Competitiveness of beverage firms listed on the Vietnam stock market

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Abstract: In a market economy, competition is a common phenomenon and has important implications for economic development in countries. The main purpose of this study is to empirically examine the competitiveness index of beverage firms listed on the Vietnamese stock market. The authors collected secondary data from previous studies on beverage firms listed on the Vietnamese stock market in the period 2018–2022. For this purpose, in this study, we use the market share (MS) variable to measure the competitiveness index of beverage firms. We have performed a number of analyses, such as descriptive statistics and comparisons, with the support of Stata software to evaluate and measure the competitiveness index of beverage firms listed on the stock market in Vietnam. The results show that there is a large difference in the competitiveness indicators of beverage firms listed on the Vietnamese stock market. The difference in competitiveness index between beverage firms listed on HNX and HSX is statistically significant.
Keywords: competitiveness, beverage firms, business administration, accountant, finance

INTRODUCTION

According to Trung Viet (2023), Vietnam is a very competitive market, with almost all of the biggest international names such as Anheuser-Busch InBev, Carlsberg, and Asahi, as well as locally sourced businesses such as Sabeco. Habeco continuously launches new products. According to market research firm Euromonitor, in 2019, Heineken held nearly 40% of the market share and Sabeco approximately 34%. Beer companies such as Habeco, Carslberg, AB-InBev, etc. own the remaining 26% of the market share. However, in the two years 2020–2021, Heineken has surpassed Sabeco to become the beer brand holding the number one market share in Vietnam with 44.4%. According to MBS's report, four major companies, Heineken, Sabeco, Carlsberg, and Habeco, will account for 94.4% of the market share of Vietnam's beer industry in 2021, of which Heineken and Sabeco alone have a total market share of 78.3%, reversing the remaining two companies.

In recent years, firm competitiveness has always been a top concern for domestic and foreign research. Because competitiveness is one of the metrics for comparison between firms in the same industry, it is closely linked to competitive advantage, or the basic factor determining the success of a firm (Bredrup, 1995).

Competitiveness is the ability to create, maintain, use, and create new competitive advantages for an enterprise to create products with higher productivity and quality than competitors and gain a larger market share, as well as create high income for employees and

sustainable development for the organization (Porter, 1990). In the context of international economic integration, the impact of the COVID-19 epidemic and legal documents on business—drinking beer and wine—has decreased. With the strict implementation of Decree 100 by the government, the total demand for beer consumption has decreased. This also requires firms themselves to constantly innovate, perfect, and develop, including solutions to improve competitiveness.

THEORETICAL BACKGROUND AND LITERATURE REVIEW

In addition to profit goals, competitiveness is also the ability to achieve sustainable development goals expressed through products provided to the market, production costs, and added value (Porter, 2009a).

The competitiveness of enterprises is mentioned in this study according to the opinion of Vu (2006). Competitiveness is the ability of enterprises to find and develop market share to gain more profits or Competitiveness is understood as the ability of a firm to provide more products and earn higher profits than other firms.

According to Porter (1998), enterprise competitiveness is the synthesis of the ability to hold and dominate the market of entities participating in production and business activities to achieve optimal efficiency in a specific business environment. The competitiveness of a beverage firm is the synthesis of all the enterprise's abilities to meet customer needs in

providing products. Beverage firms that want to enhance their competitiveness in addition to providing high-quality, diverse, and rich services also need to pay attention to convenience and uniqueness compared to other products. similar services on the market. From there, creating a competitive advantage, increasing the annual profits of banks, creating prestige, brand, and high position in the market, and being able to withstand and overcome adverse fluctuations of the business environment.

Currently, there are many different views on measuring and determining criteria for measuring the competitiveness of enterprises, such as Porter (1990) using the ability to maintain competitive advantages of enterprises (costs low and product differentiation); Wangwe (1995) used technical efficiency and productivity indicators; Cockburn *et al.* (2000) uses financial efficiency (profit); and Salinger (2001) uses labor productivity and human capital capacity. Pham (2017) pointed out that market share is an indicator to measure the competitiveness of enterprises. An enterprise has greater competitiveness than another enterprise when that enterprise has a larger market share. Market share indicators are often measured by comparing a firm's revenue with the total revenue of firms in the same industry in the market in a certain period. The calculation formula is as follows:

$$\text{Market share (MS)} = \frac{R_i}{R}$$

MS: Market share
R_i: Revenue of the i enterprise,
R: Total revenue of firms in the same industry in the market and listed on the Vietnam stock market.

METHODOLOGY

This study uses both qualitative research methods and quantitative research methods.

Qualitative research method: We use techniques of synthesis, analysis, comparison, and contrast to evaluate the competitiveness index of beverage firms listed on the Vietnam stock market. In addition to collecting previous research works, we interviewed five experts who are leading lecturers in business administration: directors of beverage enterprises. Qualitative research methods guide and refine the research results of previous studies. From there, this research inherits and applies. Regarding how to measure the competitiveness of enterprises, all 5/5 experts (100%)

agree with the measurement method proposed by us. Thus, the way to measure enterprise competitiveness remains unchanged, according to our proposal.

The quantitative research method is based on panel data, which has been compiled for 5 years, from 2018 to 2022. Based on reputable websites such as http://cafef.vn, https://financevietstock.vn, etc. and a global data service company, we collect data on competitiveness indicators of beverage firms, which are firms that produce and trade alcohol and beer. Enterprises that do not produce alcohol or beer are not included in the research sample.

The research sample is 7 beverage businesses listed on the Vietnamese stock market, including Hanoi Stock Exchange (HNX) and Ho Chi Minh Stock Exchange (HSX) (cophieu68.vn), with 1 competitiveness target in 5 years. We collected 35 observations. We then evaluated and analyzed with the support of Stata 13 software.

RESEARCH RESULTS

Table 1 shows the market share index when considering each beverage firm separately in each year. Besides firms with a good market share index, there are still firms with a limited market share index (see table 1).

Table 1: Market share index of beverage firms listed on the Vietnam stock market in the period 2012–2022

Stock code	Year	MS	Stock code	Year	MS
BHN	2018	19.34%	SCD	2018	0.62%
BHN	2019	18.71%	SCD	2019	0.55%
BHN	2020	19.55%	SCD	2020	0.46%
BHN	2021	19.65%	SCD	2021	0.39%
BHN	2022	18.14%	SCD	2022	0.38%
HAD	2018	0.34%	THB	2018	1.29%
HAD	2019	0.32%	THB	2019	2.34%
HAD	2020	0.40%	THB	2020	3.69%
HAD	2021	0.36%	THB	2021	3.65%
HAD	2022	0.33%	THB	2022	3.47%
HAT	2018	1.50%	VDL	2018	0.98%
HAT	2019	1.62%	VDL	2019	0.62%
HAT	2020	1.97%	VDL	2020	0.77%
HAT	2021	1.25%	VDL	2021	0.68%
HAT	2022	2.30%	VDL	2022	0.40%
SAB	2018	75.93%			
SAB	2019	75.85%			
SAB	2020	73.18%			
SAB	2021	74.03%			
SAB	2022	74.98%			

Source: http://cafef.vn and compiled by the authors

Table 2: Average MS ratio over the years of beverage companies listed on the Vietnam stock market

Description	2018	2019	2020	2021	2022	Average 2018-2022
MS%	14.29	14.29	14.29	14.29	14.29	14.29

Source: http://cafef.vn and compiled by the authors

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Table 3: Average MS index for the period 2018–2022 of each beverage company listed on the Vietnam stock market

STT	MS<0%		0%< MS <15%		15%< MS <30%		BEP>30%	
	Mã CK	MS	Mã CK	MS	Mã CK	MS	Mã CK	MS
1			HAD	0.35%	BHN	19.8%	SAB	74.8%
2			SCD	0.48%				
3			VDL	0.69%				
4			HAT	1.73%				
5			THB	2.89%				

Source: http://cafef.vn and compiled by the authors

Table 3 shows that a firm with stock code SAB holds the largest market share among the 7 beverage companies listed on the Vietnam stock market with 74.8%. Next is the enterprise with stock code BHN with 19.8%; the remaining 5 enterprises have market shares ranging from 0.35% to 2.89%.

Next, Table 4 shows: The market share index (MS) is described by 35 observations (obs); basic indicators such as average value (mean), maximum value (max), minimum value (min), and standard deviation (sd) of each index have been determined, and the basic indicators This version accurately reflects the market share index of beverage firms listed on the Vietnam stock market.

Descriptive Statistics

Table 4: General descriptive statistics and detail descriptive statistics

General descriptive statistics					
Variable	**Obs**	**Mean**	**Std. Dev.**	**Min**	**Max**
Market share (MS)	35	.1428571	.2585096	.0032292	.7593409

Detail descriptive statistics	
Stats	**Basic Earning Power (BEP)**
N	35
Sum	5
Range	.7561117
Variance	.0668272
Cv	1.809567
Skewness	1.818185
Kurtosis	4.603983
p50	.0150437

Sources: Authors synthesized and Stata Sofware 13

Next, compare the MS indexes listed on the HNX and HSX stock markets.

Listing exchange (YO): The dummy variable is 1 if the enterprise is listed on HSX and otherwise is zero (0).

Table 5 shows that there are 3 firms listed on HSX and 4 firms listed on HNX.

Firms listed on the HSX have a higher market share (MS) than firms listed on the HNX. The difference in market share (MS) between firms listed on the HSX and firms listed on the HNX is statistically significant (p-value = 0.0002 < 0.05, difference value = 0.3003858).

Table 5: Comparison Market share (MS) between beverage listed on HSX and beverage listed on HNX

Ttest MS, by (YO)

Two-sample t test with equal variances

Group	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf.	Intervall]
0	20	.0141204	.0025594	.0114462	.0087634	.0194773
1	15	.3145062	.0844089	.3269143	.1334671	.4955453
Combined	35	.1428571	.0436961	.2585096	.054056	.2316583
Diff		-.3003858	.0727906		-.4484794	-.1522922

diff = mean (0) – mean (1)		t = -4.1267
Ho: diff = 0		degrees of freedom = 33
Ha: diff < 0	Ha: diff ! = 0	Ha: diff > 0
Pr (T < t) = 0.0001	Pr (|T| > |t|) = 0.0002	Pr (T > t) = 0.9999

Sources: Authors synthesized and Stata Sofware 13

DISCUSSION AND IMPLICATIONS

Operational competitiveness, including indicators such as productivity, financial market share, differentiation, profitability, price, cost, product diversity, efficiency, value creation, and responsiveness, requires customers to develop new products. Competitiveness and measurement of a business's competitiveness are associated with three groups of factors: operational capabilities, assets' ability to generate output, and management processes.

Vietnam is one of the largest beer markets in the region and the world. According to the Vietnam Beer, Alcohol, and Beverage Association (VBA), each year the market consumes more than four billion liters of beer. Total beer market revenue in 2019 was 7.7 billion USD, estimated to reach 8.2 billion USD in 2020, with annual growth of 5.5% in the period 2019–2023 (Trung Viet, 2023).

Due to the impact of the COVID-19 epidemic, beer industry production in 2020 decreased by 14% compared to 2019. In 2021, output continued to decrease by 7.8% compared to 2020. Total beer consumption decreased by more than 20% compared to 2020 in 2019, equivalent to a reduction of more than 1 billion liters of beer. Meanwhile, according to Bloomberg, beer consumption in Vietnam in 2020 is estimated to decrease by 25% (Trung Viet, 2023).

In the context of the overall decline in beer consumption demand, Saigon Beer, Alcohol, and Beverage Joint Stock Corporation (Sabeco) has decided to prioritize market share over growth while also gaining market share from competitors. This will be the basis for the company to continue growing in 2024, when the economy enters a period of large-scale recovery. In particular, in the second quarter of 2023 alone, Sabeco's advertising and promotion costs increased by 5.6% over the same period and accounted for 9% of total revenue (the same period accounted for 7.8% of total revenue in the second quarter of 2022). This is an effort to protect market share as well as gain market share from competitors (Vu, 2023).

According to Vu (2023), thanks to efforts to gain market share in the context of weak overall demand, Sabeco has had superior consumption results compared to competitors. In particular, according to SSI Securities, in the first half of 2023, Sabeco's consumption output only decreased by 11% over the same period, while that of its competitors decreased by up to 25%. Sabeco's Board of Directors added that, thanks to the early implementation of advertising and promotion strategies, the company has begun to regain market share after the Tet holiday and is expected to continue to gain more market share in the late 2023 period.

Faced with the situation of businesses applying the achievements of the 4.0 revolution and the entire society undergoing digital transformation, beverage firms should quickly innovate technology and digitally transform. First of all, beverage firms should choose technology suitable for production conditions, product characteristics, and the skill levels of employees in the firm to optimize the combination of resources to achieve high efficiency. This is an important measure for beverage firms to gain a competitive advantage over imported goods right in the domestic market, creating conditions for the export of goods—a key step in the integration roadmap. In recent times, the beer, alcohol, and beverage associations have encouraged beverage firms to boldly invest, research, and innovate technology. Therefore, technological innovation is the shortest path to breakthrough and improve competitiveness. In addition, technology is one of the most important resources for firms. In a narrow sense, technology is defined as the ability to transform inputs into outputs for a firm (Coelli *et al.*, 1998). Enterprises with high technology levels are enterprises with a high level of knowledge integrated into their products, and this index is often measured through the average research and development (R&D) spending per year revenue of that enterprise. In a broader perspective, technology is anything that helps us produce things faster, better, or cheaper, or that is, unique ways of combining and applying innovative resources (product development capabilities), human resources, capital, brand, or experience.

Beverage firms should regularly research the market, analyze competitors, and learn about potential customers. Market research to obtain necessary information about supply, demand, prices, and competitors. Market research also helps firms organize their product production and consumption systems well and select and segment the market appropriately. Beverage firms should proactively learn about customers, markets, technology, etc. to offer suitable products.

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