of users in order to make it feasible. Anderson & Yu (2015) found that the expense stickiness of enterprises is positively correlated with the intimacy with customers. The higher the intimacy with customers, the greater the stickiness of enterprise expenses. Besides, they found that the stickiness of enterprises with differentiated strategy is greater than that of enterprises with cost leadership strategy. These results can help enterprise managers to choose and manage customers reasonably according to their own characteristics, and make reasonable and effective cost management decisions in combination with their own competitive strategies.

Miceli et al. (2021) discussed how enterprise digital strategy interacts with enterprise market competitiveness and organizational resilience. They studied the impact of digital strategies on the market competitiveness of enterprises before and after the outbreak of the global COVID-19 crisis since 2020, as well as the impact of organizational resilience after the outbreak. The results show that digital strategy is positively correlated with market competitiveness. Appel et al. (2019) presents the influences of the new technology for the future marketing. They believe that new technology changed almost every aspect of human existence.

Competitive strategy also interacts with social responsibility to a certain extent. According to Tiba et al. (2018), the competitive strategy of enterprises is one of the supplements that corporate social responsibility brings benefits to enterprises. The effective combination of corporate social responsibility and corporate competitive strategy and reasonable investment in social responsibility can promote the long-term development of enterprises.

2.3. The Long Tail Theory

This theory was originally published by Anderson (2012). This author classified the products of the market, and the mainstream is called the "head", and the non-mainstream, small-scale, personalized is called the "tail". He believes that adding up the market share of tail products will create a market share that can rival or even exceed that of head products. Simply put, as long as the channel is broad enough, the products that previously seemed to have very low demand will always have their corresponding purchase user groups. Because the long tail is long enough, its sum can equal or even exceed the share of the top products in the market. The long tail theory is an extension of the Blue Ocean strategy.

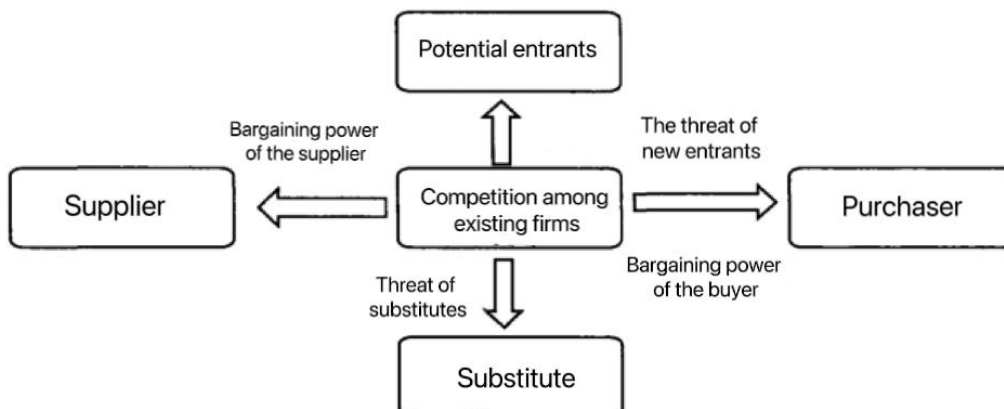
2.4. PEST Analysis

There are many common factors affecting various industries in the macro environment. Among them, political and legal environment (P), economic environment (E), social and cultural environment (S), and technological environment (T) are more likely to change, so it is necessary to focus on analysis. The analysis of these four factors is PEST analysis. PEST analysis is commonly used to analyze the external environment of an enterprise.

2.5. Five Forces Model of Porter

The Five Forces model was proposed by Porter (1979). He pointed out that enterprises should formulate corresponding competitive strategies according to the actual situation, otherwise it will be difficult to make enterprises in a favorable position. According to the author, there are five forces that play a decisive role in competition and influence the strategic decisions of participants. It includes the bargaining power of the supplier, the bargaining power of the buyer, the threat of new entrants, the threat of substitutes and the competition degree of competitors in the same industry.

Figure 2.1 Five forces driving competition in the industry



Source: Author

Bargaining power of suppliers: The supplier mainly puts pressure on the enterprise through quality and price, so as to obtain higher profits. The main influencing factors include: the degree of concentration of the industry and the position of the supplier, whether the supplier of products can be replaced, the cost of replacing the supplier's products, the possibility of the supplier's upstream and downstream layout, the cost comparison between external sourcing and self-production, and the degree of information asymmetry between the supplier and the industry.

Bargaining power of buyers: It is about the buyers requirements in terms of price and quality of products or services provided by enterprises. There are many influencing factors, including; the degree to which buyers respond to the quality and price of the products or services provided by the enterprise, the degree to which the products or services provided by the industry are fungible, the possibility of backward integration by the purchaser, the proportion of the product or service of the industry in its procurement cost, the degree of standardization of the product or service, the degree of concentration of the purchaser in the industry, etc.

Threat of new entrants: The new entrants are an important force for industry competition, and their market share will inevitably bring competitive pressure to the existing enterprises. Its influencing factors mainly include: the entry barrier of the industry, the reaction degree of the existing industry enterprises and so on.

Threat of substitute products: It refers to those products or services in other industries that have the same or similar functions as the products or services in the industry. The influencing factors of the threat of substitute products mainly include the following points: the price advantage of substitutes, the advantages of the quality and performance of substitutes and other main attributes, and the conversion cost of users.

Rivalry among existing competitors: The competition between industry enterprises is common, and the interests between them are often closely related. One of the keys for enterprises to be able to establish themselves in the market and obtain development is whether they can obtain corresponding competitive advantages among enterprises in the industry. Factors that affect the degree of competition include the number and scale of existing competitors, market capacity, growth rate of demand, differentiation of products or services, brand loyalty of buyers, exit barriers, etc.

2.6. **SWOT analysis**

SWOT analysis (S, W, O and T are the English initials of strengths, weaknesses, opportunities, and threats, respectively) was proposed by Andrews of Harvard University Business School in 1960s and improved by McKinsey Consulting Company in the United

States. It is based on the analysis and induction of internal resources and external competitive environment of enterprises. The method of SWOT analysis is to list various factors closely related to the enterprise, including the advantages and disadvantages of the enterprise, the opportunities and threats faced by the enterprise. This analysis intends to enable the enterprise to maximize its own advantages and external opportunities, and minimize the disadvantages and threats. SWOT analysis is based on the assumption that an effective strategy is a perfect combination of internal resources (strengths and weaknesses) and external circumstances (opportunities and threats) faced by an enterprise.

2.7. EFE Matrix, IFE Matrix, and QSPM Matrix

The External Factor Evaluation Matrix (EFE Matrix) is an analytical tool that helps users summarize and evaluate the external environment (David & David, 2016). The specific approach is to firstly list the main external factors affecting enterprises and industries (that is, opportunities and threats), assign weight to each factor according to its expected impact degree, and then evaluate the strategic response degree of enterprises to each major factor, and finally obtain the comprehensive score of enterprises in utilizing opportunities and handling threats. Through the evaluation matrix of external factors, enterprises can quantitatively and intuitively analyze the opportunities and threats they face, which may help enterprises make better decisions.

The Internal Factor Evaluation Matrix (IFE Matrix) is an analytical tool that helps users evaluate the internal environment of a company (David & David, 2016). The method of evaluation is to firstly list the main influencing factors of the company's (that is, strengths and weaknesses), and then assign the corresponding weights to those factors according to the expected degree of influence on the company's, and then generate the above-mentioned major influencing factors. By using the analysis of internal factor evaluation matrix, enterprises may make better decisions.

Quantitative Strategic Planning Matrix (QSPM matrix) is one of the important tools for strategic decision-making (David & David, 2016). Different from qualitative tools such as SWOT, this tool helps decision makers to carry out quantitative analysis to help them choose the best competitive strategy more objectively. The analysis step is to score the previous analysis results (i.e. EFE matrix, IFE matrix, SWOT matrix and other analysis results) respectively, and according to the previous qualitative analysis, score each possible strategy based on whether the enterprise can more fully develop external opportunities and internal advantages, and whether the enterprise can avoid external threats and internal disadvantages as much as possible. The weights of each key factor are calculated according to the discussion of the expert group. The strategy with the highest score is its optimal choice.

3. Methodology

In the preliminary preparation and writing process of the project, the author had an in-depth communication with the person in charge of the enterprise. And according to the previous literature and market research. Assisting enterprises to determine "flexible customization" as one of the main directions of business. The so-called flexible customization of the company is from the product quantity and product personalized two aspects to give greater flexibility, users have personalized needs such as enterprise exclusive packaging, exclusive wine body, etc., can be customized for customers with a small minimum order quantity. The "flexible customization" business model is also one of the more common business models in the wine industry. However, most enterprises only use this model as a supplementary business, and more energy is still put on regular channels such as circulation channels to fight. Once upon a time, a variety of channel costs such as shop costs, stacking fees, etc., often tens of thousands or even millions of dollars, these channel costs make wine companies miserable. For entrepreneurial enterprises with limited resources such as J Company, it is even harder to think. Therefore, it is a wise move to take "flexible customization" as the main business direction. The main target customers of "flexible customization" are enterprises and public institutions, so the author designs a questionnaire survey on the concerns of target customers. To design the questionnaire, the author had two rounds of discussions with the relevant person in charge of J Company. At the same time, the author also communicated with the relevant personnel of J Company's existing or target enterprises about their needs, carefully analyzed the problems related to the business, and designed the questionnaire questions from the main factors such as channels, prices, products, packaging and drinking scenes. Considering that the business layout of Company J is mainly in Qingdao area, only enterprises and institutions in Qingdao area were selected to carry out this survey. Respondents are business leaders, purchasing and administrative personnel. These people are the specific person in charge of the procurement of the company or department, and they have enough right to speak or have a better understanding of the internal wine needs, which is convenient for this study to carry out demand research on the flexible customization business of enterprise craft beer.

The objective of this Project is to design a competitive strategy to the craft beer category of J company.

The following research methods are used on this project:

Literature research

Collect all kinds of information about competitive strategy and core competitiveness research, collect and sort out the latest research results and theoretical methods from relevant literature. Provide theoretical basis and research tools for this study.

External analysis

PEST analysis, sector analysis, Porter's 5 Forces, competitor analysis and consumer analysis were done. Based on them, the 4.2.6. External Factor Evaluation Matrix were designed.

Internal analysis

The internatl situation of J Company was analysed by using the value chain, and then the Internal Factor Evaluation Matrix were designed.

SWOT Analysis

Questionnaire survey

In view of the current business model of Company J, questionnaire survey is carried out focusing on customer needs, targeted at the competitive strategy of flexible customization of enterprises, and targeted screening of some target enterprises for investigation, so as to find out customer concerns more effectively, optimize the business model and provide better services, and provide data support for the implementation of competitive strategy.

Interview

Practitioners in the same industry and relevant personnel of the target enterprise were interviewed to get information about the status quo, opportunity points and pain points of the target enterprise and the industry, discover, analyze and solve problems. the EFE matrix, IFE matrix, and QSPM matrix were designed based on the results of interviews with the aforementioned people.

Methodology

This study employed a mixed-methods approach to define a competitive strategy for J. Company's craft beer category. Primary data was collected through a structured survey designed to capture consumer preferences, buying behavior, and attitudes towards craft beer. The survey comprised both closed and open-ended questions, allowing for quantitative analysis and qualitative insights.

Data Collection

The survey was distributed via online platforms, leveraging social media channels and craft beer enthusiast forums, to reach a broad and diverse audience. Additionally, email invitations were sent to a pre-compiled list of individuals identified as potential craft beer consumers based on their previous purchasing behavior and expressed interest in craft beer events. The use of an online survey tool facilitated efficient data collection and analysis.

Respondents were given a four-week period to complete the survey, running from 2023.10.1 to 2023.11.1. This timeframe was chosen to ensure adequate response rates while minimizing the impact of external factors on consumer attitudes and preferences.

Sample

The target sample consisted of adults aged 21 and above, reflecting the legal drinking age and encompassing a wide range of craft beer consumers. Efforts were made to ensure a diverse respondent pool in terms of age, gender, income level, and geographic location to enhance the generalizability of the findings.

Data Analysis

Quantitative data from closed-ended questions were analyzed using statistical software to identify trends, preferences, and correlations. Qualitative responses were coded and thematically analyzed to extract insights related to consumer motivations, perceptions, and preferences for craft beer.

4. Definition of a Competitive Strategy to the Craft Beer category on J. Company

4.1. Executive Summary

In response to the evolving dynamics within China's beer market, this section outlines a competitive strategy tailored for J. Company's entry into the craft beer sector. Our analysis leverages strategic management theories and empirical data, identifying a differentiation focus as the optimal path forward. This strategy capitalizes on J. Company's strengths and the craft beer industry's growth potential, addressing the unique preferences of Chinese consumers for premium, diverse beer options. We propose a multi-faceted approach, encompassing product innovation, branding, and consumer engagement, aimed at positioning J. Company as a leader in this niche market. Implementation steps, anticipated challenges, and performance metrics are detailed, providing a comprehensive roadmap for capturing market share and achieving sustainable growth in the craft beer category.

4.2. External Situational Analysis

4.2.1. PEST Analysis

4.2.1.1. Political and Legal Context

Compared with other industries, the beer industry has certain particularity, and its consumption and social attributes make the industry highly sensitive to the policy and legal environment.

After the "18th National Congress" was held, the Political Bureau of the Central Committee of the Communist Party of China deliberated and adopted the eight Provisions of the Political Bureau of the 18th Central Committee on improving the work style and Keeping Close contact with the Masses. The regulations restrict the consumption of alcohol by officials involved in public work and public affairs. Since then, the central and local governments have issued a series of relevant regulations from above to below, strictly limiting the public consumption, and more clearly stipulating the ban on drinking by civil servants on working days. The introduction of various regulations and restrictions has seriously affected the sales of the entire beverage industry, and the beer industry has also been affected to a certain extent, as can be seen from Table 4.1 from the data of five years since 2013, China's beer production has shown a continuous decline.

The amendment to the Criminal Law of the People's Republic of China was officially implemented on May 1, 2011, and drunk driving will be investigated for criminal responsibility as a dangerous driving crime. On this basis, the relevant central and local departments have also issued relevant documents, clearly proposing to seriously investigate and punish party

members and public officials for drunk driving, issuing public offices or warning and demoting. These measures have had a certain impact on the beer industry.

In March 2021, the National People's Congress put forward the "People's Republic of China's National Economic and social development of the 14th Five-Year Plan and 2035 vision target Outline", and the outline proposed "to carry out tobacco control and alcohol restriction action", which will impact the development of the beverage industry in the next few years and in the long run.

Table 4.1 China's domestic beer production from 2013 to 2017

Year	2017	2016	2015	2014	2013
Beer production (tons)	4401.49	4506.44	4715.6	4936.29	4982.79

Source: (National Statistics of the People's Republic of China, 2023)

With the continuous development of the beer industry, the industry rules are also constantly being standardized. In February 2017, The State Council issued the "13th Five-Year" national Food safety Plan, which proposed to strengthen food safety supervision, and improve the alcohol traceability information management platform.

In January 2018, the Ministry of Environmental Protection issued the "Beverage and Wine Manufacturing Pollution Prevention and Control Technology Policy" to encourage environmental protection, energy-saving related technological innovation and equipment investment.

In April 2019, the China Wine Industry Association released the "Workshop Beer and its Production Specifications", which protects the healthy development of craft beer at the policy level.

The National Development and Reform Commission approved the "Shandong Peninsula Blue Economic Zone Development Plan" in January 2011 to encourage and support the development of Qingdao beer industry. In May 2014, the Ministry of Agriculture, the Forestry Bureau and other departments jointly formulated the Implementation Plan for the Income Increase of Characteristic Industries, which proposed to actively promote the production of special agricultural products such as beer barley and develop special grains for brewing. In August 2016, the "Light Industry Development Plan (2016-2020)" pointed out that the international influence of China's beer industry enterprises has gradually increased, as well as the capacity, and process innovation. In January 2019, the National Development and Reform Commission issued the "Guidance Catalogue for Industrial Structure Adjustment (2019 edition)", which cancelled some provisions related to capacity restrictions for the beer industry. In December 2022, the Ministry of Commerce and the National Development and

Reform Commission issued the Catalogue of Industries to Encourage Foreign Investment (2020 Edition) to encourage foreign investment in beer raw material breeding, planting, production, and beer filling equipment of 60,000 bottles/hour and above.

4.2.1.2. Economic Context

Industry-related research and analysis show that economic growth is positively correlated with the development of beer industry. With the slowdown of China's economic growth, the domestic beer industry market will show a slight increase, growth decline or intermittent growth trend. On the one hand, with the continuous improvement of the mass consumption level, the demand for beer products still has an upward trend. On the other hand, with the continuous increase of the beer production cost, the product price will also greatly increase. The total sales volume is bound to be affected, and the current economic situation has both opportunities and challenges for the development of the entire beer industry.

China's GDP currently ranks second in the world. China GDP has grown steadily since 2023, as can be seen in the following table. As early as 2019, China's per capita GDP data has exceeded 10,000 US dollars, entering the ranks of medium-high income countries, and in 2021, China's GDP reached 114.4 trillion yuan.

Table 4.2 China's Gross Domestic Product 2012-2021 (billion yuan /RMB)

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GDP	538579.95	592963.23	643563.10	688858.22	746395.06	832035.95	919281.13	986515.20	1013567.00	1143669.70

Source: (National Statistics of the People's Republic of China, 2023)

China's per capita GDP has increased from 39,771 yuan in 2012 to 80,976 yuan in 2021. Rising incomes are changing consumer demand. "Consumption upgrading" is a very hot word in recent years.

In July 2022, the Institute for Advanced Study of Shanghai University of Finance and Economics pointed out that since 2022, the international situation has become more complex, such as the rise of global economic risks, the intensification of local conflicts, etc., and, as such, China's economy will face more uncertainties and risks. On the first half of 2022, the macro economy deviated from the normal growth line, and the challenge of achieving the annual economic development target became great. In the face of such situation, China's economic development has shown strong resilience, and the expectation of economic development is optimistic. With the effective prevention and control of the epidemic and the promulgation of a series of macro policies, the stimulus effect on the economy will gradually appear. The "14th Five-Year Plan" pointed out that the following risks will be faced by the follow-up development of China's macro economy. First, the debt pressure of real estate

enterprises will increase, its credit risk will continue to release, and individual enterprises will have a large number of bond extensions or substantial defaults. Second, small and medium-sized enterprises will have difficulties. Third, the local debt problem has become prominent, or it may lead to the financial system and trigger systemic financial risks. Fourth, the risk exposure of financial institutions has expanded, such as the recent thunder of individual village banks "can not reflect" and other problems. Fifth, supply chain, industrial chain chaos and the risk of "internal contraction and outward migration" have a certain impact on high-quality economic development. Sixth, although the impact of the novel coronavirus epidemic has been fully lifted, if a new situation arises, it will have a certain impact.

In summary, at the macro level, the economic situation is good, and the increase of consumption level is a trend. For the entire craft beer industry, it seems to be taking the "east wind", which is good for the craft beer business.

4.2.1.3. **Socio-Cultural Context**

The changing social dynamics significantly influence the craft beer industry, with the COVID-19 pandemic being a pivotal factor. The outbreak severely impacted the global economy, hitting the hospitality and entertainment sectors particularly hard. Craft beer sales plummeted as consumption venues shut down, though they have gradually recovered with the easing of restrictions. This highlights the industry's vulnerability to external shocks and the need for adaptable strategies.

Additionally, demographic shifts present both challenges and opportunities for the craft beer market. With an aging population in China, the primary demographic of young and middle-aged craft beer consumers is shrinking, potentially reducing market demand. However, the population increase in Qingdao, where Company J is based, provides a regional advantage that could be leveraged with strategic marketing and product diversification. Cultural and consumption trends also play a critical role. The long-standing tradition of alcohol consumption in China, particularly in the Shandong region, has evolved.

Beer, once an outsider, now holds a significant place in Chinese dining and social practices. The trend towards "consumption upgrade" reflects a growing preference for quality and variety, with consumers increasingly seeking craft beers that offer unique flavors and experiences. This shift towards healthier and more civilized drinking habits emphasizes moderation and appreciation over excess, aligning well with the craft beer industry's focus on quality and diversity.

Furthermore, the cultural importance of gift-giving in Chinese society opens up avenues for craft beer as a desirable gift item. This tradition presents a strategic opportunity for craft beer producers to penetrate the market more deeply, particularly during festivals and social

gatherings, thereby enhancing brand visibility and consumer engagement. For Company J, understanding these factors is crucial. The company needs to navigate the post-pandemic recovery with agility, addressing the demographic challenges by appealing to a broader audience. Capitalizing on the shift towards higher-quality and varied beer consumption can position Company J favorably in the market. Moreover, integrating craft beer into the cultural practice of gift-giving can unlock new market segments, providing a competitive edge in a dynamic industry landscape.

4.2.1.4. Technological Context

The overall process of craft beer production and processing is much more complicated than ordinary industrial beer. The brewing technology of craft beer has been developed for decades, and the technical level has been continuously improved, while the production cost has become more reasonable. In the field of packaging design, new industrial technologies have also been applied to the field of craft beer, giving wine companies and consumers more diverse choices.

At the marketing level, with the development of the Internet and the Internet of Things, new technologies are available and changing the market. For example, big data application in recent years has transformed companies. Based on the analysis of massive user data, enterprises can launch marketing campaigns to target customers more accurately, rather than a wide net marketing investment. At the same time, in other aspects such as production and management, informatization and digitalization are also constantly changing enterprises and changing the industry.

In terms of logistics, with the development of logistics industry and the popularity of logistics express delivery, from rural areas to cities, the sales radius of enterprises is increasing, and more places can be reached with the help of logistics network, so that more consumers can experience the high-quality beer products of enterprises. Even some wine companies have built their own cold chain logistics, and the low temperature preservation of beer has been achieved to the extreme.

4.2.2. Sector Analysis

China's craft beer industry is an emerging industry. According to a study of (Chambers & Nu'angchamnong (2023), the craft beer trend is gradually rising, and the leaders are competing to take the lead. During the period from 1990 to 2008, craft beer brands began to appear and were only popular in niche circles. Then, craft brewing has entered a stage of rapid development. In terms of industry trends, the Laboratory of the Rogerson (2019)

consider that a major change is taking place in the beer industry. With the increase in industry costs and consumption upgrades, the increase in global economic uncertainty and other factors, the entire beer market presents the following trends: high-end products, celebrity endorsement, and channel diversification. As the goods circle of the FMCG industry data platform, according to its latest statistics, the market share of high-end beer in 2021 is getting higher and higher, and the trend is significant. Among them, the largest increase in market share in B2B channels is beer with an average price of more than 15 yuan/liter; The market share is significantly decreased in the average price of 5-10 yuan/liter of beer.

In terms of offline channels, Aquilani et al. (2015) pointed out that the overall product structure of the beer industry has improved, high-end craft beer continues to be hot, and traditional beer enterprises continue to increase their weight. The industry is expanding at a high speed, growing at a high speed and developing at a high speed, helping the innovation of the consumption scene, and the bistro is the mainstream consumption scene. By the end of 2020, there are about 350,000 bistros in China.

Bauman et al. (2021) analyzed the current situation and problems of domestic craft beer. The total consumption of craft beer in the market is about 1% of the entire beer industry, but it has a strong development momentum based on its characteristics such as small investment, rich taste and popular among consumers. However, the rapid value-added has also brought some hidden dangers, such as food safety management is not strict, professional practitioners are not ideal, raw materials and production processes are backward, and products are poor. All these will restrict the future development of workshop beer. Wu & Wu (2021) also mentioned that many listed and non-listed companies have entered the game, and craft beer has become the industry outlet. On December 5, 2023, from the sky Eye check data, from 2016 to December 2023, there were 5,385 registered enterprises related to the craft beer industry in China, and of these, 1,061 are in a bad state of suspension, cancellation or cancellation.

According to the statistics of the relevant data, from the data of the beginning of 2022 alone, there are more than 5,000 enterprises related to China's craft beer industry. According to the literature and network information, we can see that in recent years, the craft brewing brands represented by Panda Craft brewing have been valued by capital, especially in the past two years, more craft brewing brands have received attention from capital. As shown in the Table below, from the statistics given by Moose New Consumption, from January 2021 to June 2022, the craft beer industry enterprises received a total of 20 financing, of which only in 2021 as high as 15.

Table 4.3 Craft beer brand financing statistics

Craft beer brand financing statistics					
Financing year	brand	Financing time	Financing round	Financing amount	investor
2022	Honghe wine	2022.6	Angel wheel	Three million yuan	Undisclosed
	Fresh Craft Beer	2022.6	Seed round	Undisclosed	Qianhui Capital
	seventeen city-gate craft beer	2022.4	Strategic	Undisclosed	Xida Capital
	VANBEER	2022.2	Angel wheel	Millions of yuan	36 krypton, Hyatt capital
	Ruiren craft beer	2022.1	Angel wheel	Millions of yuan	Blue power Capital
2021	Taste room	2021.12	Pre - A wheel	Ten million level	Qingjin food
	Blue Ark	2021.12	Angel wheel	Millions of yuan	Gaohejian, Suchangjun Etc.
	Xuan bo craft beer	2021.11	A wheel	Tens of millions of yuan	Weed, star candle capital
	NEW ZERO BEER	2021.9	Angel wheel	Tens of millions of yuan	Kolding Venture Capital, Canglan
	space craft beer	2021.9	Angel wheel	Five million yuan	Undisclosed
	Richkat brewing	2021.8	A wheel	Hundreds of millions of yuan	China National capital
	TAISHAN ORIGGINAL	2021.7	Strategic	Undisclosed	Credit capita
	Xuan bo craft beer	2021.7	Pre - A wheel	50 million yuan	Meihua Venture Capital, Pangu Venture Capital, Ningze Capital, Photosynthesis Venture Capital, Kaiying Capital, Shenzhen Carbon
	Beerepublic	2021.7	Pre - A wheel	Undisclosed	Wangxiaolei
	TAISHAN ORIGGINAL	2021.5	Equity financing	Undisclosed	Compliant investment
	AB Art and Craft Wine	2021.4	Angel+wheel	Undisclosed	Prestige capital, cloud capital
	TAISHAN ORIGGINAL	2021.3	Strategic	Over \$600 million	CMC Capital
	AB Art and Craft Wine	2021.3	Angel wheel	One million yuan	Prestige capital
	Xuan bo craft beer	2021.1	Angel wheel	Six million yuan	Blue power Capital, Kaiying
	VANBEER	2021.1	Seed round	Undisclosed	Construction funds

Source: (Tuolu, 2023)

In April 2021, the China Wine Industry Association issued the "14th Five-Year Plan" Development Guidelines for China's wine Industry", and they estimate that the output of the beer industry will reach 38 million liters by 2025, an increase of 11.4% over the end of the 13th Five-Year Plan, with an average annual increase of 2.2%; Sales revenue will reach 240 billion yuan, an increase of 63.4% year on year; profit of 30 billion yuan, net growth of 124., an average annual increase of 17.5%.

China's craft beer industry is an emerging industry. According to a study of (Chambers & Nuřangčhamnong (2023), the craft beer trend is gradually rising, and the leaders are competing to take the lead. During the period from 1990 to 2008, craft beer brands began to appear and were only popular in niche circles. Then, craft brewing has entered a stage of rapid development. In terms of industry trends, the Laboratory of the Rogerson (2019) consider that a major change is taking place in the beer industry. With the increase in industry costs and consumption upgrades, the increase in global economic uncertainty and other factors, the entire beer market presents the following trends: high-end products, celebrity endorsement, and channel diversification. As the goods circle of the FMCG industry data platform, according to its latest statistics, the market share of high-end beer in 2021 is getting higher and higher, and the trend is significant. Among them, the largest increase in market share in B2B channels is beer with an average price of more than 15 yuan/liter; The market share is significantly decreased in the average price of 5-10 yuan/liter of beer. In terms of offline channels, Aquilani et al. (2015) pointed out that the overall product structure of the beer industry has improved, high-end craft beer continues to be hot, and

traditional beer enterprises continue to increase their weight. The industry is expanding at a high speed, growing at a high speed and developing at a high speed, helping the innovation of the consumption scene, and the bistro is the mainstream consumption scene. By the end of 2020, there are about 350,000 bistros in China.

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4.2.3. Porter's Five Forces Analysis

4.2.3.1. Analysis of supplier's bargaining power

The analysis of J Company's craft beer business reveals a nuanced landscape of supplier dynamics, pivotal to understanding its strategic positioning and operational efficiency. J Company, located in Qingdao, the "beer capital," is intricately linked to a network of suppliers, including raw material importers, packaging material producers, and logistics providers, each bringing a different set of challenges and opportunities.

J Company's reliance on imported raw materials such as Belgian and German white wheat, yeast, hops, and barley malt makes it vulnerable to fluctuations in international market prices and shipping logistics costs. The procurement of these essential ingredients is concentrated through a local importer, offering some degree of price transparency due to the competitive environment in Qingdao. However, recent global events have led to increased shipping costs, impacting the price of these imported brewing essentials. In the realm of packaging materials, J Company employs a variety of containers including tins, glass bottles, cans, as well as packaging cartons and foam boxes. The cost of these materials has been on the rise, influenced by the increasing prices of raw materials. While this trend affects the craft beer industry at large, J Company's substantial profit margins in this sector provide a buffer against the immediate impact of these increases. Nonetheless, the volatility

of packaging costs remains a concern that demands ongoing attention and strategic planning. Logistics and transportation are critical components of J Company's value chain, especially given its emphasis on flexible customization and timely delivery. The reliance on express shipping to meet customer demands elevates transportation costs. Moreover, the broader increase in logistics-related expenses, including oil prices and labor costs, adds to the financial strain. Although there has been a recent slowdown in the rise of logistics service prices, the significant share of transportation costs in the company's value chain poses a challenge to maintaining competitive product pricing and expanding market reach.

Overall, while J Company benefits from its strategic location and the competitive brewing environment of Qingdao, the bargaining power of suppliers is moderated by several factors. The company's dependency on imported raw materials and the fluctuating costs of packaging and logistics necessitate a strategic approach to procurement and supply chain management. By addressing these challenges head-on, J Company can enhance its competitive edge in the craft beer industry, leveraging its unique strengths to navigate the complexities of the market.

4.2.3.2. Analysis of buyer's bargaining power

For companies such as J Company, the buyers of craft beer are mainly end users, and distributors are auxiliary. As a new type of drink, in the face of a wide variety of craft beer, consumers know little about it, especially individual consumption. The number of single purchase is generally not too large, and the bargaining power of buyers is relatively low. Of course, the general amount of alcohol purchased by enterprises for business use will be much larger, and enterprises will have higher bargaining power than individual consumers through multi-party price comparison, bidding and other means. But overall, consumers have a relatively weak voice in negotiating prices.

Dealers, who have been in the industry for many years, are familiar with the value chain of the industry, and they have certain channel resources. They can negotiate with suppliers through large-scale centralized procurement, and make use of their customer resources to request price reduction and gift. Craft beer companies are generally small in size and low in brand awareness, and tend to be more passive in the face of such distributors. In short, such buyers as dealers have relatively strong bargaining power.

Like industrial beer, craft beer belongs to the FMCG category. With the increasingly mature market, it will inevitably encounter problems such as product homogenization and fierce competition in the future. For consumers, there will be more products to choose from, and consumers' right to speak on product quality, product packaging, and product prices will

continue to strengthen, and their bargaining power will gradually increase. Differentiated products can help enterprises avoid falling into the whirlpool of price competition.

Analyzing the bargaining power of buyers in J Company's craft beer market reveals a dynamic landscape. Initially, the bargaining power of individual consumers is relatively low due to limited knowledge and purchase volume. However, enterprise buyers wield greater influence through bulk purchasing and competitive bidding. Dealers, with their deep industry knowledge and channel resources, possess significant bargaining power, often dictating terms to smaller craft beer producers. As the craft beer market matures and product options proliferate, consumer bargaining power is expected to increase, emphasizing the importance of differentiation. Therefore, the risk posed by buyer bargaining power to the craft beer industry can be considered medium to high. This risk underscores the need for craft beer companies to innovate and distinguish their offerings to mitigate price competition and enhance consumer appeal.

4.2.3.3. Threat of New Entrants Analysis

In recent years, due to the continuous rise of raw materials, labor, marketing costs and other costs in the beer industry, cost pressure has forced enterprises in the industry to open a new round of price increases and product upgrades. Drink companies have been laying out high-end products, and the competition in the high-end market has become increasingly fierce. The high-end positioning of this segment of the craft beer market has become a battleground for all parties. At present, the continuous influx of new entrants in the industry is mainly divided into three categories. The first category is traditional beer enterprises, such as Zidao Beer and Budweiser, etc. These enterprises enter the market strongly by means of channel and capital advantages and quickly gain a dominant position in the craft beer market. However, although it is easy for such enterprises to enter the market, it is still difficult for them to obtain the previous position in the industry on the craft beer track. The inherent thinking concept is still difficult to get rid of. The second category is the small but increasingly influential original craft brewing brands, such as Ubleau, Panda craft brewing, etc.. Such enterprises based on craft brewing culture, after several years of development has formed a certain scale, and in the national market continues to layout expansion. The third category is some cross-border circulation, catering channels, big businesses such as Haidilao, Hema fresh, etc.. As early as 2017, consumers can taste craft beer in Haidilao stores. According to the research report released by Citic Jiantou Securities on December 13, 2019, the annual beer sales of Haidilao may reach 432 million yuan, and its sales channels mainly rely on about 700 stores at that time. Citic also gave optimistic expectations for future business development. Small and medium-sized enterprises also abound in the layout of craft brewing,

taking Qingdao area as an example, Qingdao craft brewing circle famous "Yonghong source", the person in charge of the earliest is to do catering, later began to add craft brewing, through the combination of food and wine, slowly hit a reputation in the region.

The craft beer industry is relatively low threshold, in terms of production technology, the accumulation of domestic process technology for decades has been quite mature. In terms of production equipment, it is only needed a few thousand dollars to start. In recent years, industry entrants continue to pour in while traditional beer companies such as Tsingtao Beer, Budweiser, China Resources Snow have entered the craft brewing track, in the face of such strong competitors, which is difficult for most craft beer brands to compete. In addition, in the face of the emerging track of craft brewing, several well-known consumer brands have not yet been formed, which is also the current situation of J Company's craft beer products - no brand pull has been formed, and consumers' brand loyalty has not been established, which is very unfavorable to the company's response to the threat of entrants.

The threat of new entrants in the craft beer industry presents a high risk to existing businesses, including J Company. This risk is driven by the low entry barriers in terms of technology and capital requirements, allowing new players to enter the market easily. Traditional beer giants, emerging craft brands, and cross-industry entrants are diversifying the competitive landscape, making it difficult for smaller craft beer brands to establish a strong market position. The influx of competitors with significant capital and channel advantages intensifies the competition, especially in the high-end segment. Furthermore, the lack of established consumer brand loyalty towards newer craft beer offerings exacerbates this challenge, underscoring the need for differentiated strategies to build brand equity and consumer loyalty.

4.2.3.4. Threat of Substitute Products Analysis

The craft beer market is surrounded by a wide range of substitutes that pose significant competition, including other beer categories, liquor, wine, and foreign wines. Industrial beers, known for their lager process, affordability, and fresh taste, dominate the mainstream beer market due to their large output and low cost. They appeal to a broad audience seeking familiar and economical drinking options, directly competing with the unique flavors and artisanal qualities of craft beer.

Liquor, with its deep cultural roots and thousands of years of history in China, occupies a special place in Chinese society. It is frequently chosen over beer for important occasions like business banquets and festivals, largely because of its symbolic significance and the deep emotional connection it holds for many people. Furthermore, liquor's potential for collection and investment adds dimensions that craft beer typically lacks. Wine, particularly foreign wine, has carved out its niche as a symbol of elegance and health, gaining popularity

at high-end business events and among consumers looking for sophisticated drinking experiences. The rise of new wine products, such as pre-mixed wines, caters to the younger demographic's curiosity and openness to trying new tastes, further encroaching on the territory traditionally held by craft beer. This competitive environment highlights the challenge craft beer faces in distinguishing itself. The diverse range of available alcoholic beverages, each serving different consumer segments and occasions, underscores the need for craft beer producers to innovate and clearly articulate the unique value proposition of their products. Emphasizing craft beer's distinctive flavors, brewing techniques, and the artisanal commitment behind it could be key strategies in competing against the array of substitutes and securing its place in the market.

The threat of substitutes to the craft beer industry is high. This is due to the wide variety of alcoholic beverages available that serve as alternatives to craft beer, including industrial beers, spirits, wines, and imported alcoholic beverages. Each substitute offers distinct advantages, such as lower cost, cultural significance, health perceptions, or novelty, appealing to diverse consumer preferences and occasions. The presence of these alternatives intensifies competition and challenges craft beer's market share, necessitating innovative and differentiated strategies by craft beer producers to retain consumer interest and loyalty.

4.2.3.5. Analysis of Rivalry Among Existing Competitors

The craft beer industry presents a complex competitive landscape, where J Company faces a variety of rivals, each with distinct approaches and market segments. Traditional beer giants have expanded into craft brewing, bringing substantial financial resources, extensive distribution networks, and established market shares. These companies, such as CR Snow and Tsingtao Beer, have introduced craft beer lines, leveraging their brewing expertise and brand recognition to capture a significant portion of the craft beer market.

Simultaneously, specialized craft brewers focus exclusively on the craft segment, prioritizing the authenticity, quality, and innovation of their brews. These players, like Neng Cat Craft Brews and Youblau, are dedicated to enriching the craft beer culture and offer a distinct contrast to the broader product ranges of traditional beer companies. The industry also sees crossover entrants from other sectors, introducing innovative business models and marketing strategies to the craft beer scene. These companies, such as Haidilao Craft Brew, originate outside the conventional brewing industry, providing unique perspectives and challenging established norms. Moreover, imported craft beer brands add another dimension to the competition, appealing to consumers seeking diverse and authentic experiences from

around the globe. These brands often cater to niche markets, further fragmenting the consumer base.

In this competitive environment, channel access becomes a critical strategic focus. Retail and catering channels often opt for exclusive agreements with specific brands, limiting the availability of competing products. This channel competition is fierce, as exclusivity can significantly impact brand visibility and market access. While the craft beer industry is less prone to price wars and heavy advertising than more commoditized markets, these tactics do occasionally emerge, adding to the competitive intensity. Promotions and advertising can influence consumer preferences and drive brand awareness, albeit less commonly than in other beverage sectors. For J Company, based in the beer-centric city of Qingdao, the challenge is to navigate this diverse competitive landscape effectively. The company must differentiate its products and brand, innovate continuously, and strategically manage distribution channels to stand out among both large-scale brewers and niche craft producers. Understanding the dynamics at play and adapting to the evolving market demands are essential for J Company to maintain and enhance its competitive position in the craft beer industry.

The competitive rivalry within the craft beer industry presents a high risk to businesses such as J Company. This is due to the presence of established traditional beer companies venturing into craft beer, specialized craft brewers with a focus on craft brewing culture, and crossover entities entering the market. These competitors bring strong financial resources, channel control, and brand recognition, increasing market saturation. The limited market size, coupled with intense competition for channel dominance and consumer attention, exacerbates the challenge, requiring innovative strategies to maintain and grow market share.

4.2.4. Competitor Analysis

The analysis of the main competitors of company J is presented below. They are: Tsingtao Beer, China Resources Snow, Panda Craft Brew, and Zhujiang Beer.

Tsingtao Beer

In the 2022 annual report released by Tsingtao Beer, it was disclosed that its product sales volume was 7.93 million liters: and revenues was 30.17 billion yuan, an increase of 8.7%. According to its annual report data, in the past three years, the average price of its products per liter has increased year by year, with an average annual price of 3.80 yuan/liter in 2021, 3.55 yuan/liter in 2020, and 3.48 yuan/liter in 2019. This trend reflects the trend of increasing average price of the whole industry. Although the influencing factors are diverse, the data of Tsingtao Beer shows that its high-end and scenario-based strategy has achieved good results.

On the product side, promote high-end, and create a rich matrix of craft brewing products to meet the market. As early as 2010, Tsingtao Beer launched Yipin pure Sheng and Augute, two high-positioning single products. Since 2014, Tsingtao Beer has successively launched white beer, dark beer, Pilsen, IPA and amber Lager and other products, more and more diversified products from taste, style, and packaging to meet the different needs and tastes of consumers.

In addition to the traditional channel maintenance force, Tsingtao Beer has also done enough work in the scene. In order to build a new mode of scene experience, TSINGTAO1903 bar came into being and blossomed everywhere. TSINGTAO1903 Bar combines food and wine, integrates social interaction, leisure and entertainment, brand communication, etc. Through the supply chain capabilities of Tsingtao Beer, TSINGTAO1903 Bar enables consumers to experience fresh pulp, craft beer and other products from production to consumption. This will be a bold attempt to upgrade the products and services of traditional beer enterprises. By the end of 2022, TSINGTAO1903 bar has opened in 56 cities across China, having more than 160 stores.

China Resources Snow

Since 2006, the official information released by CR Snow Beer said that its sales for 16 consecutive years ranked first in the country. The company formulated a "3+3+3" development strategy, from 2017, capacity, channels, brands and other aspects of improvement. In June 2022, China Resources released the "2021 Sustainable Development Report", which pointed out that China Resources Snowflake is increasing the layout and development of high-end products, and achieving double growth in both revenue and net profit.

From the Brave End of the world, Super X, originality, new Facebook to Ravibon Stout, Black Lion White beer, from the newly launched Youshi White beer, Red Lord beer to Black Lion 485 rose red beer and carbonated beverage "Snow Beer" through the continuous improvement of high-end product portfolio, CR Snow has gained brand reputation and market share. In the future, this company will build a craft beer brand matrix. By the end of 2019, CRSC Snow plans to build a headquarters building and a craft brewery in Shenzhen, and plan to have 100,000 tons of craft beer production capacity. In 2020, CR Snow launched a new marketing model and provide consumers with craft beer delivery clothing through offline stores.

Panda Craft Brew

Panda craft Brew is a well-known craft beer brand in the craft brewing circle. The brand was founded in 2013, in line with the original intention of "brewing good beer in China", after

nearly ten years of development, Panda craft Brew brand has now been favored by more and more craft lovers. Based on the craft beer process in Europe and the United States, Panda Craft Beer combines with local raw materials and Chinese tastes to carefully brew a variety of "Chinese good beer" such as spices, chocolate, fruit and so on for consumers to choose from.

Panda Craft Brew not only focuses on flavor research and development and cultural construction, but also has a wide layout in terms of channel business. At the beginning of its establishment, Panda Craft Brew started with the bistro model, and has developed so far in the channel layout, relying on cat craft brew to attack. In terms of online channels, it has entered the online channels of Hema, Walmart and the whole family, and has covered many e-commerce social communication platforms such as Tmall, Jingdong and wechat Mall. Offline, 1919,711, Hema fresh, China Resources Wanjia, Yonghui supermarket and many other offline mainstream channels have been covered. Panda Craft also has offline independent brewing bars and beer houses. According to its official website, offline stores of Panda Craft Brew have begun to open across the country, and its craft brew products can be experienced in Panda Craft Brew stores in Beijing, Zhuhai, Kunming and other cities. Panda Craft Brew through the channel construction, as far as possible to reach consumers, cultivate brand awareness.

Zhujiang Beer

Zhujiang Beer, as an influential beer brand in southern China, has been adhering to the purpose of providing high quality beer to consumers since its establishment in 1985. The veteran beer manufacturer in Guangzhou, Guangdong Province, has not only established an outstanding brand image in the domestic market, but also demonstrated its unique charm on the international stage.

The product line of Zhujiang Beer is rich and diverse, both traditional classic models, such as Zhujiang Pure Sheng and Zhujiang Beer Blue Label, and constantly innovative new products, such as the integration of local cultural elements of Zhujiang Facial series. These products not only meet the taste needs of different consumers, but also represent the strength of Zhujiang Beer in brewing technology and innovation. In terms of sales channels, Zhujiang Beer has been widely distributed. In addition to its prominent position in the Guangdong and Hong Kong markets, Zhujiang Beer has also promoted its high-quality products nationwide and globally through online and offline channels, such as e-commerce platforms and specialty stores. In the international market, the products of Zhujiang Beer are exported to the United States, Canada, Australia and other countries and regions, and have won wide recognition from international consumers.

Zhujiang Beer not only focuses on product quality, but also commits to social responsibility and sustainable development. Its modern production process and strict quality control ensure the consistent high quality of products. At the same time, Zhujiang Beer also actively participates in social welfare activities, showing its social responsibility as a modern enterprise.

4.2.5. Consumer analysis

The consumer landscape for J Company's craft beer targets a broad demographic spectrum, characterized by varying age groups, lifestyles, and income levels. Notably, younger consumers, particularly millennials and Gen Z, demonstrate a pronounced interest in craft beers, driven by a quest for authenticity, quality, and unique taste experiences. These consumers value the story behind the craft beer, including its origin, brewing technique, and artisanal values, which differentiates craft beer from mainstream industrial beer offerings.

Income levels among craft beer consumers tend to skew towards the middle to upper segments, reflecting the premium pricing of craft beers compared to traditional beers. The willingness to pay a higher price is tied to the perceived value of higher quality, uniqueness, and a more personalized beer drinking experience. Lifestyle and psychographic profiles of craft beer consumers indicate a preference for products that reflect their personal values and interests, such as sustainability, local production, and community involvement. Social occasions, ranging from casual gatherings to more formal events, influence craft beer consumption patterns, with a noticeable trend towards choosing craft beer for its conversation-starter qualities and as a reflection of personal taste and sophistication. Purchasing patterns reveal that craft beer consumers exhibit loyalty to brands that consistently deliver on quality and innovation. They are exploratory, often seeking new flavors and styles, which suggests that J Company should prioritize product diversification and limited-edition releases to sustain consumer interest. Online channels, social media, and craft beer festivals play a crucial role in influencing purchasing decisions, highlighting the importance of a strong digital presence and community engagement strategies for J Company.

In summary, J Company's consumer analysis underscores the need for a strategic approach that aligns with the evolving preferences of craft beer enthusiasts. By focusing on quality, authenticity, and engagement, J Company can effectively tap into the growing craft beer market, fostering brand loyalty and driving growth.

4.2.6. External Factor Evaluation Matrix (EFE)

According to the analysis of the external environment of the company's craft beer business segment, the EFE Matrix is applied. The EFE matrix is established by analyzing and sorting out the main external environment related factors. The details of the process are as follows:

Step 1: Organize 2 management personnel related to the craft beer sector of J Company, 2 core employees, and 1 external expert of the company to set up a review expert group to discuss and select the external environment of J Company's craft beer business and the main influencing factors.

Step 2: Design weights according to the importance of each factor. The greater the weight, the stronger the impact.

Step 3: The degree of response to each factor is scored by a panel of review experts and representatives of relevant business employees on a scale of 1-4, with 1 representing poor response and 4 representing optimal response.

Step 4: Calculate the weighted score, that is, multiply the average score value of each factor score by its weight.

Step 5: Calculate the weighted total score, which is the sum of the weighted scores of all major external factors.

Table 4.4 Evaluation matrix of external factors of J Company's craft beer business sector

Key External Factors (KEF)	weight	mark	Weighted score
Opportunity facing			
1. Economic development, cost upgrade and expansion of domestic demand	0.2	3	0.6
2. The penetration rate of traditional beer brands is not high, and small and medium-sized craft brewing enterprises have certain space opportunities	0.2	3	0.6
3, the state and the ministry of customs support policy	0.05	2	0.1
4, China's drinking culture, and current encirclement	0.1	3	0.3
5. Resource advantage of the location	0.05	3	0.15
Threats faced			
1, the global economic and political environment, post-situation era and other uncertainties	0.15	3	0.45
2. New entrants to the industry intensify competition	0.05	2	0.1
3, the industry department of enterprises to small and medium-sized enterprises	0.1	2	0.2
4. The influence of substitutes	0.05	1	0.05
5. Consumers are more aware of healthy drinking	0.05	1	0.05
Total	1.00		2.60

Source: Author

The review team's analysis of J Company's craft beer business segment, employing a weighted scoring system, has illuminated the strategic landscape and growth potential within the context of external challenges and opportunities. This assessment, using the External Factor Evaluation (EFE) matrix, identifies the COVID-19 pandemic and global economic and political instability as the primary threats to the business. These elements introduce a significant level of uncertainty, particularly challenging for small and medium-sized enterprises like J Company, which find themselves at a disadvantage against the industry's leading giants with their robust financial resources and market control.

Despite these hurdles, the analysis also highlights promising opportunities for J Company, stemming from China's economic development and the craft beer market's expansion potential. With a weighted score of 2.60, slightly above the average of 2.5, the evaluation suggests that J Company's strategic direction in the craft beer business is fundamentally on the right track, yet there is considerable scope for improvement. This score, while indicating a correct strategic approach, also points to the significant room for strategic enhancement to fully exploit the available opportunities and navigate the external threats effectively. The marginal lead over the average underscores a cautiously optimistic outlook for J Company's craft beer business but also emphasizes the need for a strategic reassessment. The company is advised to focus on differentiating its product offerings, enhancing operational resilience, and adopting innovative strategies to engage consumers. Strengthening the supply chain, forging strategic partnerships, and intensifying marketing efforts can serve as pivotal steps to mitigate the risks associated with global uncertainties and to counter the competitive pressure from larger industry players.

In essence, while J Company has laid a solid foundation in its craft beer business strategy, there remains a significant gap to reach the optimal effectiveness score of 4 points. Bridging this gap requires a balanced approach that not only leverages the growth opportunities within China's economic landscape but also addresses the vulnerabilities exposed by the prevailing external threats. By doing so, J Company can aspire to strengthen its position and achieve sustainable growth in the competitive craft beer industry.

4.3. J company's internal environment analysis

4.3.1. Introduction of J company

Founded in 2017, J Company is an independent small and micro enterprise that came into being after the implementation of the ecological strategy reform of H Group. Based on the Group's food ecology sector, J Company takes wine and food as links, lays out a number of product categories such as craft beer, imported red wine, agricultural products and seafood,

and relies on the group's ecological brand influence to carry out industrial layout around food ecology. Through self-built intelligent iot terminals, J Company builds a sales system through channel integration and other ways, so as to achieve its business objectives. Finally achieve long-term development.

Based on modern people's personalized deep social scene, the company established a craft beer business segment based on the concept of improving the supply and demand sides. Aiming at the consumption demands of "drinking your own wine", with the professional selection and product design team, the company has established a unique collection and customization system, strict quality control, to meet the needs of users for personalized use of wine, and provide support for enterprises, social groups, individuals and other multi-customer scene The company aims to provide the best quality wine exclusive service and help users' brand, and strives to become the most reliable and convenient craft beer customization service provider in China.

4.3.2. J company resource analysis

J Company, strategically headquartered in Qingdao, China's renowned beer capital, benefits from an environment rich in brewing enterprises and related industries. With over 6,000 beer-related businesses, including more than 30 key beer companies and numerous suppliers of raw materials, equipment, and packaging, Qingdao offers a robust infrastructure that supports J Company's supply chain needs. This concentration of industry resources not only facilitates the selection and partnership with foundries for craft beer production but also enhances the company's ability to navigate and optimize its operational framework.

The geographical advantage of Qingdao, with its coastal location, plays a pivotal role in J Company's logistics and supply chain strategy. The city's port facilities streamline the import process for brewing raw materials, reducing the reliance on land transportation and thereby lowering production costs. This logistical efficiency is crucial for maintaining the competitiveness of J Company's craft beer offerings. Moreover, the cultural landscape of Qilu land, known for its rich drinking tradition, creates a favorable market for craft beer. Qingdao, in particular, boasts a vibrant craft beer scene, providing J Company with a receptive and growing consumer base keen on exploring diverse and quality brews. This cultural affinity for beer in Qingdao amplifies J Company's potential to penetrate and expand within the local market.

In addition to these geographical and cultural advantages, J Company enjoys the significant brand endorsement of H Group, a global Fortune 500 entity with a strong reputation and widespread recognition in China. This association with H Group affords J Company considerable leverage in marketing and promotional activities, setting it apart from

competitors in the craft beer domain. The backing of H Group not only enhances J Company's visibility but also provides access to an extensive dealer network and a substantial customer base, facilitating business development and customer acquisition efforts. Interviews with J Company's sales staff reveal that pre-existing relationships with customers significantly impact the success rate of new business engagements. The company's ability to convert interactions into sales is notably higher when there is prior familiarity or engagement with potential clients. This pattern, observed across the industry, underscores the value of leveraging established networks and relationships in business growth strategies. As an affiliate of H Group, J Company benefits from the conglomerate's marketing clout and business resources, receiving a boost in both market presence and credibility. H Group's esteemed standing in China further enhances J Company's craft beer venture, providing a solid foundation for its strategic expansion and reinforcing its position within the competitive landscape of the craft beer industry.

J Company's products have been tested by the market and have been recognized by consumers in taste. The main products include II tinfoil packaging series based on Belgian and German white wheat for the wine body, 330ML glass bottle series and 500ML aluminum cans series. In addition, according to the previous market research, the company has developed a set of more than 100 product packaging solutions for different needs of users.

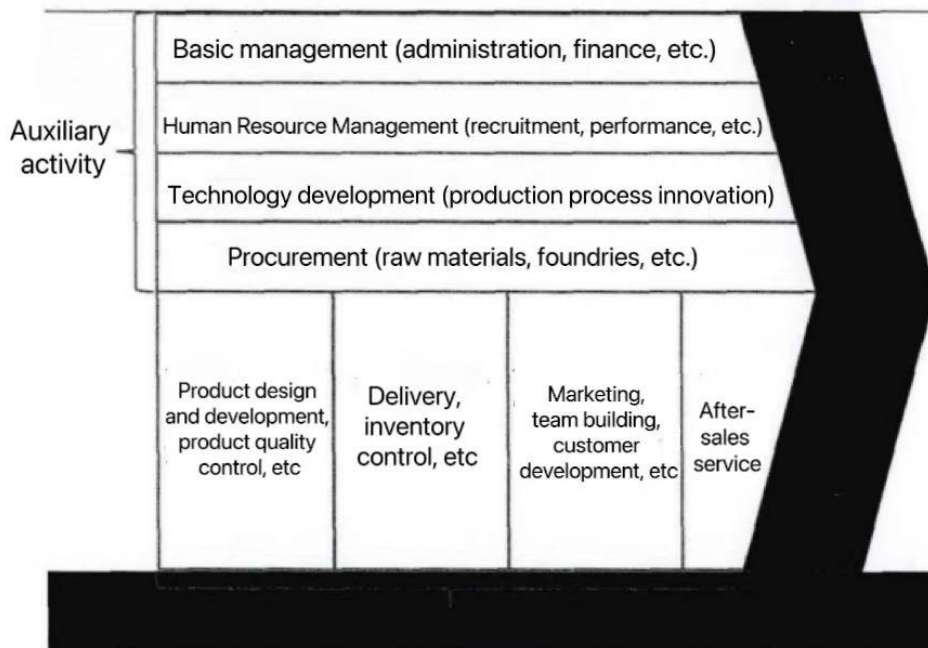
Part of the company's core business backbone employees comes from H Group, which has rich experience in large-scale enterprise project management, and also has a considerable understanding of H Group's customers and user resources, which is convenient for business development. Part of the business backbone comes from the craft beer industry, and has a profound understanding of the whole process of the industry. He has many years of experience in the integration of downstream resources and product development and sales.

4.3.3. Enterprise capability analysis based on value chain

The value chain is an important tool of strategic analysis. The value chain is a combination of various activities that enterprises carry out, which constitutes the source of enterprise value and thus the source of competitive advantage. Through the analysis of the value chain, the enterprise can find out the factors that can be improved in terms of management level and competitiveness, and make targeted adjustments according to the actual situation in the process of enterprise operation, improve the disadvantages and strengthen the advantages. For companies like Company J, the value chain mainly consists of product development,

production quality management, marketing, team building and financial management. The following figure shows the value chain analysis of J Company's craft beer business:

Figure 4.1 Value chain analysis of J Company's craft beer business



Source: Author

4.3.3.1. Analysis of product capability of J Company's craft beer business

Company J is currently facing notable challenges in its brand promotion efforts, particularly in establishing a significant influence within the competitive craft beer market. A critical examination reveals that the brand has struggled to gain traction, primarily due to its focus on product customization services for B2B clients. This approach poses limitations in a mature and diverse market like Qingdao, where consumers are presented with an abundance of product choices, reducing Company J's control over distribution channels.

In addressing these challenges, it's imperative to acknowledge the pivotal role of product development. The craft beer industry is characterized by its rich variety of product categories, catering to a consumer base that is increasingly rational and discerning in their choices. According to Cicc (2021), there is a growing preference among high-end consumers for quality and high-concentration beers. This trend indicates a diminishing channel monopoly and suggests a potential market shift towards premium, differentiated products. Despite the abundance of high-end offerings, there remains a scarcity of truly distinctive high-end products, underscoring the critical test facing Company J in product innovation. To navigate this landscape, Company J has embarked on a strategic collaboration with renowned industry winemakers to enhance the wine body design of its craft beers. This partnership ensures the quality and stability of the product, laying a solid foundation for further innovation. Building on this, the company has diversified its product packaging options, including Belgian

white wheat and German white wheat beer bodies, through personalized customization and creative design. This strategy aims to create standout products and capture the enterprise customization market.

Moreover, Company J has adopted advanced packaging technologies such as laser printing, tank printing, and plastic sealing to offer a range of customization options to its clients. This flexibility, combined with low minimum order quantities, positions the company as a versatile partner capable of meeting diverse customer needs, including those of large enterprises seeking niche, high-quality services. The establishment of a creative product design team further reinforces Company J's commitment to innovation. By developing over 100 product solutions, the company not only broadens its appeal but also demonstrates its ability to lead in the creation of unique craft beer experiences.

In conclusion, despite the challenges in brand promotion and channel control, Company J's focused investment in product development and customization presents a strategic path to gaining a competitive edge. By leveraging its strengths in quality, innovation, and flexibility, Company J is well-positioned to capitalize on the evolving preferences of high-end consumers and to carve out a distinct presence in the craft beer market.

4.3.3.2. Analysis on product quality management of craft beer business of J Company

The factors that affect the quality of craft beer mainly include raw materials, brewing equipment, production technology, and hygienic environment. In terms of raw materials, Company J selects high-quality imported raw materials to ensure the authenticity and quality of its Belgian wheat white and German wheat white brewing raw materials. In terms of technology, the model of co-brewing between external well-known winemakers and the foundry's own winemakers is adopted to ensure product quality.

J company in the selection of foundry, strict and careful screening, the current cooperation of production and processing enterprises are above designated size enterprises, the production of products have passed the food safety system and quality management system double certification, each product is inspected accordingly, to ensure the quality of each bottle of wine.

4.3.3.3. Analysis of marketing management of craft beer business of J Company

For J Company's craft beer business segment, marketing is one of its most basic and important activities. Marketing is a business activity that matches the enterprise's own resources with the needs of customers. Enterprises should perceive and explore the needs of users and integrate resources to meet the needs of users. The person in charge of J Company's craft beer business segment focuses on marketing based on the needs of corporate customers in the selection of target markets. Given the current internal and

external circumstances, this is a better choice. By providing flexible customized services to enterprises, J Company avoids the traditional model of fierce competition and heavy investment, and has a certain space for development. After investigation and research, the problems found at present mainly include the following.

As regards to the product, the structure is relatively single, at present, the company relies on Belgian white wheat and German white wheat as the main wine body, although the packaging has made a certain difference, but the taste of the user is relatively few choices. The single product structure also brings the single price system. The pricing system adopts the principle of cost pricing, and carries out equal percentage profit markup on the basis of cost, and there is no differentiated product price system for different channels. The product strategy lacks market analysis. The current product strategy mainly comes from the industry experience of the core team and lacks certain market research. Product packaging has a certain innovation, but it is not enough, the outer packaging materials are mainly carton packaging, relatively simple, easy to be copied, homogenous.

In terms of communication, there is no systematic marketing communication system, which is currently limited to wechat circle of friends to send advertisements and other forms. The content is simple and rude, and the company's quality, brand, culture and other positioning is far from.

J Company's channel strategy for its craft beer business primarily focuses on B-end consumers, such as enterprises and public institutions, leading to a relatively narrow channel mix. This targeted approach, while beneficial for deepening relationships with corporate clients, results in a limited outreach due to the absence of diversification in channel strategy. The reliance on a singular channel type makes the marketing network less robust and potentially overlooks the vast potential within other consumer segments and sales avenues.

A more strategic approach to channel expansion could draw inspiration from the "plate within a plate" strategy employed by high-end beverage companies. This method involves constructing a comprehensive sales system that actively identifies and engages opinion leaders within various circles or communities. By integrating these influencers into the sales process, either through complimentary products, partnerships, or other collaborative efforts, companies can leverage their credibility and reach to bolster promotion and drive sales. The current strategy of J Company does not adequately capitalize on this aspect, leading to missed opportunities in promotion and market penetration. The absence of opinion leaders in the marketing mix means the company fails to share value with key influencers who could advocate for the brand, thereby creating a win-win situation for both parties. Engaging opinion leaders not only amplifies promotional efforts but also enriches the brand's narrative, making it more relatable and appealing to a broader audience.

To address these challenges and unlock the full potential of its craft beer business, J Company should consider diversifying its channel strategy beyond B-end consumers. By developing a more inclusive marketing network that embraces a variety of channels and incorporates opinion leaders, J Company can enhance its promotional activities, extend its reach, and build a more resilient and dynamic sales ecosystem. This strategic pivot could significantly improve market presence, customer engagement, and ultimately, sales performance in the competitive craft beer landscape.

4.3.3.4. Analysis of the human resources of craft beer business of J Company

In terms of team, there is still much room for improvement in the professional ability of the marketing team. At present, the source of customers is relatively single, and the means and ability of expanding customers still need to be cultivated. The professionalism of the team needs to be improved. The entry time of the team members is short, and the business proficiency and understanding of the craft brewing industry are not ideal. The team incentive plan is relatively simple. At present, only the sales team has a clear incentive system, but the system is relatively primitive, sales target driven and performance commission incentive, and the assessment items are too simple, which is not conducive to the mobilization of employees' enthusiasm during the expansion period. In addition, the promotion system is lacking and the salary system is not perfect. Although the impact on the current size of Company J is not obvious, with the development of the company, the impact is increasing, which also needs the attention of the company manager.

4.3.3.5. Analysis of financial and risk control ability of J company craft beer business

As a small and micro enterprise affiliated to H Group, J Company has a good corporate image and reputation foundation, and has the endorsement of the group, and has a relatively good resource guarantee in terms of external financing. Company J's business is based on the basic principle of payment before delivery, and to a certain extent, the requirements for the capital chain of the enterprise are not too high. In terms of risk control, since craft beer has a certain shelf life, conventional products should conduct real-time management of dynamic inventory, develop an early warning mechanism, and carry out inventory assessment on the sales team.

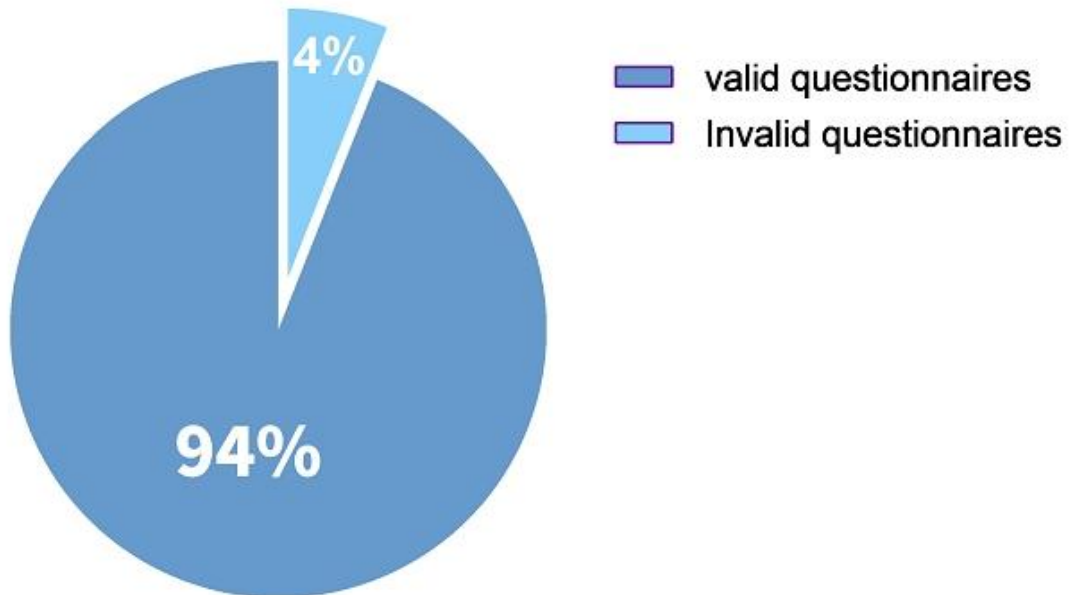
4.3.4. Consumer Analysis

The survey results are presented below.

A total of 109 questionnaires were collected, of which 102 were valid (complete and reasonable questionnaires were selected as the screening criteria).

Figure 4.2 The validity ratio of the survey questionnaire

Figure 4.2 The validity ratio of the survey questionnaire

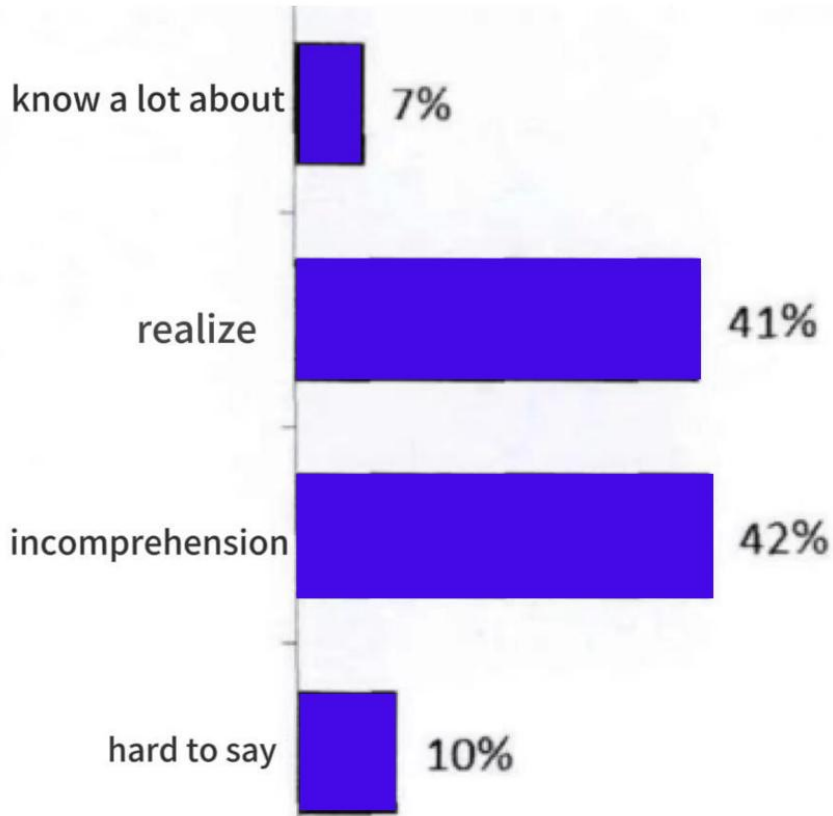


Source: Author

As shown in the figure below, those who have some understanding of craft beer account for about 41%, and those who have a very good understanding account for about 7%. This data shows that there is still room for craft beer market, especially for enterprise users. Nearly half of people do not know about craft beer, indicating that there is still a large proportion of people who lack knowledge about craft beer. There is still a lot of room for the hype and popularity of craft beer.

Figure 4.3 Survey subjects' cognition of craft beer

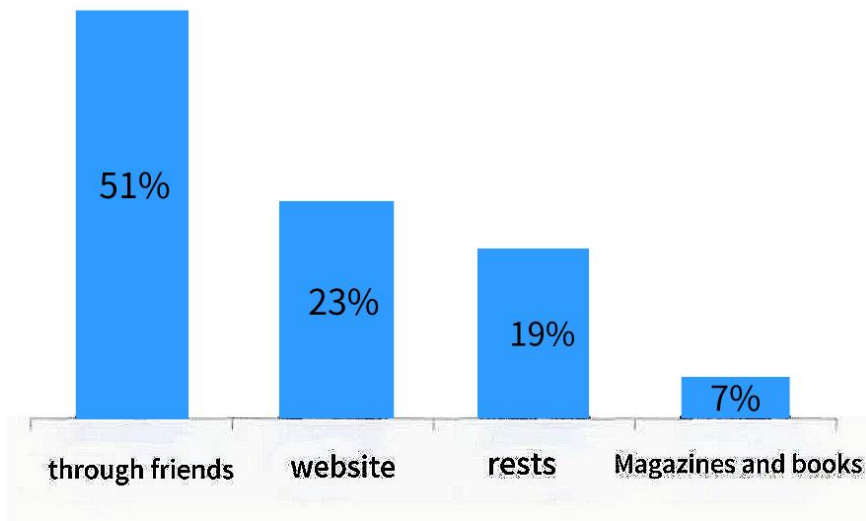
Figure 4.3 Survey subjects' cognition of craft beer



Source: Author

As shown in the figure below, more than a general group of respondents obtained information related to craft beer through the introduction of friends, and the relevant leaders of these enterprises seldom consciously learned about the information related to craft beer through traditional channels of acquiring knowledge such as websites, magazines and books. For Company J, it is a necessary choice to carry out offline tasting and publicity activities.

Figure 4.4 The proportion of information channels obtained by survey objects
Figure 4.4 The proportion of information channels obtained by survey objects



Source: Author

As shown in the figure below, those who often buy craft beer, that is, the frequency of buying craft beer every week is less than 10%, indicating that there is still a lot of room for development and consumption of craft beer.

Figure 4.5 The proportion of the frequency of buying craft beer among the respondents

Figure 4.5 The proportion of the frequency of buying craft beer among the respondents

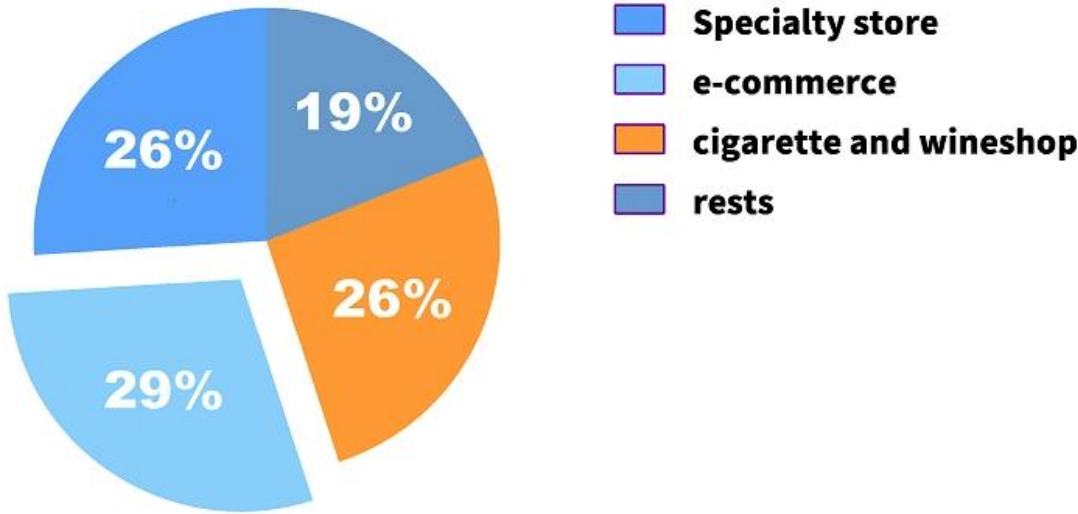


Source: Author

As shown in the figure below, the channels used by the respondents to purchase craft beer are still dominated by traditional channels, with e-commerce, hotels and stores accounting for 81%. For Company J, to choose the path of direct supply to enterprise users, it is necessary to work hard on business promotion and study how to better reach users.

Figure 4.6 Survey respondents buy craft beer channels

Figure 4.6 Survey respondents buy craft beer channels

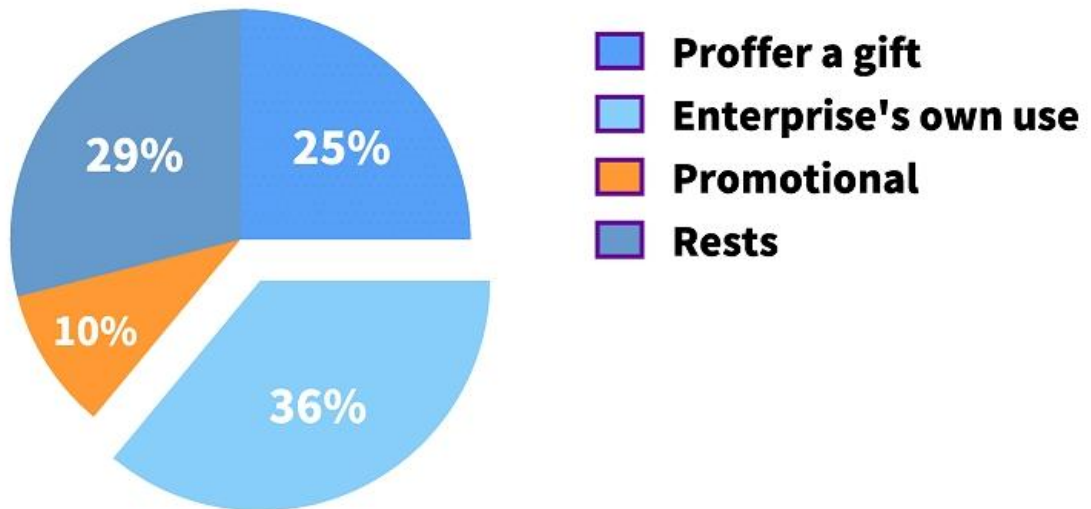


Source: Author

As shown in the figure below, gifts and promotional gifts accounted for 25% and 10% respectively for purchase purposes, and these two demands generally have higher requirements for product premium space and outer packaging. The enterprise's own consumption accounts for 36%, and this kind of demand is often the pursuit of cost-effective. In product packaging and value chain design, J company can be used as a reference.

Figure 4.7: Survey respondents purchased craft beer for use

Figure 4.7: Survey respondents purchased craft beer for use

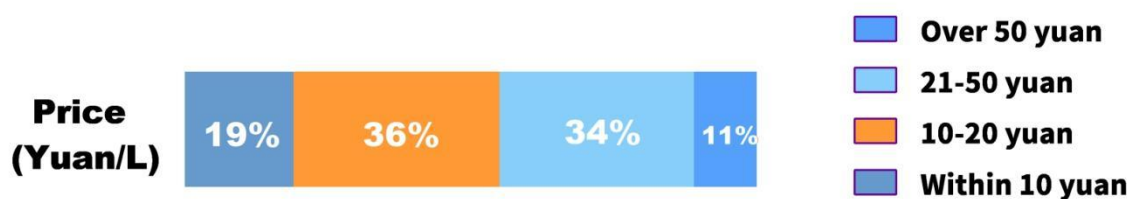


Source: Author

As shown in the figure below, 36% of enterprises think that the price of craft beer per liter is more appropriate at 10-20 yuan, and 34% of enterprises think that 21-50 yuan is more appropriate. This shows that the positioning of craft beer in everyone's heart is on the high end, which is different from 5-10 yuan industrial beer. At the same time, J Company's product pricing is in line with the mainstream price segment.

Figure 4.8: Survey respondents' craft beer price preference

Figure 4.8 Survey respondents' craft beer price preference

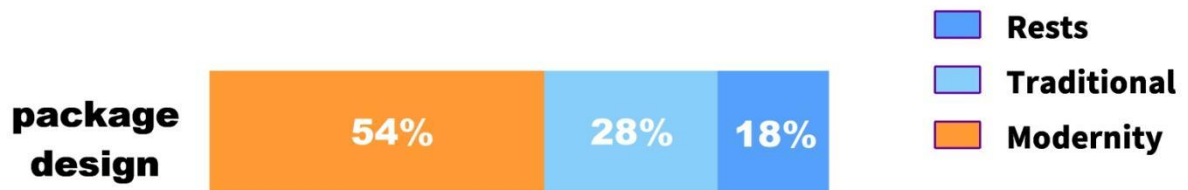


Source: Author

As shown in the figure below, 54% of enterprises believe that the packaging design of craft beer should have modernity. J Company in the product design scheme to break through the traditional design thinking, the use of new materials, new design concepts to impress users.

Figure 4.9: Survey respondents prefer craft beer packaging

Figure 4.9 Survey respondents prefer craft beer packaging



Source: Author

As shown in the figure below, 70% of respondents focused on the mellow smell and good taste of craft beer. The core competitiveness of craft beer is also its rich and good taste, so enterprises should make greater efforts in this respect to meet the needs of users.

Figure 4.10 The research and analysis of craft beer should be noted

Figure 4.10 The research and analysis of craft beer should be noted



Source: Author

4.3.5. Internal Factor Evaluation Matrix (IFE)

According to the above analysis of the external environment of the enterprise, the internal environmental factors evaluation matrix tool is used. Firstly, the strengths and weaknesses of the enterprise are analyzed and summarized, so as to screen out the main internal factors affecting the development of the enterprise.

Based on this, the internal factor evaluation matrix is established, and the specific steps are as follows:

Step 1: Organize 2 management personnel, core employees and one cooperative expert of J Company's craft beer sector to set up a review expert group to discuss and screen out

the main influencing factors involved in the internal environment of J Company's craft beer business.

Step 2: Design the weight according to the importance of each factor. The sum of the weights is 1. The greater the weight, the stronger the impact.

Step 3: Score the factors selected in the first step according to their reaction degree by the review expert panel. The score is 1-4 points, 1 point represents an important weaknesses, 2 points represents the second important weaknesses, 3 points represents the second important strengths, and 4 points represents an important strengths.

Step 4: Calculate the weighted score by multiplying each factor score by its weight.

Step 5: Weight the total score by adding together the weighted scores for all significant external factors.

As shown in the table below, through the analysis of the internal environment of the company, key internal factors are obtained, and each factor is weighted and scored by a group of review experts. Then, according to the steps of the internal factor evaluation matrix, the strengths and weaknesses of the factors are given. As can be seen from the following table, if the core team members believe that the strengths of the enterprise outweigh the weaknesses, the core team members have a high degree of recognition of "internal channel resources" and "product design, development and innovation ability". Among the weaknesses of enterprises, the score of "single channel, talent reserve, imperfect product system, and poor marketing communication system" is high, which is the factor restricting the development of enterprises at present. In terms of the overall score, a score of 2.50 is exactly equal to the average score of 2.5. It indicates that the enterprise's internal resources and capabilities are equal to the average level. This is relatively common for enterprises in the early stage of entrepreneurship, enterprises do not need to be too pessimistic, in the formulation of competitive strategy and implementation plan to better make up for their own shortcomings to enhance the comprehensive competitiveness of enterprises.

Table 4.5: Evaluation matrix of internal factors in J Company's craft beer business sector

Critical Internal Factors (IEF)	weight	mark	Weighted score
Advantage			
1. Rich internal channel resources	0.20	4	0.80
2, product development of new strong	0.15	4	0.60
3. Strong team management ability and goal awareness	0.10	3	0.30
4, excellent product quality, high production guarantee	0.05	3	0.15
5. Inherited the group's corporate culture and management philosophy	0.05	3	0.15
Inferior position			
1. Few and single channel layout	0.15	1	0.15
2. Backward talent reserve	0.10	1	0.10
3, the product system is not sound	0.05	1	0.05
4. Poor construction of marketing communication system	0.10	1	0.10
5. Poor financial strength	0.05	2	0.10
Total	1.00		2.50

Source: Author

4.4. SWOT analysis of enterprise competition strategy

Strengths(S)

- Located in the wine capital,the enterprise integrates rich industrial chain resources;
- The group is rich in resources,such as channel resources,management concepts,brand endorsement. etc.
- Team product innovation design and development ability is strong
- Excellent product quality,good taste,after market testing
- Good team atmosphere and strong cohesion.

Weaknesses (W)

- Single channel,weak customer development ability,
- Backward talent reserve and lack of process mechanism for professional talent training,
- Single product and imperfect product system
- Imperfect marketing communication system 5.Small scale and weak financial strength.

Opportunity(O)

- The national economy is developing well and domestic demand is expanding:
- Policy support
- The penetration rate of craft brewing brands is not engaged, and the survival chance of new entrants is large
- Application of new Internet technologies

Threat (T)

- Uncertainties arising from the global economic and political environment and the post-pandemic era; the industry leader and new entrants to the threat of small and medium-sized enterprises;
- lack of industry standards, relatively chaotic market, low consumer awareness;
- Consumers are more aware of healthy drinking

SWOT model is a common tool for enterprise strategic evaluation and analysis. Based on the analysis of the internal and external environment mentioned above, this project selects this tool to list and analyze the main internal strengths and weaknesses as well as external opportunities and strengths of J Company's craft beer business segment, so as to help the company explore and utilize external opportunities, overcome external threats by relying on internal strengths, and optimize and improve internal weaknesses. Thus, it can help enterprises choose and develop competitive strategy combinations that meet their own needs, including SO strategy combination (combining their own strengths with market opportunities), WO strategy combination (weakening their own weaknesses through market opportunities), ST strategy combination (using their own strengths to avoid market threats), and WT strategy combination (eliminating their own weaknesses to get rid of market threats).

Table 4.6: J company craft beer business segment SWOT analysis matrix

External factor Internal factor	Strengths(S)	Weaknesses(W)
	<ol style="list-style-type: none"> 1. Located in the wine capital, the enterprise integrates rich industrial chain resources; 2. The group is rich in resources, such as channel resources, management concepts, brand endorsement, etc.; 3. Team product innovation design and development ability is strong; 4. Excellent product quality, good taste, after market testing; 5. Good team atmosphere and strong cohesion. 	<ol style="list-style-type: none"> 1. Single channel, weak customer development ability; 2. Backward talent reserve and lack of process mechanism for professional talent training; 3. Single product and imperfect product system; 4. Imperfect marketing communication system 5. Small scale and weak financial strength.
Opportunity(O)	Advantage Opportunity (SO)	Disadvantaged opportunity (SO)
<ol style="list-style-type: none"> 1. The national economy is developing well and domestic demand is expanding; 2. Policy support; 3. The penetration rate of craft brewing brands is not engaged, and the survival chance of new entrants is large; 4. Application of new Internet technologies; 	<ol style="list-style-type: none"> 1. Take advantage of economic development, expansion of domestic demand, consumption upgrading, policy support and other opportunities to further enhance product sales; 2. Use the Internet to create a new communication and marketing matrix; 3. With the help of regional resources and group resources, rapidly increase sales and ensure stable revenue and expenditure of the team. At the same time, further expand external channels to enhance market share 	<ol style="list-style-type: none"> 1. Channel focus on enterprise flexible customization business and focus on subdivision track; 2. Establish and improve the talent training mechanism and incentive plan, and set up a professional marketing team; 3. Based on the original product system to extend, from the taste, packaging and other aspects of diversification; 4. Establish a content team and create a communication matrix, and make rapid efforts through new Internet communication channels.
Threat (I)	Dominant threat (ST)	Threat of Dominance (WT)
<ol style="list-style-type: none"> 1. Uncertainties arising from the global economic and political environment and the post-pandemic era; 2, the industry leader and new entrants to the threat of small and medium-sized enterprises; 3, lack of industry standards, relatively chaotic market, low consumer awareness; 4. Consumers are more aware of healthy drinking. 	<ol style="list-style-type: none"> 1. In-depth cultivation of the local market and development of non-ready-to-drink channels; 2. Make use of the flexible characteristics of small and medium-sized enterprises to relax the threshold of flexible customization and more differentiated solutions for choice; Promote and promote products through tasting meetings and other forms to achieve brand reputation and product sales. 	<ol style="list-style-type: none"> 1. Customized track layout to avoid head-on battles with powerful rivals and reduce low cost-effectiveness investment; 2. Cultivate professional talent team and build professional team with competitive salary plan.

Source: Author

After SWOT analysis, four strategic situations are summarized and combined with the actual situation of the company, two competitive strategies are obtained for Company J to choose: one is the focused differentiated competitive strategy of focusing on subdivision track, optimizing innovative product solutions and differentiated services, and using targeted marketing communication solutions to realize enterprise value and enhance competitiveness; The other is to consider the current market, policy support and other factors, make good use of group and regional resources, multi-channel development, optimize the cost of cost leadership strategy.

4.5. Strategic choice based on QSPM

Above, the strategic decision of J Company's craft beer business segment is qualitatively analyzed through SWOT matrix analysis. Two competitive strategies can be selected for J's craft beer business segment: one is focusing on market segmentation, improving product structure, innovating product services and improving marketing methods to achieve comprehensive competitiveness improvement. The other is to take advantage of regional advantages, group resources and policies, broaden channels, rapidly improve the scale, and form a cost leadership strategy by improving all links in the value chain, reducing costs, and increasing scale. Next, the QSPM matrix is used to conduct a quantitative analysis on the

competitive strategy of J Company's craft beer business sector, so as to make the final selection of alternative strategies. The specific steps are as follows:

In the first step, the main factors of internal and external environment, including opportunities, threats, strengths, and weaknesses, are taken as the key factors of QSPM matrix, and corresponding weights are given.

In the second step, a review team is formed, and the core team members of the enterprise, including 2 members of the management team, 2 members of the business core backbone and 1 member of the cooperative industry expert, respectively score the impact degree of the two alternative strategies, that is, the impact degree of the strategy on the enterprise's use of external opportunities and internal advantages, avoiding external threats and internal disadvantages, that is, determine the attractiveness score (AS). The scale is 1 to 4, with 1 being very weak, 2 being somewhat attractive, 3 being very attractive and 4 being very attractive.

Step 3: Weighted score calculation, that is, the average score value of each factor score is multiplied by its weight to obtain an attractiveness score.

Step 4: The weighted total score is calculated by adding the attractiveness scores for each key factor.

Table 4.7: J company's craft beer business segment competitive strategy QSPM matrix

	Key factor	Weight	Alternative strategy			
			Cost leadership strategy		Focus on differentiation strategy	
			AS	TAS	AS	TAS
Opportunity	1. Economic development, consumption upgrading and expansion of domestic demand	0.20	3	0.60	3	0.60
	2. The penetration rate of traditional beer brands is not high, and small and medium-sized craft brewing enterprises have certain space opportunities	0.20	4	0.80	3	0.60
	3. the state and various departments to support the customs	0.05	2	0.10	2	0.10
	4. China's drinking culture, and current consumption	0.10	3	0.30	4	0.40
	5. Resource advantage of the location	0.05	4	0.20	8	0.15
Menace	1. Uncertainties arising from the global economic and political environment and the post-pandemic era;	0.15	3	0.45	3	0.45
	2. New entrants intensify competition;	0.05	2	0.10	2	0.10
	3. the industry's leading enterprises pose a threat to small and medium-sized enterprises;	0.10	3	0.30	2	0.20
	4. The impact of substitutes;	0.05	1	0.05	1	0.05
	5. Consumers are more aware of healthy drinking.	0.05	1	0.05	1	0.05
Advantage	1. Rich internal channel resources	0.20	3	0.60	2	0.40
	2. product packaging design innovation ability	0.15	2	0.30	4	0.60
	3. Strong team management ability and awareness	0.10	2	0.20	2	0.20
	4. excellent product quality, high production guarantee	0.05	3	0.15	3	0.15
	5. Inherited the group's corporate culture and management philosophy	0.05	1	0.05	1	0.05
Inferior position	1. Few and single channel layout	0.15	1	0.15	3	0.45
	2. Talent reserve falls	0.10	1	0.10	3	0.30
	3. the product system is not sound	0.05	1	0.05	3	0.15
	4. Poor communication system construction	0.10	1	0.10	3	0.30
	5. Poor financial strength	0.05	3	0.15	3	0.15
	Total	2.00		4.80		5.45

Source: Author

Through QSPM matrix analysis, we can qualitatively analyze which of the two competitive strategies is more suitable for J Company's craft beer business segment. Cost leadership strategy scored 4.80, while focused differentiation strategy scored 5.45, so focused differentiation strategy is a better choice for Company J.

4.6. J company craft beer business competition strategy implementation plan

This project has carried out the external environment analysis, EFE matrix analysis, internal environment analysis and IFE matrix analysis of Company J, clarified the external opportunities and threats faced by the company, as well as the internal strengths and weaknesses, and further carried out qualitative and quantitative comprehensive analysis through SWOT matrix and OSPM matrix, respectively.

It is found that J Company's craft beer business is faced with great opportunities outside, and the opportunities are also accompanied by strengths. Based on the advantages and disadvantages of the company's internal resources, through communication with the decision-making team of the company, the focus on differentiation competition strategy is finally selected. The competition strategy is more suitable for the current development requirements of J Company, and can better play the advantages of the company and seize the external opportunities to the greatest extent. Starting from the craft beer business

segment of J Company, the project focuses on the flexible customized service for B-end users of craft beer, and combines the questionnaire survey results to formulate specific competitive strategies focusing on differentiation from the perspectives of product differentiation and marketing differentiation.

4.6.1. Focus on the track and position differentiation

J Company's craft beer business is currently navigating a challenging landscape, marked by significant disparities in scale, financial capability, and brand recognition when compared to the industry's leading players. Recognizing these disparities is crucial for strategizing and carving out a sustainable niche in a competitive market. Acknowledging its limitations, J Company has wisely chosen not to compete directly with the industry's top enterprises. Instead, it positions itself as a provider of flexible, customized service offerings, characterized by exceptional quality and adaptability in production and marketing. This strategic focus targets B-end users, such as enterprises and groups, leveraging niche channels to meet specific customer needs.

By concentrating on flexible customized services, J Company aims to establish a unique competitive edge. This approach not only differentiates it from larger competitors but also addresses a specific market segment that values customization and quality over mass production. Catering to B-end users allows J Company to exploit opportunities within niche markets, where its agility and responsiveness to client requirements can be effectively showcased. The key to success in this strategy lies in the meticulous execution of service customization, ensuring that every client receives a product that aligns perfectly with their needs and preferences. This can involve offering a diverse range of craft beer options, customizable packaging, and tailored marketing strategies that resonate with the corporate ethos of B-end clients. Moreover, by fostering close relationships with these clients, J Company can build a loyal customer base, generate positive word-of-mouth, and gradually expand its market presence. The focus on differentiated services, combined with a commitment to quality and customer satisfaction, positions J Company to navigate the complexities of the craft beer industry successfully, despite the formidable competition from larger, more established players.

4.6.2. Improve product system and differentiate product lineup

In the evolving craft beer market, J Company must adapt to the shift towards a more discerning consumer base that values product quality and compelling narratives equally. The industry's low entry threshold and diverse brand offerings underscore the need for

differentiation. To navigate this highly segmented landscape, J Company should focus on delivering "good products + good stories," moving away from a one-size-fits-all approach to embrace the nuances of consumer preferences.

The current market demands a balance, prioritizing product excellence while weaving engaging stories that resonate with consumers. This "aesthetic awakening" era emphasizes the product's quality (70%) over the narrative (30%), signaling a return to rational consumption where the intrinsic value of the beer, its connection to the consumer, and its relevance to specific consumption contexts become paramount.

J Company's strategy should revolve around leveraging its two flagship craft beers as a foundation for expanding its product range. This involves offering differentiated services tailored to target customer needs, including unique packaging designs, varied product assortments, and customizable bottle sizes. Through this approach, J Company can meet the sophisticated demands of its audience, ensuring product quality and authenticity are at the forefront of its value proposition.

Product mix

In terms of product strategy, horizontal product innovation, based on the two fist wine juice to create a diversified craft brewing matrix to meet the market demand, including 330ML glass bottles, tinplate cans 1L, 500ML aluminum cans, can form 6 products based on these 6 products can be innovative in packaging and other aspects to increase the portfolio. Another direction is vertical product innovation, developing more flavors of craft beer. In the main products of the channel, based on the "sincere to forever" series of products, the body type of extension, as appropriate to add light EI, world Tao, fruity beer, etc., four kinds of craft beer combination become the new "sincere to forever" series.

Product packaging

Different consumer groups should carry out targeted product packaging design and precise positioning. It is developed from the perspectives of wedding wine, birthday wine, festival customization, enterprise/personal exclusive, etc., and the product solution is continuously refined through communication with users, such as enterprise customization, which can be mined from the perspective of corporate culture. The product bottle adopts laser printing, tank printing, plastic sealing outsourcing and other methods to design product packaging for different groups of people. The outer packaging is matched with projectback and gift box, and the projectback series products with lower cost are a good choice for users' own use. Gift and external packaging have higher requirements for users, according to the user type, use, price and other aspects, based on leather box, wooden box, project box three types of packaging design, create a packaging matrix for users to choose.

Product price system

After extensive market testing over a year, J Company's craft beer pricing has proven to be competitive, aligning with the industry's mainstream pricing levels. It is advisable for the product pricing within distribution channels to continue mirroring this mainstream pricing strategy, positioning it as the core of J Company's pricing structure.

To optimize market reach and revenue, J Company should implement a dual-pricing strategy that differentiates between its enterprise flexible customization business and its traditional distribution models. Products offered through the flexible customization business should command higher prices to reflect the added value and personalized service provided. This segment would benefit from a tiered pricing strategy, which categorizes customers based on their cumulative purchases and offers corresponding incentives, such as rebates or other marketing rewards, to encourage loyalty and repeat business.

This approach allows J Company to maintain competitive pricing within the broader market while capitalizing on the premium value offered through its customized services. By adopting this dual-strategy, J Company can cater to diverse customer needs and preferences, enhancing customer satisfaction and fostering long-term relationships, all while ensuring the company's pricing structure remains both competitive and profitable.

4.6.3. Focus on B-end users and create a differentiated marketing system

The concept of "private domain" has been a very hot word in recent years, and major enterprises hope to better connect and interact with consumers by building a brand private domain ecology, and achieve business objectives. The leading craft brewing enterprises in the market attach great importance to the promotion of craft brewing culture, cultivate community, build a communication matrix, and the current fashionable means are applied in the small track of craft beer. From the perspective of the consumption trend of the entire craft beer industry in China, consumption is more rational, more pursuit of product quality, and consumers are more flaunting personality and advocating trends. Therefore, J Company needs to pay more attention to the behavior and lifestyle of consumers, and provide corresponding subdivided products according to the lifestyle of different groups of people to meet their needs for products in different consumption scenarios. At the same time, pay attention to the promotion and publicity of craft beer culture, so that consumers have more recognition of craft beer culture. Specific measures include the following:

Publicity and communication.

Set up a content team, sign contracts with winemakers and tasters in the craft brewing industry, and output quality content, and produce at least 23 articles and 2 videos per week. Construct the propagation matrix. Establish a wechat group as soon as possible, regularly

release soft articles related to craft brewing culture and enterprise products in the group, and irregularly release content related to health, fashion, taste, etc., to ensure the activity of the wechat group. Cultivate opinion leaders within the group, and cultivate fans through the sharing of wine experience and expert knowledge by opinion leaders. Establish a short video transmission matrix such as Tiktok, Kuaishou and micro video, and release 2 videos per week. Establish short video channel fan position. In terms of traditional publicity channels, the Qingdao area is taken as a regional model, and the core area of building advertising and important commercial office elevator advertising are considered as the focus of delivery. Considering the capital situation of start-up enterprises, it is suggested to communicate with traditional media enterprises in the form of product replacement + cash investment.

Tasting promotion.

Conduct a table tasting session. The target enterprise's craft beer flexible customization business should be carried out around the situation of experiential marketing, and the marketing plan of "one-table tasting meeting" should be developed for the target enterprise. One table tasting is the wine industry in the high-end product promotion in the common marketing way, through the form of tasting and target customers to exchange interaction, through this form not only let users taste the product, understand the brand, culture, etc., but also deepen the customer relationship between business personnel and users, through follow-up, and then achieve orders.

To carry out a table tasting meeting, first prepare in advance, collect information about target customers, and cut in through visits, introductions or other forms for local high-quality enterprises and institutions. For example, use the chamber of commerce and other business groups to contact potential business users, such as the Jiangxi Chamber of Commerce that Company J is currently in contact with, and for example, through the person in charge of the industrial park, to approach the target enterprises. Organize invitations according to each topic or circle. Try to invite people in the same circle, and more familiar, it is best to control about 15 people at a time, so that each guest can be taken care of. The pre-preparation and operation process of the entire tasting place should be done well, the tasting hotel should be designated, and appropriate decoration should be carried out in the tasting area, such as product, brochure display, and publicity material hanging and Posting. In the process of controlling the process, please in the process, the early leisure exchange to narrow the customer sentiment, during the time to introduce the company, product technology, wine quality, characteristics, etc. Follow up immediately afterwards. Immediately follow up after the tasting in the form of a face-to-face visit or telephone communication. According to the communication situation of the visit, the gift of wine tasting to maintain the cultivation of customer sentiment, to achieve the normalization of customer operation and maintenance. In

addition, to establish a customer database for such customers, for important festivals and other wine peaks, timely follow up, dig up order demand.

4.6.4. Differentiation of performance incentive system

After investigation, it is understood that the sales incentive method of J Company's craft beer business is still the traditional sales task + sales commission system, that is, each sales staff has different sales indicators according to different regions and positions, and the corresponding commission incentive is provided after achieving the sales task. This system can be used for mature brands or enterprises with certain sales estimatives, but it is difficult to mobilize the enthusiasm of internal personnel for start-ups. At the same time, the logistics personnel behind the charge should also have a corresponding system to make them provide better logistical support for the promotion and sales of products. Therefore, it is necessary to further improve the team member incentive system. Specific suggestions are as follows:

Salary assessment.

Business results are linked to commissions and bonuses. Business assessment results include not only sales, but also data indicators such as the number of contracts signed by flexible customized customers and customer performance, which should be included in the assessment and classified as the horizontal axis. Customer satisfaction and specific matters done to support the achievement of marketing activity execution data should be taken as the vertical axis, and both the horizontal and vertical axes should be taken as the assessment contents of business personnel, so as to check the achievements of employees in each indicator and increase the proportion of main assessment indicators. The assessment weights of the horizontal and vertical axes are the same, and the employee salary coefficient and the weighted average of the horizontal and vertical axes are used as the final assessment basis. At the same time, an open salary acceleration system is established. If the completion rate is 100%, the employee will get 100% of the monthly salary; similarly, if the completion rate is 120%, the employee will get 120% of the monthly salary. The head of finance, human resources and team shall make the decision according to the actual business situation. Considering the current operating situation of Company J, the completion rate can be set to the upper limit. The assessment of logistics personnel can also be formulated according to the above content, the proportion of data indicators can be reduced, and the service indicators can be improved accordingly. Increase the diversity of incentive projects, fully tap the potential of employees, do not ask the staff from different angles to achieve corporate value efforts. Set up customer billing rewards to encourage all staff marketing, new billing customers for the first order of incentives: set up annual quality customer signing

awards, for the business personnel with the largest number of annual quality customers to award 5,000 yuan: set annual sales target to achieve the reward, for the annual sales of the first person cash award 10,000 yuan.

Spiritual stimulation.

Establish a diversified evaluation system, evaluate each month according to the department, commend the outstanding personnel at the monthly meeting, and consider giving physical or cash rewards to those who have the most cumulative annual evaluation by each department. At the same time, this kind of excellent personnel is included in the cadre training sequence, and diversified training opportunities are given, such as taster qualification training, management training, etc.

4.7. Complementary actions to be implemented to ensure the successful implementation of the plan

4.7.1. Human resources

The ability of employees can be improved through various means, such as training, qualification management and so on. For Company J, the competency model is used to evaluate the existing members of the team, improve the job matching, and train and cultivate employees who lack competence, so as to build a competitive human resource management system. Provide appropriate incentives to employees who meet the needs of the enterprise and achieve the objectives of the stage, including higher performance, bonus, equity, honor, etc., to cultivate and enhance the work motivation of employees. Provide internal and external learning and promotion channels for employees who meet the requirements of the enterprise.

By formulating human resource strategies that meet the dynamic needs of the business, J Company can help the enterprise build a strong team, which is the basic guarantee for J Company to implement the competitive strategy of the craft beer business.

4.7.2. Financial resources

The current financial situation of the company is relatively poor. At present, the scale of each business segment of the enterprise is relatively small, and the profit is low. The company has high requirements for financial management ability. In order to provide a reliable financial guarantee for the implementation of the competitive strategy of the enterprise's craft beer business, it is recommended that the enterprise focus on the following work:

Build and improve the budget management system of the enterprise, so as to win in advance, strictly check the process, and dynamic assessment. Through the scientific management of expenses, further improve the efficient use of funds.

Improve the financing structure, considering the high investment in market cultivation, high market fragmentation, and the consideration of focusing on differentiated competition strategy and flexible customization as the main business direction. It is suggested that the company divide the regional market and adopt the partnership system, with the capital input of regional partners as the main and the company's cost input as the supplement, so as to ensure the cash flow required for regional business development. In addition, in order to ensure the stability of the company's capital chain, on the one hand, establish good communication with local banks to ensure the smooth financing channels of bank channels, on the other hand, financing paths such as capital increase and share expansion and equity transfer can be considered to ensure the security of the company's capital chain.

Improve the personnel performance appraisal system, explore the plan of linking the relevant personnel of each business with income, profit and other financial indicators, carefully comb out and improve the existing management system and financial system, and focus on helping the regions and individuals who cannot achieve self-earning and self-spending. The areas that are doing well are given a mechanism to further expand their success. Through multi-party linkage to achieve the enterprise's open source and throttle, help the benign operation of the enterprise's finance, and ensure the implementation of the enterprise's competitive strategy.

4.7.3. Corporate culture

For small and medium-sized enterprises such as Company J, corporate culture is very important. The craft beer business belongs to the early stage of entrepreneurship, and more needs corporate culture to increase the cohesion of the enterprise team. The formation of corporate culture generally has to go through several stages such as formation, training, accumulation and innovation, among which the formation stage is relatively long, if the person in charge of the enterprise attaches importance to the construction of corporate culture in the early stage of entrepreneurship, the stage can be significantly shortened. As a start-up team, the person in charge should not only be full of vitality, but also create a working atmosphere that makes employees full of passion, often share entrepreneurial ideas and corporate culture and values with employees, so that employees feel that they are one of the entrepreneurs of the company. The cultivation of this sense of mission cannot be

replaced by incentive means such as salary. For a start-up small and medium-sized enterprise such as Company J, it is more effective than a large enterprise, and can better resonate with employees and create more value. Identify vision goals that excite and align employees so that they can clearly see where the future of the company lies and where their own future lies.

Many team members of Company J come from Group H and are quite familiar with the culture of Group H, so they can use the construction of corporate culture of Group H as a reference for themselves. With the development of the enterprise, the corporate culture of J company has already had a certain embryonic form. At present, it is still in the formative stage. The company should continuously refine and shape the corporate culture, form a corporate culture that is in line with its own development, enhance the corporate image and influence of Company J in the craft beer industry, and promote the efficient and long-term development of the company.

The recommended measures are as follows:

From the development of the enterprise in recent years, the core business philosophy of the enterprise is sorted out, centering on the choice of the current competitive strategy of the enterprise and combining with the corporate culture of the group, a series of corporate cultures that are in line with the competitive strategy of the enterprise and conducive to the development of the enterprise and the development of employees are established.

It is appropriate to spread corporate culture through a variety of means, including but not limited to internal employees, customers, partners, etc. By providing the transmission of corporate culture, J Company's corporate culture will be deeply rooted in people's hearts, team cohesion will be enhanced, reputation will be enhanced, and the competitiveness of J Company's craft beer business sector will be enhanced to ensure the smooth implementation of competitive strategy.

4.7.4. Information Security

Today's world is in the era of information technology, which has become a key tool and means in enterprise management activities, playing a more and more important role. Many enterprises in China are holding high the banner of digital transformation such as fire tea to carry out digital transformation. For small and medium-sized enterprises like Company J, digital transformation is an important way to grow. Digitalization is conducive to cost reduction and efficiency increase for enterprises, help enterprises to capture more market opportunities, and help enterprises to improve their ability to respond quickly to market and user needs.

At present, Company J has serious deficiencies in digital construction. The purchase, sale and inventory management rely on tables to establish manual ledger, the product design scheme library relies on PPT display, and the output of customized schemes lacks data support. The person in charge of the company must pay enough attention to and start digital construction to improve the digital level of the company. First of all, combined with the actual needs of the business, build the information system of import, sales and storage, to improve the efficiency of business flow. Second, build an enterprise big data platform, and put customer data and customized services on the platform according to the particularity of the business. Third, establish a financial media communication matrix to create an online channel for brand communication and product marketing. Fourth, pay attention to information security, strictly manage digital information systems, formulate standards and norms, and ensure information security.

5. Conclusions

the objective of this project is to propose a competitive strategy to J Company. To do so, the used research methods were literature research, external and internal analysis, survey and interview research. Taking the craft beer business of J Company as a case study, this project makes a comprehensive study on its external macro environment, industry environment, internal environment, internal resources, internal capabilities, strategic choice and implementation safeguard measures.

At present, the high-end process of the beer industry is accelerating, and a series of positive factors such as economic development and consumption upgrading have promoted the development of China's craft beer industry. In addition, the market penetration rate of well-known brands in the industry is not too high. It can be said that the Chinese craft beer market is still in a blue ocean, and as a newly entered small and medium-sized enterprise like J Company, there are still certain living space and development opportunities. J Company inherits the quality consciousness and product innovation consciousness of the Japanese Group, so that the team has created a fine brew product with excellent quality and good reputation. Of course, its shortcomings are relatively obvious, such as insufficient product lineup, lack of marketing communication, and small volume. Enterprises choose to provide flexible customized services around B-end users as the business focus, to avoid their own shortcomings to a certain extent.

Based on the analysis of three basic competitive strategies and SWOT analysis, this project makes a qualitative analysis of J Company's competitive strategy choice in its craft beer business sector. Through further quantitative analysis of QSPM matrix, it was selected the competitive strategy focusing on differentiation. With flexible customization business for B-end users as the focus of its differentiated competition strategy, the focus track is developed to position differentiation: improve product system, differentiated product lineup, focus on B-end users, create differentiated marketing system; Performance incentive system differentiation and other more specific measures. In the competitive strategy safeguard measures, the company should improve the human resources reward, financial resources management, create a unique corporate culture, do a good job in enterprise information construction, from many aspects to do a good job.

During the process of this project development, the author had many in-depth conversations with relevant person in charge of J Company, and the conclusion has certain guiding significance for the future development of J Company.

However, limited to the particularity of the research subject - the company is a trade-oriented enterprise, the production link is not laid out, and the business development time is short, focusing on flexible customization, which has certain particularity in the craft beer

industry. The analysis and research of this project is limited to the present. In the future, the author will cooperate with Company J to continue to follow up the relevant contents discussed in this project, continue to follow up the effectiveness of differentiated competitive strategy on Company J, and continue to explore and study the selection, implementation and effect testing of competitive strategy on Company J.

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Appendices

Appendix A: Outline of an interview with the craft beer business team of Company J

1. Purpose of the interview

Using the interview method, through interviews with relevant personnel of the company, the development history, business status, organizational structure, and development plan of Company J and its craft beer business segment were investigated and exchanged. Through analysis and research, the opportunities and challenges in the external environment of the company are clarified, and the capabilities and deficiencies in the internal environment of the company are clarified, so as to further promote the selection and formulation of the competitive strategy of Company J.

2. Interview methods and subjects

Through face-to-face communication, interviews were conducted with core personnel and industry experts related to the business of Company J.

3. Interview Question Design

1. What is the company's development history and development plan?
2. What are the company's main sales channels?
3. What is the company's product production and R&D?
4. What are the company's main products and value chains?
5. What are the company's capabilities and advantages?
6. What are the deficiencies of the company?
7. What are the opportunities faced by the company?
8. What are the threats faced by the company?
9. In what aspects should the company make efforts to achieve better development?

Appendix B : Market Research Plan for Flexible Customized Projects of Craft Beer Enterprises

I. Purpose of the survey

Consolidate the customized status and resources of craft beer enterprises, screen various enterprises for in-depth research, and find the actual basis for solving effective product strategies and operation strategies:

1. Gain insight into the market performance of craft beer and provide reference for the refining of product selling points.

2. Insight into the needs and pain points of enterprises, and provide reference for product design and marketing;

3. Insight into the resources and competition status of the research market, and provide reference for the selection of competition strategy;

2. Obtain and summarize the main research information

Industry Overview:

1. The current situation and trend of the product:

2. Research on enterprises, product portfolios and sales models of competitive products and related products in the industry.

In terms of product line:

1. Suitable for the price range of the product;

2. At present, the brand positioning and core selling points and marketing concepts of the main competing products:

3. The target company's cognition of each competing brand and product cognition (selling point, efficacy, etc.):

4. Consumption habits and price sensitivity of the target enterprise.

3. Research Object

category	Interviewees
Target enterprise	Head of business, office director, procurement, etc
Competitors	A shopkeeper, merchant, etc.

4. The research method

1. In-depth interview: Conduct a questionnaire survey on the target enterprise to obtain the relevant needs and suggestions of the target enterprise for flexible customization of craft beer

2. Terminal visit: expert terminal visit, through terminal inspection and interviews with bosses and clerks, to understand the industry and competitive products

5. Research tools

1. Questionnaire survey and related forms

6. Selection and time arrangement of research area

1. Research area: all districts in Qingdao and surrounding cities

2. The research time is 5 days:

time	operation contents
Day 1	Survey questionnaire design, output questionnaire
Day 2-4	Conduct research on the target company
Day 5	Output the survey results, and return visits to some companies, and finally form the final draft of the survey

7. Arrangements for follow-up work of the investigation

After completing the survey, immediately return to the research summary, organize project brainstorming and creative meetings, and plan follow-up work according to the research results and discussion results.

Flexible customization of market survey questionnaires for refined acid beer enterprises

1. What is your gender? [Multiple Choice] ()

A male B female

2. What is your age range? [Multiple Choice] ()

A Under 18 years old B 19~30 C 31~50 D Over 50 years old

3. What is your job title? [Multiple Choice] ()

A Business Leader B Purchasing C Beer Industry Practitioner D Other

4. Do you know anything about craft beer? [Multiple Choice] ()

A knows very well, B understands C, doesn't know D, and it's hard to say

5. What did you learn about craft beer from? [Multiple Choice] ()

A friend introduction B website C magazine book D other ()

6. How often do you or your organization buy craft beer? [Multiple Choice] ()

A never enough to buy B, daily C, weekly D, monthly E, it's hard to say

7. The main uses of buying beer are [multiple choice questions]()

A For corporate use B Gifts C Promotional gifts D Others ()

8. Where do you buy from?[Multiple Choice]()

A E-commerce B Specialty Store C Smoke Hotel D Other()

9. How much is the price of craft beer that you are comfortable with? [Multiple Choice] ()

A 10 yuan or less, B 10~20 C, 20~50 D 50 or more

10. What kind of habits do you have? [Multiple Choice] ()

A: Single-minded one brand, B prefers several brands, C Occasionally changes brands, D, often changes brands, E casually

11. What do you think should be highlighted in the packaging content of wine? [Single Speed Issue] ()

A Modernity B Tradition C Other

12. What do you think craft beer should have? [as many as questions] ()

A Pleasant wine B Good taste C Exquisite packaging D Anti-counterfeiting technology E Others

13. What do you think is the right capacity for a bottle of craft beer? ()

A less than 200 ml, B 200-500 ml, C 500-1000 ml, D more than 1000 ml

14. What is your understanding of "craft beer"? [Multiple Choice] ()

A Cultivating sentiment B Banquet C Simple drink E Other()

15. Which of the following should you pay more attention to when purchasing craft beer[Multiple choice question]()

A Flavor B Packaging C Brand D Other()

16. Other comments and suggestions: