

Carlsberg Entering China

An Entry Market Analysis



Quick intro to Carlsberg

- Danish Brewery, 3rd largest in the world by market share (6.5%)
- Today, large part of revenue comes from China
- In 2000, Carlsberg was 'new' to the Chinese market and struggled a lot

Why even enter China in the first place?

PESTEL - Political:

Pragmatic nationalism
view on FDIs



In 1980s China opened for FDIs

PESTEL - Economical:

High GDP growth rates



Most years GDP growth of 7-10%
from 1960-1980

PESTEL - Social:

Trends: growth in beer
consumption, and
improvement in HDI



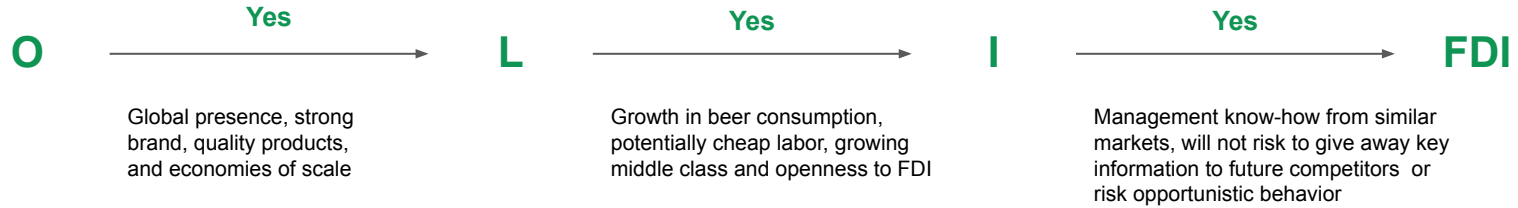
Exponential growth in the
Chinese beer consumption year
after year, HDI improvement

Success in similar markets:



Carlsberg had success in
Malaysia, Singapore, Thailand,
Nepal, Hong Kong and Japan

OLI framework - FDI or not?



Entry mode and scale



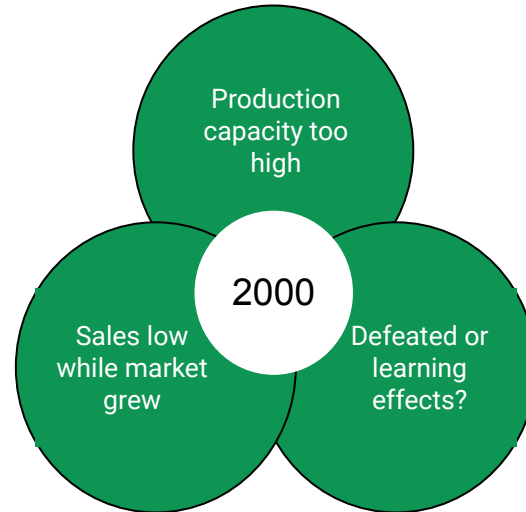
FDI: Subsidiary in 1980s



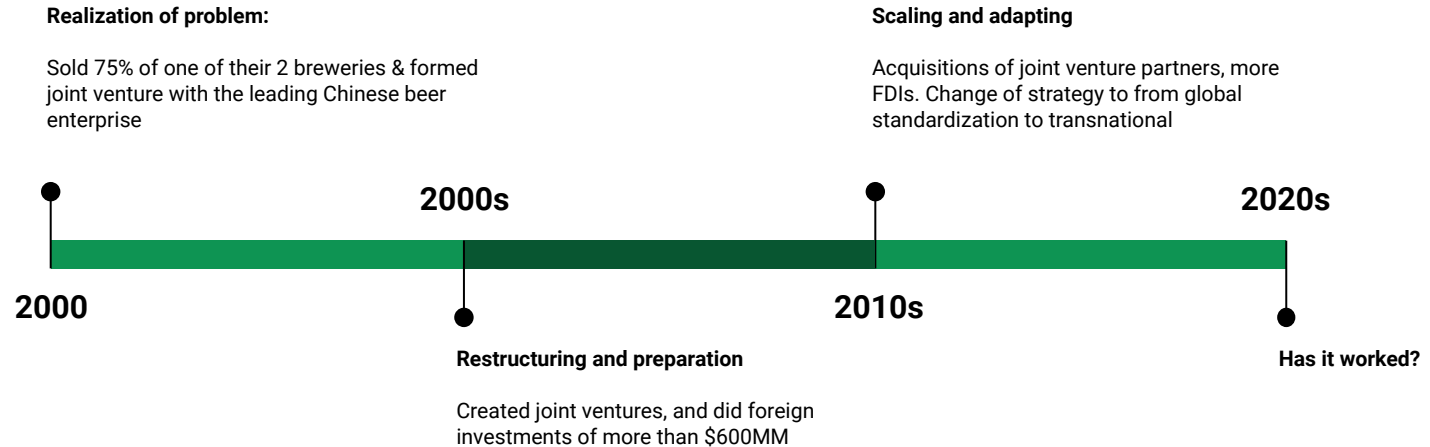
FDI: Acquired brewery in 1990s



Defeated by liability of foreignness or learnings?



Joint ventures, acquisitions & local responsiveness



Successful international business in China

29%	of Carlsberg's revenue comes from Asia in 2021	with China being the biggest contributor both on revenue, profits & sales volume
15%	growth in sales in China in 2021	while the market only grew by 5%
\$	Carlsberg managed to do a turnaround in China	because of learning effects, joint ventures and change of strategy

Sources: Carlsberg's Annual Report, 2021

References

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