

Strategy Memo for Qingdao Beer International Festival

The main content of this case analysis focuses on various stakeholders of the Qingdao International Beer Festival and how they are grouped. By doing a SWOT analysis of the Qingdao International Beer Festival, we provide reasonable and effective suggestions for Lobster Land to organize a regular and annual carnival.

Major Stakeholders in Qingdao International Beer Festival

The major stakeholders in the Qingdao Festival are the **organizers (governments)** and **beer brands**.

With the festival's development over many years, the Qingdao government and other local authorities not only put vast amounts of money into running this festival but also gained more direct and broad economic benefits from different fields, such as trade, tourism, and culture, in return. By organizing beer festivals, adding carnivals and various performances, the organizers of the Qingdao Beer Festival have succeeded in attracting vendors, suppliers, and investors to the festival, which has not only increased the visibility of Qingdao and even China worldwide, but also strongly stimulated the development of Qingdao's tourism industry and generated significant economic benefits from it.

When it comes to the second stakeholder, which is beer brands, Qingdao International Beer Festival offers them a stage to display their products. The suppliers of the festival include but not limited to Tsingtao beer, and other domestic and international beer brands, they also expanded their brand awareness and gained a certain market share through this opportunity. Tsingtao Beer, with a strong international reputation and great historical significance, has further strengthened its position in the beer market. For other domestic beer brands, it is also a chance to introduce their products to consumers to expand the market. Some foreign beer brands also earned a profit from the festival. They not only have excellent brewing technology and superior cold chain transportation technology but also enjoy the benefits associated with China's exemption from beer tariffs, making them become strong and powerful competitors to Chinese beer brands in the beer festival market. Besides, the beer festival also builds a bridge between different beer brands or business parties, promoting broader business cooperation.

The way that stakeholders be organized

The relationship between the Qingdao Beer Festival's organizers and the various beer brands is mutually reinforcing. The Qingdao municipal government and other institutions and authorities invest money to host the beer festival, bringing several beer brands from around the world together, and providing a platform for various beer brands to show their products to consumers and the market with the way of free drinking. Conversely, Tsingtao Beer, as well as some other well-known beer brands, attracts many domestic and foreign visitors, even business parties to Qingdao through its own brand influence and cultural value. The participation of these visitors has led to the expansion of the Qingdao Beer Festival and stimulated its range. After adding the entertainment features such as carnival and performance shows after the 14th session, a large amount of financial revenue has been brought to the organizers from various areas, including trade, tourism, and business, triggering mass consumption, which has greatly contributed to the economic development of the city.

SWOT Analysis for Qingdao Beer Festival

Strength:

Unlike other cities which lack distinct characteristics or the unique resources useful for a festival, Qingdao beer festival has Tsingtao Beer, which has historical significance and cultural influence in Chinese and world beer markets. With history development, Tsingtao Beer has penetrated Qingdao citizen's daily life, influenced their daily behaviors, and developed some unique beer culture, like using a table, tooth, and key rather than a bottle opener to open a beer or carrying beer with a plastic bag. Therefore, Tsingtao Beer is not only a beer brand but also a business card of Qingdao and China. It is a bridge built on a strong foundation and connects the Qingdao beer festival and Qingdao's city culture successfully and closely.

Weakness:

As one of four famous beer festivals in the world, and the largest beer festival in China, Qingdao beer festival distinguishes itself from other local festivals based on its cultural uniqueness. However, during the process that appeals to more visitors and expands the scales of the festival, the organizer introduces some cultural elements from other cities or countries, like using US jazz bands or Brazilian samba dancers to perform during the festival, which leads to the Qingdao beer festival gradually lose its culture distinctive and characteristics. A large part of the success of the Qingdao Beer Festival should be owed to its cultural uniqueness. If this is ever lost, chances are high that it will be difficult to face the challenge of fierce competition from various beer festivals.

Opportunity:

Compared to other beer categories, beer has a wider audience and is more popular. As the main brand of the Qingdao International Beer Festival, Tsingtao Beer has a unique position in both the domestic and international markets. Technically, it has inherited pure and traditional German beer brewing technology. From a cultural perspective, Tsingtao beer has become an inseparable part of the lifestyle among Qingdao citizens. China is a big producer and consumer of beer, so the Chinese market has unlimited potential. The Chinese market, a big cake in the beer market, undoubtedly receives the favor of beer brands from all over the country and the world. With a certain geographical advantage, organizers of the Qingdao Beer festival can seize the opportunity to promote local beer brands and spread cultural values so that they can gain a big share of the market.

The Qingdao Beer Festival is known for being friendly to beer brands and welcoming both domestic and international producers to participate. This attracts many beer brands and provides them with a good opportunity to promote their products. The presence of many beer manufacturers at the festival is likely to generate revenue and increase their visibility in the international beer market, making the festival a strong competitor to other internationally renowned beer festivals, such as the Munich International Beer Festival.

Threats:

Although the Qingdao International Beer Festival has already been held successfully, it must be careful to avoid potential threats because opportunities are always full of risks. The Qingdao Beer Festival welcomes many foreign beer producers, especially some well-known beer brands, to participate, which has certainly brought great benefits to the festival. However, this friendly behavior has also negatively impacted the market share of local beer brands.

In terms of policy, the Chinese government levied no tariffs on foreign beer imports, resulting in a low cost of entry for foreign beer into the Chinese market. Many beer manufacturers can adopt customer-friendly marketing methods such as discount sales to appeal to more consumers. By utilizing such effective marketing ways, they can increase their beer sales and market share. On the contrary, local Chinese beer brands, such as the leading brand Tsingtao Beer have never had any preferential discounts during the festival, resulting in price competition far below foreign brands and a gradually shrinking market share. In addition, a well-known American beer brand like Budweiser can achieve the same sales of Tsingtao beer during the Qingdao Beer Festival through convenient and efficient air transportation and a mature cold chain transportation line. This can also deliver a shock to Chinese beer brands.

Recommendation for Lobster Land

The Lobster Land can learn two main points from the success of the Qingdao Beer Festival.

The first is to build a close relationship with local culture, just like the close bond between Qingdao Beer Festival and Tsingtao Beer. There are many carnivals in the United States for customers to participate in. If Lobster Land wants to stand out from the crowd of them, it needs to have a distinctive character. Culture is always unique, and each region's culture is different. Therefore, one of the secrets to success is Lobster Land must combine its unique local culture with the carnival. Obviously, when you think of Lobster Land, the first thing that comes to your mind must be lobster. As a specialty of Maine, lobster has long been as inseparable from Maine life as Tsingtao beer is from the residents of Qingdao. Based on this culture's uniqueness, we can add many elements related to lobster in the carnival. For example, we can have a Lobster Exhibition to show the growth of Lobster and Lobster in Maine's history, like how lobster was first discovered and became a common ingredient on Maine dining tables. In addition, we can offer free lobster tasting service to grasp customers, especially some innovative products such as lobster flavor ice cream, lobster pasta, lobster pizza, etc. Visitors can enjoy the unique Maine lobster cooking style that is different from any other place in the U.S. and worldwide. The same marketing campaigns can also be applied to blueberry, maple syrup, and other special local products, like introducing the blueberry muffin/ice cream/pie/beer to the festival, which is also helpful to promote Maine culture. Besides meeting people's interests in food and flavor, Lobster Land can also consider consumers' interest in leisure fun. Take family fun as an example, by setting up lobster fishing activities, we can encourage parents and children to participate together and increase parent-child interaction and intimacy, in which way that we can add more entertainment for the carnival.

Referring to the successful cooperation of Qingdao Beer Festival organizers and the Qingdao government, the second success point we recommend to Lobster Land is to collaborate with the Maine government to gain financial support. There is no doubt that a regular and annual carnival necessarily requires significant financial support. However, none of the companies can afford to hold large-scale events as sole holders for consecutive years. So, currently, government support is particularly indispensable. A government or many official institutions with sufficient financial ability and reputation can grasp this wide-ranging carnival. Firstly, the government has broader and stable financial revenue streams from all aspects, so its capital is far more abundant than individual companies, making it owe the capability to offer enough financial security to deal with various possible risks and challenges in the future. Secondly, the government has a high reputation and a wide range of contacts and resources. As the main organizer, the government can attract more vendors, manufacturers, and business groups to expand the scale and influence of the carnival. It looks like the government needs to invest a lot of money and resources to hold such a big carnival, but it can also gain more economic benefits, which is a win-win with Lobster Land.