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# The Differences in Cost Leadership Competitive Strategy in Beverage Firms

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**Abstract**
According to a general report, it is known that Vietnam's beer consumption by 2022 will be 3.8 million liters per year. The beverage production industry, including beer, alcohol, and beverages (including soft drinks, mineral water, and non-alcoholic drinks), is a level 3 economic sub-sector in the second-level sub-sector of beverage production, while the first-level industry is the secondary industry. Manufacturing and processing industry. The beverage industry is facing many challenges from the domestic and foreign business environments. Therefore, improving competitive strategy in general and cost leadership competitive strategy in particular is one of the important measures to help beverage firms improve business performance. This study was conducted with the aim of assessing the cost leadership competitive strategy of beverage firms through survey results. The survey subjects are employees of beverage firms in Vietnam. We use both qualitative and quantitative research methods. Quantitative research methods were carried out with SPSS software, including independent T tests and ANOVA. Research results show that there is no difference in assessing the cost leadership competitive strategy in beverage firms between different subjects in terms of gender, family platforms, marital statuses, areas of activity, or ages. Based on this result, the study proposes some recommendations for beverage firms to improve business performance.

**Keywords:** Difference, Cost Leadership Competitive Strategy (CLCS), Beverage Firms, Economics

**JEL Codes:** M10, L66, F65

## 1. Introduction
According to a general report, it is known that Vietnam's beer consumption by 2022 will be 3.8 million liters per year. By the end of 2022, according to Vietnam Industry Research and Consultancy's (VIRAC) forecast, Vietnam's beer industry will have a CAGR of 11% per year in the period of 2023-2026. This growth forecast is concluded to be thanks to the recovery of tourism in the post-Covid economy.

However, according to reports from many sources, the production and consumption situation of the beer industry in general and the business activities of large domestic beer industry enterprises in particular did not meet expectations in the past few months. In addition, Decree No. 100/2019/ND-CP (Government, 2019) [2] sanctioning alcohol drinkers will continue to be a major barrier to the recovery of the beer industry this year. Moreover, the price of raw materials for production is expected to continue to increase sharply, affecting profits. It is expected that some key ingredients in typical beer production, such as filter aid powder, will increase by about 25%, hop flowers by 10%, rice by 4%, and sugar by about 8%. Especially with malt as an input material accounting for a large proportion of production costs, which is expected to increase by about 60% compared to the average purchase price in 2022.

The beverage production industry, including beer, alcohol, and beverages (including soft drinks, mineral water, and non-alcoholic drinks), is a level 3 economic sub-sector in the second-level sub-sector of beverage production, while the first-level industry is the secondary industry. Manufacturing and processing industry. The beverage industry is facing many challenges from the domestic and foreign business environments. Therefore, improving competitive strategy in general and cost leadership competitive strategy in particular is one of the important measures to help beverage firms improve business performance.

## 2. Literature Review
Several experts have adapted Michael Porter's Five Forces Model. This model is modified by Moon *et al.* (1998) [5] to exactly mix multinational and governmental activities. Porter's original model, in the opinion of Tambo and Ostergaard (2015) [8] has only a limited numbers of applicability in developing nations. He focused on a variety of physical variables as well as several

human factor groupings when describing how a nation may be competitive.

As the Porter (1990) [6] model shows, the traditional model, made by Adam Smith and David Ricardo and called classical economics, does not miss many flaws.

Competitive strategy analysis is extremely important to the company's operations. The analysis of competitive advantages enables the business to choose the direction of its future endeavors, pinpoint the most crucial partners, establish a more competitive position, and boost the profitability and effectiveness of its operations (Ryabova, 2016) [7].

In order to gain a competitive edge, Boafo *et al*. (2018) [1] leveraged the Porter competition threat model's two primary sources of bargaining power and comparative efficiency. Five factors-search costs, distinctive product features, switching costs, internal efficiency, and interorganizational efficiency-determine these two key sources of information. A competitive strategy is a long-term plan for an enterprise to create a competitive advantage over competitors in the market, thereby achieving the set business goals. A competitive strategy involves making decisions regarding product strategy, pricing, distribution, advertising, and customer outreach to maintain market share, increase sales, and grow profits.

The construction of a competitive strategy should be based on integrity, in accordance with market developments, customer needs, and the competitive strength of enterprises. And for a competitive strategy to be successful, firms will have to regularly update and evaluate their strategy on a continuous basis to ensure it is always in line with the market.

## 3. Methodology

### 3.1 Research Sample

Selective sampling involves participants in interviews and surveys. The selection was based on the number of observation variables in which participants were involved in their daily work in beverage firms. Therefore, in our sample, 100% of participants are employees of beverage firms. The fact that employees' knowledge and skills ensured the survey results were more reliable (see Table 1).

We conducted a questionnaire survey of five observation variables on a 5-point Likert scale. Dependent variables are measured from 1 ("without agreeing") to 5 ("strongly agreeing").

**Table 1:** Respondents by genders, family platforms and ages

| | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| **Gender** | | | |
| Female | 129 | 66.2 | 66.2 |
| Male | 66 | 33.8 | 100.0 |
| **Family platforms** | | | |
| The respondents have family members who work beverage firms | 117 | 60.0 | 60.0 |
| The respondents do not have family members who work beverage firms | 78 | 40.0 | 100.0 |
| **Ages** | | | |
| From 22 years old to 30 years old | 45 | 23.1 | 23.1 |
| From 31 years old to 35 years old | 47 | 24.1 | 47.2 |
| From 36 years old to 40 years old | 57 | 29.2 | 76.4 |
| 41 years old or older | 46 | 23.6 | 100.0 |
| **Total** | **195** | **100.0** | |

Information on the data collected is shown in Table 1. It shows that among the 195 respondents, 129 of them (or 66.2%) were male, and 33.8% of the participants were female. Among the respondents, 60.0% of the participants have family members who work beverage firms, and the respondents who do not have family members who work beverage firms accounted for 40.0%. Of these, 45 participants were from 22 years old to 30 years old, accounting for 23.1%; 47 participants were from 31 years old to 35 years old, accounting for 24.1%; 5 participants were from 36 years old to 40 years old, accounting for 29.2%; and the remaining respondents were 41 years old or older, accounting for 23.6%.

### 3.2 Qualitative Research Methods

We looked at previous studies and conducted interviews to identify the differences in the cost leadership competitive strategy of beverage firms. Then we adjusted observation variables to the questions, applying them to the context of beverage firms in Vietnam.

### 3.3 Quantitative Research Methods

We used SPSS software, including an independent T test and ANOVA analysis, to investigate the differences in cost leadership competitive strategy in beverage firms.

## 4. Results

### 4.1 Independent T-Test: Different Genders

A comparison of the results of the evaluation of the differences in the cost leadership competitive strategy in beverage firms with participants of different genders (male and female) can be seen in Table 2. According to the results shown in Table 2, sig Levene's test is 0.778, which is more than 0.05. The variance between males and females is not different. Moreover, the sig value t-test is 0.734, which is more than 0.05, which means that there is no statistically significant difference in the cost leadership competitive strategy in beverage firms between these different genders (Hoang & Chu, 2008; Hair *et al*., 2014) [4, 3].

**Table 2:** Differences in the differences in the cost leadership competitive strategy in beverage firms with participants of different genders-Independent Test

| | | Levene's Test for Equality of Variances | | T-test for Equality of Means | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | F | Sig. | t | Df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| CLCS | Equal variances assumed | 0.080 | 0.778 | -0.340 | 193 | 0.734 | -0.03911 | 0.11502 | -0.26596 | 0.18774 |
| | Equal variances not assumed | | | -0.343 | 133.833 | 0.732 | -0.03911 | 0.11415 | -0.26488 | 0.18666 |

### 4.2 Independent T-Test: Family Platforms

A comparison of the results of the evaluation of the differences in the cost leadership competitive strategy in beverage firms with participants in different family platforms (the respondents have family members who work for beverage firms and the respondents do not have family members who work for beverage firms) can be seen in Table 3. According to the results shown in Table 3, sig Levene's test is 0.253, which is more than 0.05. The variance between the respondents who have family members who work for beverage firms and the respondents who do not have family members who work for beverage firms is not different. Moreover, the sig value t-test is 0.225, which is more than 0.05, which means that there is no statistically significant difference in the level of the differences in the cost leadership competitive strategy in beverage firms for these different family platforms (Hoang & Chu, 2008; Hair *et al*., 2014) [4, 3].

**Table 3:** Differences in the cost leadership competitive strategy in beverage firms with participants in different family platforms-Independent Test

| | | Levene's Test for Equality of Variances | | T-Test for Equality of Means | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| CLCS | Equal variances assumed | 1.315 | 0.253 | 1.216 | 193 | 0.225 | 0.13462 | 0.11070 | -0.08373 | 0.35296 |
| | Equal variances not assumed | | | 1.257 | 182.216 | 0.210 | 0.13462 | 0.10709 | -0.07668 | 0.34591 |

### 4.3 Independent T-Test: Marital Statuses

A comparison of the results of the evaluation of the differences in cost leadership competitive strategy in beverage firms with participants of different marital statuses (not married and married) can be seen in Table 4. According to the results shown in Table 4, sig Levene's test is 0.798, which is more than 0.05. The variance between the respondents who were not married and those who were married is not different. Moreover, the sig value of the t-test is 0.176, which is more than 0.05, which means that there is a statistically significant difference in cost leadership competitive strategy in beverage firms between these different marital statuses (Hoang & Chu, 2008; Hair *et al*., 2014) [4, 3].

**Table 4:** Differences in the cost leadership competitive strategy in beverage firms with participants from different marital statuses-Independent Test

| | | Levene's Test for Equality of Variances | | T-Test for Equality of Means | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | F | Sig. | T | Df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| CLCS | Equal variances assumed | 0.066 | 0.798 | -1.359 | 193 | 0.176 | -0.15557 | 0.11451 | -0.38141 | 0.07027 |
| | Equal variances not assumed | | | -1.392 | 140.198 | 0.166 | -0.15557 | 0.11173 | -0.37646 | 0.06532 |

### 4.4 Independent T-Test: Areas of Activity

A comparison of the results of the evaluation of the differences in cost leadership competitive strategy in beverage firms with participants from different areas of activity (city and countryside) can be seen in Table 5. According to the results shown in Table 5, sig Levene's test is 0.568, which is more than 0.05. The variance between the respondents in the city and the countryside is not different. Moreover, the sig value of the t-test is 0.528, which is more than 0.05, which means that there is not a statistically significant difference in cost leadership competitive strategy in beverage firms in Hanoi between these different areas of activity (Hoang & Chu, 2008; Hair *et al*., 2014) [4, 3].

**Table 5:** Differences in cost leadership competitive strategy in beverage firms with participants from different areas of activity - Independent Test

| | | Levene's Test for Equality of Variances | | T-test for Equality of Means | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | F | Sig. | T | Df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| CLCS | Equal variances assumed | 0.327 | 0.568 | -0.632 | 193 | 0.528 | -0.06905 | 0.10929 | -0.28460 | 0.14650 |
| | Equal variances not assumed | | | -0.635 | 189.253 | 0.526 | -0.06905 | 0.10869 | -0.28345 | 0.14535 |

### 4.5 ANOVA

An ANOVA test was needed to make a comparison of the results of the evaluation of the differences in cost leadership competitive strategy in beverage firms between the four subjects, including participants who are from 22 to 30 years old, participants who are from 31 to 35 years old, participants who are from 36 to 40 years old, and participants who are 41 years or older. Table 6 shows that the sig. is 0.045, which is less than 0.05, which indicates that there is a statistically significant difference in the cost leadership competitive strategy in beverage firms in Hanoi between the mentioned four age groups. Therefore, we use the Welch test results in Table 7. Sig test Welch is equal to 0.246, which is more than 0.05; that is, there is no difference in mean CLCS between different age groups. Thus, there is no difference in cost leadership competitive strategy in beverage firms among employees of different ages (Hoang & Chu, 2008; Hair *et al*., 2014) [4, 3].

**Table 6:** Test of Homogeneity of Variances

| Descriptions | Levene Statistic | df1 | df2 | Sig. |
|---|---|---|---|---|
| CLCS | | | | |
| Based on Mean | 2.733 | 3 | 191 | 0.045 |
| Based on Median | 1.545 | 3 | 191 | 0.204 |
| Based on Median and with adjusted df | 1.545 | 3 | 178.403 | 0.205 |
| Based on trimmed mean | 2.555 | 3 | 191 | 0.057 |

**Table 7:** Robust Tests of Equality of Means

| CLCS | Statistic[a] | df1 | df2 | Sig. |
|---|---|---|---|---|
| Welch | 1.327 | 3 | 101.986 | 0.270 |

a. Asymptotically F distributed.

### 4.6 The Relationship between Cost Leadership Competitive Strategy in Beverage Firms

Next, the line graph shows the relationship between the cost leadership competitive strategy in beverage firms and each respondent's age (Fig 1). Fig 1 shows that this line tends to go down when the respondents' age increases to 31 to 35 years old and 41 years old or older. But this line tends to slope up when the respondents' age is between 36 and 40 years. Showing that the cost leadership competitive strategy in beverage firms is highly valued in 22- to 30-year-olds and 36- to 40-year-olds.

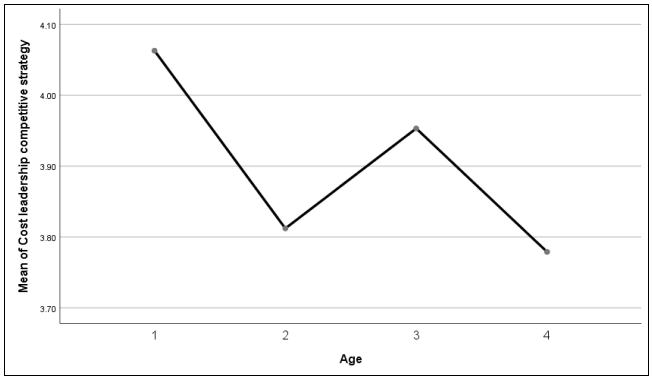


**Fig 1:** The line graph shows the relationship between the cost leadership competitive strategy in beverage firms and each respondent's age

### 5. Discussion and Implications

The beer industry will continue to recover thanks to the opening and encouraging activities for tourism in the state. This will be an open opportunity to promote consumption in the beer industry in particular and the beverage industry in general. In particular, earlier this year, the industry also set expectations that when China reopens, it will help tourism grow strongly in 2023, which can partially offset the decline in domestic consumption, boosting tourism. Beer industry growth prospects. As expected, according to the National Administration of Tourism, tourism grew strongly thanks to the main driving force coming from the Chinese market. After the country reopened group tours to Vietnam on March 15, 2023, the source of Chinese tourists reached 112,000 arrivals in April, an increase of more than 60% compared to the previous month, recording an increase in the number of tourists. The best growth in the guest markets. Therefore, it is not impossible that the beer industry has every right to hope for a strong recovery thanks to the positive tourism situation in Vietnam.

In the face of inflation pressure and spending cuts this year, if there is demand, customers will tend to consume cheaper beer, which could be an opportunity for domestic enterprises like Habeco and Sabeco.

There are many famous wine brands in the world, such as Bordeaux wine of France, Soju wine of Korea, Sake wine of Japan, Mao Dai wine of China, etc. Vietnam also has famous brands of rice wine, can wine of ethnic.

The Law on Prevention and Control of Alcohol Harm was passed by the National Assembly on June 14, 2019, and Decree No. 24/2020/ND-CP of the Government detailed a number of articles of the Law on Prevention and Control of Harmful Effects of Alcohol and Beer and officially allowed the business of alcoholic beverages in the form of e-commerce. This opens up new business opportunities and poses challenges for businesses in the industry. Because they will have to comply with the legal regulations on alcohol business and e-commerce at the same time.

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