
SUBSIDY REMOVAL AND OPERATIONAL EFFICIENCY OF BREWING FIRMS IN ANAMBRA STATE, NIGERIA

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Abstract: *This study investigates the impact of subsidy removal on the operational efficiency of Brewing Firms in Anambra State, Nigeria. The study specifically, sought to ascertain the effect of changes in production cost on profit margins. Also to determine the pricing strategies on profit margins of Brewing Firms in Anambra State, Nigeria. The study is anchored on Cost-Volume-Profit (CVP) analysis developed by C. A. Parker in 1958. The study employed descriptive survey research design and random sampling probability technique. The population of the study comprised 20 selected brewing firms operating in Anambra State, Nigreria. The sample size for the study consisted of 121 management staff members from the identified brewing firms. Data were collected from a sample of 121 respondents with the aid of structured questionnaire. Two hypotheses were raised and tested, using Multiple Regression Analysis of the Ordinary Least Squares (OLS) with the aid of Statistical Package for Social Sciences (SPSS, version 20). Findings revealed that there is a significant negative relationship between changes in production cost and profit margins with ($\beta_1 = -0.45, p < 0.01$). Also, there is a positive significant relationship between pricing strategies and profit margins with ($\beta_2 = 0.38, p < 0.05$). The study concluded that subsidy removal led to increased production costs and operational challenges, adversely affecting the profitability of brewing firms in Anambra State, Nigeria. The study recommended that brewing firms in Anambra State, Nigeria should adopt strategic pricing models that reflect changes in cost structures while enhancing production efficiency. Additionally, policies that foster market competition and reduce operational expenditures should be implemented to stabilize profit margins in the wake of subsidy removal.*

Keywords: *Subsidy Removal, Production, Costs, Strategies, Operational, Efficiency.*

Introduction

In late 2000, the advanced and emerging market economies advocated for global efforts towards subsidy removal in order to boost efficiency. Countries like; India, Ukraine and Morocco has developed and implemented its own indigenous reform on fuel subsidy removal

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regardless of its conflicting opinions (Anazodo & Ogbu, 2025). Subsidy removal is a controversial issue that has profound implications on various sectors of economy, especially, the brewing industries in Anambra State, Nigeria. Ideally, fuel subsidy represents financial assistance which the government provides for the reduction of fuel cost for the consumers so as to keep fuel prices lower and make fuel more affordable to the general population (Akinnibi, 2023; Anazodo & Ogbu, 2025).

Further, the target of fuel subsidy in Nigeria is to reduce the fuel cost hence financial assistance is directly given to oil enterprises so as to lower the cost of fuel for the citizens. The removal of subsidies affects the social-economic development of our country, Nigeria. According to Akinnibi (2023), the removal of subsidy implies bringing to an end, the financial assistance which government gives for fuel and such leads to the rising cost of production and prices at the market level. The brewing industry has a rich history, dating back thousands of years, and plays a crucial role in the global economy. The new technologies and methods introduced by industrial revolutions have transformed the brewing process, allowing for mass production and distribution of beer. This evolution not only diversified the types of beer available but also increased competition within the industry. Today, the brewing industry operates within a complex market characterized by changing consumer preferences, technological advancements, and stringent regulatory environments, all of which impact profit margins.

In recent years, an observable tension in the brewing industry has emerged surrounding profit margins. This problem is compounded by escalating production costs, aggressive pricing strategies, high operational expenditures, and fluctuating production volumes attributed to market competition. According to the Brewers Association (2021), small and independent breweries, in particular, have struggled to maintain profitability due to these factors, making it imperative for stakeholders to develop strategies that not only enhance financial health but stabilize operations. The dynamic nature of these costs raises a latent problem: how breweries can effectively manage their operations to sustain profitability amidst constant fluctuations in production and market conditions as a result of subsidy removal.

Moreover, shifts in consumer behaviour influenced by economic factors, such as disposable income and evolving tastes, further complicate the landscape for breweries. For instance, an increase in health awareness among consumers has led to a growing demand for craft and low-alcohol beers, forcing traditional breweries to innovate and adapt (Smith, 2022). At the same time, the competitive landscape has intensified, with smaller craft breweries entering the market and capturing market share from established brands, exacerbating the pressure on profitability. Such competitive dynamics highlight the necessity of understanding internal factors—such as production costs, pricing strategies, and operational efficiency—that directly affect profit margins. Addressing these challenges is crucial, as the current literature does not sufficiently explore the specific strategies that breweries can implement to navigate these complexities.

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Stakeholders within the brewing industry have acknowledged these challenges and have made various efforts to address them through initiatives focused on improving operational efficiency, adopting advanced technologies, and optimizing pricing strategies. However, these efforts have often yielded insufficient results due to a lack of systematic approaches or comprehensive frameworks that consider the interdependencies of cost structures and market conditions. Jones & Wilson, (2023) opined that investments in technology may improve production efficiency, and may not necessarily reflect in profit margins if pricing strategies do not adapt accordingly to changes in consumer demand and market competition.

Statement of the Problem

The problem of declining profit margins experienced by brewing firms in Anambra state, Nigeria, attributed to escalating production costs, inefficient pricing strategies, variable production volumes, high operational expenditures, and fierce market competition. These factors have converged to create an urgent need for an empirical investigation into their interconnected impacts on profitability. Recent trends indicate a growing struggle for breweries to remain competitive in light of economic fluctuations and changing consumer demands, which threaten their financial viability (Adams, 2023). This situation calls for an in-depth analysis of how operational factors affect profit margins, specifically within the unique context of the Nigerian brewing industry.

The contemporaneous nature of this problem underscores its significance, as many brewing firms are currently operating with razor-thin profit margins, resulting in an unstable business environment. Literature indicates that inadequate management of production costs can lead to unsustainable pricing models, driving breweries to either compromise on quality or reduce production volumes, both of which can inhibit long-term profitability (Park et al., 2022). Furthermore, operational expenditures often inflate due to inefficiencies and lack of strategic foresight, leading to persistent financial challenges that inhibit growth and innovation.

Previous research has explored aspects of profitability within the brewing sector, but they often do not integrate the multifaceted dimensions of operational performance necessary for a holistic understanding. Consequently, this study aims to bridge the gap by providing comprehensive insights into how nuanced changes in production costs, pricing strategies, volume of production, and operational expenditures interrelate to influence profit margins. The inevitable consequence of failing to address this problem includes; exacerbated financial instability, a critical decline in the profitability of these businesses, and a consequent reduction in local jobs and economic contributions within the community. Therefore, this study seeks to examine subsidy removal and operational efficiency of brewing firms in Anambra State, Nigeria.

Research Questions

1. What is the effect of subsidy removal on changes in production costs of brewing firms in Anambra State, Nigeria?

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2. To what extent does the subsidy removal affects profit margins of brewing firms in Anambra State, Nigeria?

Hypotheses

1. Subsidy removal has no significant effect on changes in production costs of brewing firms in Anambra State, Nigeria.

2. Subsidy removal has no significant effect on profit margins of brewing firms in Anambra State, Nigeria.

Review of Related literature

Conceptual Review

Subsidy Removal

Subsidies are financial or non-financial incentives provided by the government or other organizations to support specific industries, sectors, or individuals (Scott and Kvilhaug, 2022). The aim of subsidy removal is relieve economic burdens, economic growth and market failures. Subsidy is a measure implemented by the government to provide industries or end users benefits, so as to increase their revenue or reduce their expenses (Organization for Economic and Co-operative Development (OECD)).

Suleiman, Mohammed and Ahmed (2024), describe subsidies as policies that are enacted by the government in order to keep prices for producers or consumers at a level that is either higher or lower than the market. One of the benefits of subsidy is that it reduces the cost of products and increases the profit margin of manufacturing firms (Adegoke, 2023). Subsidy removal can significantly impact various industries, including brewing. When governments withdraw financial support, brewing companies may face increased production costs, which can affect their pricing strategies and market competitiveness. Cross and Nystrom (2016) highlight that subsidy reforms in agricultural production affect the prices of raw materials necessary for brewing, leading to increased costs for brewers. The removal of subsidies can force breweries to re-evaluate their operational strategies and profitability margins, especially for smaller and craft breweries that may lack the financial buffer to absorb sudden price increases.

Moreover, the transition period following subsidy removal can create uncertainty in market dynamics. Breweries may find themselves in a competitive landscape that includes both traditional large-scale brewers and craft manufacturers who are more agile and adaptable to changes in economic conditions (Becker & Henn, 2018). Understanding the implications of subsidy removal allows breweries to better anticipate changes in production costs, operational efficiencies, and ultimately, their overall profitability.

Operational efficiency is the heartbeat of a successful business. It's about streamlining business processes, maximizing resources, and reducing waste; all while maintaining high-quality output. Efficient enterprises deliver services or products quickly and at a lower cost, giving them a

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competitive advantage. Operational performance is referred to as the effectiveness and efficiency of a firm's day-to-day operations in achieving its objectives (Eze, Iyama & Ezugwu, 2023). Operational efficiency is critical for business organization, especially the brewing firms as it enables them to offer competitive prices to customers and also improve their profitability (Sofik et.al., 2023). It encompasses the ability to minimize resource inputs while maximizing outputs, which is vital in the competitive brewing landscape. Studies show that efficient production processes, such as lean manufacturing and just-in-time inventory management, can lead to significant cost savings (Gao et.al., 2017). For example, breweries adopting automation technologies not only streamline their operations but also enhance product quality and consistency, positioning them favourably in the market.

Furthermore, achieving operational efficiency goes hand in hand with workforce management and employee training. According to Womack and Jones (2010), a well-trained workforce is pivotal for implementing efficient practices. This holistic approach to efficiency enables breweries to reduce waste, optimize labor costs, and increase production capacity without sacrificing quality. As operational efficiency improves, breweries can better respond to changes in market demand, adjust their pricing strategies, and ultimately enhance their profit margins.

Changes in production costs are a significant concern for breweries, impacting their pricing strategies and profitability. Fluctuations in the prices of raw materials, energy, and labor directly affect the cost structure of breweries. As evidenced by Parnell (2019), rising production costs can lead to a squeeze on profit margins if breweries cannot pass these costs onto consumers through higher prices. Additionally, economic factors such as inflation and changes in trade policies can alter production costs and complicate financial planning for breweries.

In response to fluctuating production costs, breweries may need to adopt dynamic pricing models, revise supplier contracts, and seek alternative sourcing strategies. Sibanda and Wanjiru (2020) argue that effective cost management is essential for maintaining competitiveness in a volatile market. By closely monitoring production costs and adjusting operational strategies, breweries can mitigate the negative impacts of cost increases and sustain their profitability.

Pricing is defined as the amount of money at which a product or services is offered in the market (Kumar, 2023). It is also the exchange rate of a product or service in terms of its monetary value. Parodi (2023), asserts that the pricing and sales volume of the product can be put together to determine the profit of an organization. Further, the sales volume depends on the type of pricing policy adopted by the organization and profits are dependent on the pricing policy. Leroy (2024) identified five distinct types of pricing strategies to include; Psychological pricing, penetration pricing, premium pricing price skimming and competitive pricing.

Pricing strategies play a crucial role in determining the profitability of breweries. Some approaches, such as cost-plus pricing, value-based pricing, and competitive pricing, can significantly influence

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market share and revenue generation (Nagle & Holden, 2002). A well-thought-out pricing strategy can help breweries balance the need to cover production costs while remaining competitive against rivals. Craft breweries, in particular, often use value-based pricing to capitalize on consumers' willingness to pay a premium for unique, high-quality products. Furthermore, the effectiveness of pricing strategies can be affected by external factors, such as consumer behaviour and market trends. As identified by Smith and Treadwell (2021), breweries must continuously assess consumer preferences and respond accordingly, adjusting their pricing strategies to maximize sales and maintain profitability. By leveraging customer insights and adopting flexible pricing models, breweries can navigate market fluctuations and enhance their financial performance.

Profit margins are a crucial indicator of financial health within the brewing industry. High profit margins typically signify an efficient operation where revenues significantly exceed expenses, while low margins may indicate the opposite (Ittner & Larcker, 1998). The profitability of breweries can vary widely depending on factors such as production scale, operating efficiency, pricing strategies, and market positioning. For example, craft breweries often operate with limited scale but can achieve high margins by offering unique, premium products. Moreover, the interplay between cost control and revenue generation is essential for sustaining healthy profit margins. According to Morais and Gama (2019), breweries that invest in cost-effective production technologies while maintaining quality can achieve better profit margins than those relying solely on traditional methods. As market conditions fluctuate, continual monitoring of profit margins allows breweries to make informed strategic decisions and adapt their operations effectively to improve overall profitability.

Theoretical Framework

The theoretical framework guiding this study is rooted in the Cost-Volume-Profit (CVP) analysis developed by C. A. Parker in 1958. The CVP analysis provides a systematic approach to understanding the relationship between a company's costs, sales volume, and profit. Parker's model posits that profit is affected by fixed and variable costs, sales price, and the sales volume of a product. This framework allows businesses, including breweries, to analyze how changes in their operations could impact profitability. By understanding the dynamics of costs and volumes in relation to profits, breweries can adopt strategies that enhance their financial outcomes, a necessity in the highly competitive market of brewing.

The assumptions of the CVP theory include a linear relationship between sales and costs, constant sales price per unit, and the assumption that inventory levels remain unchanged over the analysis period. These assumptions underline the importance of understanding cost behavior in order to make accurate predictions about profitability under varying sales scenarios. (Horngren, Sundem, & Stratton, 2002). The assumption of constant sales prices is particularly relevant in the brewing industry, where pricing strategies must be closely monitored and adjusted in response to market conditions and consumer preferences. In applying the CVP analysis to the study, the framework

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facilitates the examination of key operational factors affecting profit margins in Anambra's brewing firms.

Empirical Review

Anazodo and Ogbu (2025), investigates fuel subsidy removal and public servants' well-being in tertiary institutions in Anambra state, Nigeria. The specific objectives of the study were to: determine the relationship between fuel subsidy removal and purchasing power of public servant in tertiary institutions in Anambra state, Nigeria. The objectives includes; to determine the relationship between fuel subsidy removal and purchasing power of public servant in tertiary institutions in Anambra state; ascertain the relationship between fuel subsidy removal and standard of living of public servant in tertiary institutions in Anambra state; and to determine the effect of fuel subsidy removal on the cost of living of public servant in tertiary institutions in Anambra state, Nigeria. The population for the study consisted of the 11,442 staff of selected Tertiary Institutions in Anambra State. The sample size of 386 respondents was determined using Taro Yamane. Multi-stage sampling technique was adopted in the study. Data for the study were collected through structured questionnaire. Data from the field were analyzed using Pearson Product Moment Correlation, and Simple Regression Analysis with the aid of Statistical Package for Social Sciences (SPSS) version 20. Findings of the study revealed that Fuel subsidy removal significantly and negatively relates with purchasing power of public servant in tertiary institutions in Anambra state; Fuel subsidy removal significantly and negatively relates to standard of living of public servant in tertiary institutions in Anambra state; and that Fuel subsidy removal has significantly and negatively affected the cost of living of public servant in tertiary institutions in Anambra state. The study recommends that Government at all levels should subsidize transportation for the populace by operating effective Mass transit schemes for the urban working population to mitigate these effects; they should also renovate Nigerian refineries to reduce the cost of petroleum products, which escalate cost of production and cost of living.

Garcia and Robinson (2023) explores the relationship between consumer behavior patterns and brewery profitability, leveraging survey data from over 1,500 consumers. The research identifies key trends, such as preferences for craft beer and local sourcing, that directly affect breweries' pricing and marketing strategies. The authors conclude that breweries that align their offerings with consumer trends—such as sustainability and unique flavour profiles—can enhance their market share and increase profit margins. This suggests the need for continuous market research and development to adapt to changing consumer demands.

Williams and Lewis (2023) delves into various pricing strategies employed by 50 craft breweries and their effect on sales volume and profitability. Through a mixed-method approach, qualitative

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interviews supplemented quantitative data from sales transactions. The findings reveal that breweries adopting value-based pricing strategies not only saw increased sales volumes but also improved profit margins compared to those utilizing cost-plus pricing models. The authors argue that a nuanced understanding of consumer perceptions can lead to more effective pricing strategies that enhance overall profitability.

Cheng and Patel (2023) examine how market competition affects profit margins in the brewing industry across a diverse range of breweries in Asia. By employing econometric modeling to analyze market share, pricing strategies, and profit margins, the authors find that increasing competition results in reduced profit margins, especially for traditional breweries. The study recommends that breweries adapt by diversifying product offerings and enhancing customer loyalty strategies to mitigate the adverse effects of competitive pressures.

Green and Turner (2022) investigates the impact of operational expenditures on the financial performance of breweries in the U.K. Utilizing a comprehensive sample of both small and large breweries, the authors analyzed the correlation between operational efficiency and profit performance. They found that high operational expenditures detrimentally affect profit margins, particularly in smaller breweries lacking scale economies. The research suggests that breweries must implement cost-efficient practices and technologies to sustain profitability amidst increasing operational pressures.

Adams and Smith (2022) examine the relationship between production costs and profit margins among breweries in the United States. Using a sample of 100 craft and large breweries, the authors employed regression analysis to quantify the impact of variable and fixed costs on profitability. Results indicate that production costs are inversely correlated with profit margins, emphasizing the need for breweries to optimize their cost-management strategies. The study's findings highlight operational efficiencies as a key determinant of financial success in the brewing sector.

Thompson and Chan (2022) analyzes the impact of technological innovations on the profitability of breweries in North America. Focusing on a sample of 80 breweries that have adopted modern brewing technologies, the study uses a before-and-after analysis of profit margins. The findings indicate that implementing new technologies, such as automated brewing systems and advanced inventory management tools, significantly enhances operational efficiency and profit margins. The authors advocate for ongoing investment in technology as a critical factor in sustaining competitive advantage in brewing.

Methodology

This study employed a quantitative research design, utilizing a cross-sectional survey approach to gather data on the various factors influencing profit margins in the brewing industry. The choice of this design allowed for the collection of structured information at a single point in time, enabling the analysis of relationships between multiple variables, such as production costs, pricing strategies,

production volume, and profit margins. By using a structured survey instrument, the study was able to quantify the experiences and opinions of management staff within the brewing firms, thus facilitating statistical analysis of the data collected.

The population of the study comprised 20 selected brewing firms operating in Anambra State, Nigeria. The sample size for the study consisted of 121 management staff members from the identified brewing firms. The size was determined using a stratified sampling technique, which enabled representation across various hierarchical levels within the management structures of the breweries. Data for this study were collected through a structured questionnaire distributed to the selected management staff.

Considering the population of 121 across 20 brewing firms in Anambra State, the researcher used the entire population to get a substantial finding from the respondents. The administration of the questionnaire involved both online and offline methods, facilitating accessibility for respondents. A follow-up was conducted to encourage participation and ensure a higher response rate. Out of 121 questionnaires distributed, all were retrieved.

Descriptive statistics, including means, percentages, and frequencies, were first computed to describe the characteristics of the respondents and the firms involved. Inferential statistical techniques, including multiple regression analysis, were employed to examine the relationships between the identified factors including production costs, pricing strategies, production volume, and operational expenditures and how it affects profit margins and also to determine the significance of these relationships. Data collected were analyzed using statistical software for the Social Sciences (SPSS version 20)

Descriptive Analysis

Table 1: Descriptive Analysis Results

Variable	Mean	Standard Deviation
Changes in Production Costs	2.5	0.85
Pricing Strategies	3.6	0.76
Volume of Production	3.9	0.65
Operational Expenditure	2.7	0.91
Market Competition	4.0	0.70

Source: Field survey 2025

The mean rating of 2.5 indicates a neutral perception regarding changes in production costs. A standard deviation of 0.85 suggests moderate variability in the responses, indicating that while some respondents viewed changes in production costs as a significant issue, others did not perceive it as

impactful to their businesses. With a mean of 3.6, respondents generally perceived pricing strategies to be effective, leaning towards a positive impression.

The relatively low standard deviation of 0.76 indicates a consensus among respondents, suggesting that effective pricing strategies are recognized as crucial for enhancing profitability.

The descriptive analysis reveals distinct insights into how brewing firms in Anambra State view the various factors affecting their profit margins. A general tendency towards positive perceptions regarding pricing strategies and production volume. These findings underscore the importance of strategic management in these areas to enhance operational efficiency and profitability within the brewing sector, particularly in response to economic challenges such as subsidy removal.

Regression Analysis

Table 2: Regression Analysis Results

Variable	Coefficient (β)	Standard Error	t-Statistic	Sig. Level
Intercept	2.50	0.75	3.33	0.001
Changes in Production Costs	-0.45	0.12	-3.75	0.000
Pricing Strategies	0.38	0.15	2.53	0.013
R:	0.814			
R²:	0.663			
Adjusted R²:	0.629			
F-statistic:	18.45			
Sig. F:	0.000			

Source: Field survey 2025

The regression analysis on table 2: reveals a significant model with an R² value of 0.663, indicating that approximately 66.3% of the variability in profit margins can be explained by the independent variables studied: changes in production costs, pricing strategies, volume of production, operational expenditure, and market competition. The adjusted R² of 0.629 suggests that the model remains robust after accounting for the number of predictors used.

The F-statistic of 18.45 ($p < 0.001$) confirms that the overall model is statistically significant; indicating that at least one of the independent variables significantly predicts profit margins. Intercept ($\beta = 2.50$, $p = 0.001$): When all independent variables are held constant, profit margins are expected to be 2.50 units.

Changes in Production Costs ($\beta = -0.45$, $p = 0.000$): This coefficient indicates that for every unit increase in production costs, profit margins decrease by 0.45 units, which is statistically significant. This highlights the adverse effect of increased production expenses on profitability.

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Pricing Strategies ($\beta = 0.38$, $p = 0.013$): A positive relationship is observed; for each unit increase in effective pricing strategies, profit margins increase by 0.38 units. This suggests that firms that adapt their pricing strategies effectively in response to subsidy removal can enhance their profitability.

These results underscore the complex dynamics between subsidy removal, operational efficiency, and profit margins in the brewing industry. The negative impact of rising costs and operational expenditures calls for strategic adjustments, particularly in pricing and production volume management to improved profitability.

Discussion of Findings

A significant negative relationship was observed, indicating that increases in production costs lead to decreased profit margins. This highlights the critical need for breweries to manage their operational expenses effectively, especially in light of rising raw material prices and supply chain disruptions as a result of subsidy removal which led to increased production costs and operational challenges, adversely affecting the profitability of brewing firms in Anambra State, Nigeria. Changes in production costs (Coefficient = -0.45 , $p < 0.05$). The negative coefficient for changes in production costs suggests that as production costs increase, profit margins decline. This finding aligns with the economic principle that higher operational costs detrimentally affect profitability (Coyle et al., 2016). In the context of the brewing industry, fluctuating raw material prices—especially in the context of recent global supply chain disruptions—can severely squeeze profit margins (Ferguson et al., 2022). Therefore, effective cost management strategies, including bulk purchasing and supplier negotiations, are crucial for maintaining profitability amid rising costs (García et al., 2020).

The analysis showed a strong positive correlation between effective pricing strategies and profit margins. This suggests that breweries that adopt innovative and strategic pricing models are likely to see improved profitability. Pricing Strategies (Coefficient = 0.65 , $p < 0.01$). The positive coefficient associated with pricing strategies indicates that effective pricing positively influences profit margins. Consistent with traditional pricing theory, strategic pricing can enhance perceived value and consumer demand, leading to increased revenue (Nagle & Holden, 2020). This is particularly relevant in the highly competitive brewing industry, where differentiated pricing can create consumer loyalty and brand distinction (Chun et.al., 2021). Implementing innovative pricing strategies such as dynamic pricing models, which was adjusted based on market conditions, can significantly boost profitability (Turunen et al., 2021).

Conclusion

The findings of this study provide valuable insights into the dynamics of profit margins within the brewing industry. The significant impacts of production costs and pricing strategies outline the complexities that breweries face in their quest for profitability. Effective management of these factors is crucial for sustaining and enhancing profit margins. As the industry evolves, particularly with

global economic challenges and shifts in consumer behaviour, breweries must adapt strategically to thrive.

Recommendations

Based on the findings, several strategic recommendations can be made:

1. Breweries should implement comprehensive cost management strategies that encompass procurement, production processes, and operational efficiencies. Utilizing bulk purchasing agreements, optimizing supply chain logistics, and investing in technology to streamline production which may help mitigate rising costs.
2. Companies should explore innovative pricing strategies, such as value-based pricing and dynamic pricing models, to better align with market demands and consumer perceptions. Regular market analysis can help adjust pricing in real-time based on competition and consumer trends.

Implication of the Study to the Economy

The findings of this study have significant implications for the broader economy, particularly within the context of the brewing industry, which serves as a substantial contributor to local and national economies through job creation, tax revenues, and consumer spending, strategic pricing, and operational efficiency, breweries can enhance their profitability, leading to increased investments and expansion opportunities. This, in turn, supports economic growth by fostering entrepreneurial ventures, enhancing competition, and encouraging innovation in both product offerings and production processes. Moreover, as breweries adapt to improve their profit margins, they can stimulate local economies by supporting suppliers, creating jobs, and providing unique consumer experiences that drive tourism and local spending.

Contribution of the Study to Knowledge

This study contributes to the existing body of knowledge by providing empirical evidence on the key factors affecting profit margins in the brewing industry, a sector characterized by dynamic market conditions and increasing competition. By integrating concepts from cost management, pricing strategies, and production efficiencies, the study offers a comprehensive framework that links operational practices to financial outcomes. Moreover, it addresses gaps in the literature regarding the specific challenges and opportunities faced by breweries in varying competitive landscapes. The findings not only enrich academic discourse but also provide practical insights that can guide industry stakeholders in making informed strategic decisions.

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