

# **Research on the International Competitiveness of the Liquor Industry Cluster in the Chengdu-Chongqing Region Based on the Diamond Model**

**Yuyan Zhou\***

*Chengdu Jincheng College, Chengdu, China*

*\*Corresponding Author*

**Abstract:** This paper uses the diamond model to deeply analyze the international competitiveness of the liquor industry cluster in the Chengdu-Chongqing region. As an important baijiu production base in China, the Chengdu-Chongqing region has unique natural resources for the brewing industry, with its subtropical humid climate, fertile and diverse soil, and high-quality and abundant water resources. The coordinated development of related and supporting industries has constructed a complete industrial chain for the liquor industry cluster. Liquor enterprises actively implement brand strategies, forming a distinctive competitive pattern in the high-end, mid-range, and low-end markets. The development of the global economy, consumption upgrading, and the international dissemination of Chinese culture have brought broad market opportunities. The high attention and strategy support from the state and local governments have injected strong impetus into the development of the liquor industry cluster. However, currently, the international market's awareness and acceptance of Chinese baijiu still need to be improved, and small and medium-sized liquor enterprises still have deficiencies in brand and technological innovation. Based on this, this paper proposes a series of targeted countermeasures to promote the greater development of the liquor industry cluster in the Chengdu-Chongqing region in the international market, providing a useful reference for the development of the regional liquor industry cluster.

**Keywords:** Diamond Model; Chengdu-Chongqing Region; International Competitiveness; Chinese Baijiu; Industrial Cluster

## **1. Introduction**

Since the 1970s, the theory of industrial clusters has been widely applied in the development of regional economies. Enterprises within a cluster can share resources such as infrastructure and the labor market due to their geographical concentration. They can also promote the dissemination and diffusion of knowledge and technology, thereby reducing production costs, improving production efficiency, and obtaining external economic effects. The Chengdu-Chongqing region is one of the important baijiu production bases in China and is known as the "Golden Triangle of Chinese Baijiu". This paper intends to use the diamond model to study the competitiveness of the liquor industry cluster in the Chengdu-Chongqing region and propose corresponding countermeasures for improvement, hoping to provide some valuable thoughts for the development of the regional liquor industry cluster.

## **2. Analysis of the International Competitiveness of the Liquor Industry Cluster in the Chengdu-Chongqing Region Based on the Diamond Model**

### **2.1 Factor Conditions**

The Chengdu-Chongqing region has a unique natural environment, providing superior natural resource conditions for the brewing industry. First, the Chengdu-Chongqing region has a subtropical humid climate with distinct seasons, a mild climate, abundant rainfall, and high air humidity, creating an excellent ecological environment for the growth and reproduction of brewing microorganisms. Second, the soil types in the Chengdu-Chongqing region are diverse, mainly purple soil and yellow soil. The soil is fertile and rich in various minerals and trace elements, providing a good foundation for the cultivation of brewing raw materials such as

sorghum and wheat. For example, the starch content of sorghum in the Luzhou area is as high as over 65%, and the proportion of amylopectin exceeds 90%. This high-starch sorghum can produce more sugar during the fermentation process, which is then converted into abundant alcohol and flavor substances, making the brewed baijiu mellow in taste and rich in aroma. Finally, water is one of the key elements in brewing. The Chengdu-Chongqing region is rich in water resources, with numerous rivers crisscrossing the area, including the Yangtze River, Minjiang River, Tuojiang River, and many other high-quality water sources. The water in these rivers is clear, with moderate hardness, and rich in minerals and trace elements beneficial to the human body such as calcium, magnesium, and iron, providing a high-quality water guarantee for brewing. For example, Wuliangye brewed with the water of the Minjiang River has a long-lasting aroma and a sweet and mellow taste, and the water of the Tuojiang River has also nurtured the unique flavor of Luzhou Laojiao.

## **2.2 Demand Conditions**

The demand for Chinese baijiu in the international market is showing a gradually increasing trend, but the overall market share is still relatively small. According to the data statistics of the National Bureau of Statistics of China, from January to November 2024, the export value of Chinese baijiu was close to 820 million US dollars, a year-on-year increase of 13.2%, and the export volume was approximately 14,300 kiloliters, a year-on-year increase of about 5.1%. However, compared with internationally renowned wines such as wine, whisky, and brandy, the market share of Chinese baijiu in the international market is still low, and the international market's awareness and acceptance of Chinese baijiu need to be further improved<sup>[1]</sup>.

## **2.3 Related and Supporting Industries**

The related and supporting industries of the liquor industry cluster in the Chengdu-Chongqing region mainly involve fields such as grain cultivation, packaging materials, and logistics transportation. The fertile soil and suitable climate conditions in the Chengdu-Chongqing region provide a high-quality natural environment for the cultivation of brewing raw materials such as

sorghum, wheat, and rice. In terms of packaging materials, the Chengdu-Chongqing region has a relatively complete packaging materials industry system, covering multiple fields such as glass products, paper packaging, and plastic products. There are many glass product factories in Luzhou, Yibin, and other places, which can produce wine bottles of various specifications and styles to meet the diverse needs of liquor enterprises for wine bottles. In terms of logistics transportation, the Chengdu-Chongqing region has convenient transportation, with a developed transportation network of highways, railways, waterways, and aviation, providing an efficient and convenient logistics channel for the transportation of liquor products. Yibin Port, as one of the important ports in the upper reaches of the Yangtze River, has an annual throughput of over 9 million tons and can transport liquor products to all over the world by water. At the same time, Luzhou Port is also continuously developing and strengthening cooperation with domestic and foreign ports<sup>[2,3]</sup>.

## **2.4 Firm Strategy, Structure, and Rivalry**

During the development process, liquor enterprises in the Chengdu-Chongqing region actively implement brand strategies and are committed to enhancing brand awareness and reputation. Wuliangye, a leading enterprise in the liquor industry in the Chengdu-Chongqing region, has always regarded brand building as one of the core strategies for enterprise development. Through continuous brand publicity and promotion, Wuliangye has established a high-end and high-quality brand image in domestic and foreign markets. Its advertising slogan "Wuliangye of China, Wuliangye of the World" concisely and powerfully conveys the brand's international positioning and the quality concept of pursuing excellence. Luzhou Laojiao also attaches great importance to the brand strategy. Relying on the national treasure cellar pool group and traditional brewing techniques, it has created the high-end brand "Guojiao 1573". Through activities such as the Guojiao 1573 Sealing Ceremony and the Guojiao 1573 Cultural Tour, it deeply explores and spreads the historical and cultural connotations of the brand, enhancing consumers' sense of identity and loyalty to the brand<sup>[4]</sup>. In the high-end baijiu market, brands such as Wuliangye and Luzhou Laojiao occupy the main market share with their profound

historical and cultural heritage, excellent product quality, and strong brand influence. In the mid-range and low-end baijiu market, small and medium-sized liquor enterprises in the Chengdu-Chongqing region are also not inferior. Due to their large number, the competition is more intense. Since small and medium-sized enterprises have a relatively low brand awareness and insufficient technological innovation capabilities, they face greater pressure in market competition. In order to stand out in the fierce market competition, small and medium-sized liquor enterprises continuously strengthen product innovation and brand building, and improve product quality and service levels to enhance market competitiveness.

## **2.5 Opportunities**

With the development of the global economy and the improvement of consumers' living standards, the demand for liquor products in domestic and foreign markets shows a trend of diversification and upgrading, bringing broad market opportunities to the liquor industry cluster in the Chengdu-Chongqing region. In the international market, with the rapid development of the Chinese economy and the continuous increase of its international influence, Chinese culture has been more widely spread globally. As an important carrier of Chinese culture, Chinese baijiu has received increasing attention from international consumers. Liquor enterprises in the Chengdu-Chongqing region actively expand the international market. Brands such as Wuliangye, Luzhou Laojiao, and Langjiu promote their products to the international market by participating in international liquor exhibitions, holding tasting events, and cooperating with international wine merchants. Wuliangye has established sales outlets in many countries and regions around the world, and its products are exported to more than 60 countries and regions in Europe, America, and Asia<sup>[5]</sup>.

## **2.6 Government**

In recent years, the state and local governments have attached great importance to the development of the liquor industry cluster in the Chengdu-Chongqing region and have introduced a series of policies and measures, providing strong policy support and development opportunities. Sichuan Province and Chongqing Municipality have respectively introduced a

series of policies to support the development of the liquor industry. Sichuan Province has put forward the "Golden Triangle of Chinese Baijiu" development strategy, aiming to integrate high-quality baijiu resources in regions such as Yibin, Luzhou, and Zunyi to create a world-class baijiu industry cluster. Chongqing Municipality has also actively promoted the development of the liquor industry and introduced relevant policies to support local liquor enterprises to become bigger and stronger. As an important liquor production area in Chongqing, Jiangjin District has increased its support for the small - qumai light - aroma baijiu industry. By setting up special funds for industrial development, it provides support for liquor enterprises in terms of technological innovation, talent cultivation, and brand promotion.

## **3. Strategies for Enhancing the International Competitiveness of the Liquor Industry Cluster in the Chengdu-Chongqing Region**

### **3.1 Optimize the Utilization of Natural Resources**

To achieve the integration and optimal utilization of resources, the Chengdu-Chongqing region can actively promote the deep integration of the liquor industry with agriculture and tourism. In terms of the integration of the liquor industry and agriculture, liquor enterprises are encouraged to cooperate with local farmers to establish brewing raw material planting bases, realizing standardized and large-scale planting of raw materials to ensure the quality and supply stability of raw materials. In this way, not only can the raw material needs of liquor enterprises be guaranteed, but also the local agriculture can be driven to develop, increasing farmers' income. In terms of the integration of the liquor industry and tourism, make full use of the rich liquor culture tourism resources in the Chengdu-Chongqing region to create high-quality liquor culture tourism routes. With the Wuliangye Tourist Scenic Area, Luzhou Laojiao Tourist Area, Langjiu Manor, etc. as the core, connect the surrounding natural landscapes and cultural attractions, and develop liquor culture tourism products integrating brewing process visits, wine tasting, cultural experiences, and leisure vacations. Through the integration of the liquor industry and tourism, not only can the development space of the liquor industry be expanded, but also the tourism attractiveness of

the Chengdu-Chongqing region can be enhanced, promoting the diversified development of the regional economy.

### **3.2 Expand International Market Demand and Optimize Enterprise Competitive Strategies**

Since consumers in different countries and regions have differences in aspects such as the taste, alcohol content, and packaging of liquor. Therefore, in order to enhance the ability to explore the international market, liquor enterprises in the Chengdu-Chongqing region should deeply understand the demand characteristics, consumption habits, and competitive situations of the international market. For example, consumers in Europe and the United States are more accustomed to drinking wine and whisky, and are not very adaptable to the taste and aroma of baijiu. They prefer low-alcohol and soft-tasting liquor products. While in some Asian countries and regions, such as Japan and South Korea, they have a certain understanding and recognition of Chinese culture, and their acceptance of Chinese baijiu is relatively high. Therefore, liquor enterprises should conduct market segmentation according to the market characteristics of different countries and regions and formulate differentiated market strategies<sup>[6-8]</sup>.

### **3.3 Promote Cooperation and Competition among Enterprises**

Strengthening the cooperation and communication among liquor enterprises in the Chengdu-Chongqing region and creating a good competitive environment play an important role in enhancing the overall competitiveness of the industrial cluster. In terms of cooperation, enterprises should strengthen cooperation in technological research and development, market expansion, brand building, etc. In technological research and development, enterprises such as Wuliangye and Luzhou Laojiao can cooperate with scientific research institutions such as Jiangnan University and the China National Research Institute of Food and Fermentation Industries to jointly carry out research on brewing microorganisms and optimization of brewing processes, realizing technology sharing and the transformation of innovation achievements, and improving the overall technical level of the industry. In terms of market expansion, liquor enterprises in the

Chengdu-Chongqing region can jointly establish an international market sales alliance, integrate resources, jointly expand the international market, and increase the market coverage and market share of products. In terms of brand building, enterprises can strengthen brand cooperation and jointly build the liquor brand of the Chengdu-Chongqing region. By holding joint brand promotion activities and participating in international liquor exhibitions, etc., enhance the international popularity and influence of the liquor brand in the Chengdu-Chongqing region<sup>[9,10]</sup>.

### **3.4 Seize Opportunities and Promote in Collaboration with the Government**

The liquor industry cluster in the Chengdu-Chongqing region is facing numerous development opportunities and should make full use of these opportunities to achieve rapid development. The "Belt and Road" initiative provides broad international market space for the liquor industry cluster in the Chengdu-Chongqing region. Liquor enterprises in the Chengdu-Chongqing region should seize this opportunity and actively expand the markets of countries and regions along the line. Strengthen trade exchanges and cultural exchanges with countries and regions along the line, and improve the popularity and reputation of liquor products in the Chengdu-Chongqing region in the international market by holding liquor fairs, cultural festivals, etc.

## **4. Conclusion and Prospect**

Through the research on the international competitiveness of the liquor industry cluster in the Chengdu-Chongqing region, we clearly understand the significant advantages and challenges faced by the liquor industry in the Chengdu-Chongqing region during its development. The Chengdu-Chongqing region has a solid foundation in natural resources, related industrial support, enterprise strategies, and policy support, laying good conditions for the development of the liquor industry cluster in the international market. However, problems such as a small international market share, insufficient awareness and acceptance of Chinese baijiu by international consumers, and weak competitiveness of small and medium-sized liquor enterprises also restrict the further improvement of the international competitiveness of the liquor industry cluster in



the Chengdu-Chongqing region. In order to break through these development bottlenecks and achieve the high-quality development of the liquor industry cluster in the Chengdu-Chongqing region, we have put forward a series of targeted and practical strategies for improvement. By optimizing the utilization of natural resources, promoting the deep integration of the liquor industry with agriculture and tourism, achieving efficient resource allocation and diversified industrial development; deeply understanding international market demand, formulating differentiated market strategies, and accurately expanding the international market; strengthening cooperation and communication among enterprises in technological research and development, market expansion, and brand building to enhance the overall competitiveness of the industrial cluster; seizing development opportunities such as the "Belt and Road" initiative, actively expanding the international market, and strengthening cultural exchanges and trade to enhance the international popularity and reputation of liquor products in the Chengdu-Chongqing region. Looking to the future, the liquor industry cluster in the Chengdu-Chongqing region should give full play to its own advantages, actively respond to challenges, and continuously implement various improvement strategies. With the joint efforts of the government, enterprises, and all sectors of society, continuously optimize the industrial ecosystem, strengthen innovation capabilities, enhance brand influence, and promote the liquor industry cluster in the Chengdu-Chongqing region to occupy a more important position in the international market, contributing to the international development of the Chinese baijiu industry. It is believed that with the coordinated cooperation of all parties, the liquor industry cluster in the Chengdu-Chongqing region will surely shine more brightly on the international stage and achieve sustainable prosperity and development.

#### **Fund Project**

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