

## **Study on Market Analysis of Indian Beer Industry**

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**ABSTRACT:** *This research is conducted to analyse the market of Indian Beer industry how the customer perception related to the market and how the Beer distributed and companies present positioning in the market. After completing this research we are also able to know the approximate market share of mohan meakins. Who are the competitors of Mohan meakins*

**Keywords:** *Beer Industry, Customer perception, Mohan Meakins*

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### **I. INTRODUCTION**

Beer is an alcoholic beverage produce by the fermentation of malted barley. Although the preparation of fermented beverages has been practiced in India since early times, the art of brewing of Europeans. There were 26 beer breweries in across India when the government called the game over in the early 70's by freezing the industries production capacity. Nobody was permitted to either expand existing units or build new ones. In swift reaction, the cash rich Bangalore based u. b group began buying up all the breweries if it possible could bring its tally up to 10. Many of these were small, sick units going cheap. Given government new anti-alcohol pasture. U.B was amongst the few willing act on the future of the beer business. Rather than cost U.B.'s actual consideration was that they were located in the north and east markets it wanted to gain access to (beer being perishable product and transportation being a costly proposition, sales are usually combined to a radius to few hundred KM around the brewery). Although the south and west accounted for an over whelming majority of sale. U.B. was confident other part would grow, some U.B.'s brewing capacity was on par with that of its arch rival, muhanmeakin. The Indian beer market has been growing rapidly over the last 10 years, due to the positive impact of demographic trends and expected changes

#### **Pestle analysis of Indian beer industry**

PEST analysis from the view point of industry following some preliminary research and discussions with key stakeholders in order to:

- Provide a framework for understanding the macro environment in which the drinks industry operates
- Provide a means of identifying key external trends to feed into decision making
- Identify key areas of relevance to policy making
- Provide a distillation of key themes and considerations

#### **Political**

India is the biggest democracy in the World. The government type is federal republic.

- Concern about binge drinking and anti-social behavior
- Government use increased demand for alcohol as a way of boosting indirect tax revenues.
- No harmonisation across the EU which means cross border shopping is common
- Duty Free trading abolished in the EU in 1999 with little affect on the drinks industry
- International consolidation had led the EU to pay attention to cross-border mergers as they influence domestic markets
- Tight social policies on alcohol consumption

#### **Economic**

The economic factors in India are improving continuously. The GDP (Purchasing Power Parity) is estimated at 2.965 trillion. There is a continuous growth in per capita income; India's per capita income is expected to reach 1000 dollars by the end of 2010-11 This will lead to higher buying power in the Hands of the Indian consumers. Rising consumption has been linked to an increase in the relative affordability of alcohol, and in particular increases in consumer's disposable incomes Price fluctuation can be dictated by global commodity markets which gives multi-nationals an advantage Increasing price differential between on and off trade Asian financial crisis

### **Socio-Cultural**

There has also been a continuous increase in the consumption of beer in India. With an increase in the purchasing power the Indian consumer which preferred local hard liquor which is far cheaper is now able to get a taste of the relatively expensive beer market. The social trend toward beer consumption is changing and India has seen an increase of 90% beer consumption from the year 2002- 2007. This increase is far greater than the increase in the BRIC nations of Brazil (20 per cent), Russia (50 per cent) and China (almost 60 per cent). Thus this shows a positive trend for beer industries in India.

- Drinking is built into the social fabric
- Recent upsurge in café culture
- Increase in eating out and in holidaying overseas - impact on consumption of wine and bottled water
- Increases in underage drinking
- Health of consumers
- Lifestyle changes:emerging wine culture in key markets
- Growing health conscious:diet/light beers &mixeries
- Trend toward premium &speciality products

### **Technological**

The Indian beer Industry is heating up with a lot of foreign players entering the Indian market. The technological knowhow and expertise will also enter the Indian market with an increase in competition. For example beer brewing technology major Ziemann has entered India and has set up manufacturing plant in India. Ziemann Group, based in Ludwigsburg near Stuttgart in Germany, has founded Ziemann India. It will start production in 2008. This will help bring in technological knowhow and increase the production of beer. SABMiller has just placed an order for the design and construction of two turnkey plants in India to Ziemann. The new plants are planned for Sonipat in Haryana and for another location near Bangalore. Both breweries will have an annual capacity of 1 million hectoliters each in the beginning and might be extended later. Thus with European technology entering the Indian beer market increased production and lowering cost of production could play a major role in the Indian beer market

- packaging
- bottling
- influence of the Internet and eCommerce
- introduction of global medias

### **Legal**

- Licensing Act 2003
- Private Security Industries Act 2003
- Beer Orders and other changes to Competition Law in the 1990s

### **Environmental**

- Increasingly focus on the sustainability agenda - and corporate social responsibility

## **II. THE OLI MODEL**

**Ownership:** The Indian market provides good ownership opportunities for Inbev India International private limited. The Government policies on FDI are relaxing and companies like Carlsberg has also invested in breweries in India. Also cost of manufacturing and brewing beer in India is much cheaper. The cost of raw material and labor in India is cheap thus giving Inbev India a good chance of reducing cost of production. The fact that European companies are setting up plants in India to manufacture brewing technology means that in the future Inbev could have ownership of these technologies at a much cheaper rate as compared to when bought in other markets.

**Location:** There are a lot of location specific advantages for Inbev India International Private Limited. The Indian beer Industry is all set to heat up with the Indian market's compound annual growth rate (CAGR) of 6.7% from 2002 to 2006. The beer market volume is set to rise to 1155 million liters by 2011 an increase of 37.4% from 2006. North India is enjoying beer like never before. During the first quarter of 2006, nearly 5 million cases of beer were sold in Punjab and Haryana as against 600,000 cases in Q1 of 2005-06. This was the case because the government has revised its policy in these states and there is an improvement in the distribution channels in these areas. India is also expected to become the second largest beer market in Asia by 2020 just after China. Thus all these factors along with India having neighboring countries like Nepal and Sri Lanka, where beer could be exported through India gives Inbev India a good Location advantage.

**Internalization:** Inbev India International Private Limited would want to have internalization because over a period of time it would lose out on a competitive edge in the region if it just sticks to exporting and not FDI investment. As other firms would come in and develop their infrastructure and distribution channel, thus able to produce at with low costs. India also is a huge potential market as mentioned earlier and Inbev would not want to lose out on the opportunity it can provide. Also since there is a lot of red tapism and contractual problems while exporting etc. It would be better to be in India rather than export.

### **III. CORPORATE SOCIAL RESPONSIBILITY**

The UB Group is known as a large USD 2.2 billion corporate conglomerate with business interests ranging from spirits, beer, engineering, fertilizers and civil aviation to pharmaceuticals.

Few, however, are aware that UB is a silent crusader in the field of community services in its own committed way. The Group has over the years emerged as a socially responsible corporate citizen.

Its keen pursuit of activities in the field of Life Sciences has led to the setting up of a super specialty hospital - Mallya Hospital at Bangalore. In June 1991, the Mallya Hospital was inaugurated in the central business district of Bangalore in a multi-storied complex with excellent medical equipment and best medical consultants. It was initially a 150-bed hospital, which has grown into a 450-bed hospital of which approximately 50 beds are for critical care. The hospital boasts of multi-specialty disciplines and is the first such hospital in India to be awarded the ISO 9002 certification. Subsidized health care is given to the under privileged class of society by providing a general ward which is reserved for them.

The 24 hour Casualty and Trauma Care services are geared to handle all kinds of emergencies, ably supported by state-of-the-art, imported high-tech ambulances. These ambulances are fully equipped with Paramedical staff and are literally CCU's on wheel.

The VittalMallya Scientific Research Foundation was set up in December 1987, in memory of the Group's Founder, late Mr. VittalMallya. It has been actively involved with a mission called "Science for Humanity" and is a non-profit organization participating with the Government in a Public Private Partnership on various projects.

In the field of education, the Group has assisted in the setting up of the Mallya Aditi International School where the best possible education is imparted. Mallya Aditi International School is located on a sprawling five-acre campus in the northern outskirts of Bangalore. It boasts of buildings of award-winning architectural standard, which allows students to interact with the sky, the earth and plant life as they move from room to room.

The beautification and entire maintenance of Vittal Mallya road has been the responsibility of the Group for over 15 years. Plans are afoot to further beautify the road

The Group's commitment to the society is not restricted only to the city of Bangalore, but outside of Karnataka as well. It has also provided an extensive drinking water scheme in Srinivasapura village and has been actively involved in installation of Rain Water Harvesting structures at their Palakkad brewery thereby providing drinking water to Ganeshpuram village, Palakkad. A similar project was carried out at the Brewery in Ponda, Goa, which not only benefited the Brewery but also the village, whose well-water levels rose to help tide over their water problems during the dry months.

Besides, there is an ongoing commitment to society by way of sponsorships of various events which are organized by charitable bodies. The Group has also been responsible for providing bus shelters in the city and water tankers to villages around Bangalore facing severe water shortages during summer.

The UB Group has rebuilt and renovated the Cubbon Park Police Station, exactly a century after it was originally built as a guard room for the statue of Queen Victoria. Great care has been taken to maintain the colonial style of this quaint architectural heritage building. This is another unique Public Private Partnership which the Group is proud to be associated with. The Group will continue its commitment to society for the betterment of the community.

### **IV. RESEARCHING WELLNESS OF LIFE**

Established (1987), in memory of the Group's illustrious founder Mr. VittalMallya, its prime objective has been laid to gain both newer and novel technologies that will have substantial application in industry and health care. Ably supported by The UB Group, it has established collaborative links with some reputed research and academic institutions within the country and abroad. The Foundation is led by a modest group of dedicated scientists trained in reputed institutions in India and abroad.

Today, it is recognized by the Departments of Scientific & Industrial Research (DSIR), Dept. of Biotechnology (DBT), Council for Scientific and Industrial Research (CSIR) and the Ministry of Finance, Govt. of India, and has an incredible list of credits to its name.

## V. FINDINGS

- ❖ 87% of the respondents know about Mohan Meakin Beer. It shows high awareness about Mohan Meakin Brand.
- ❖ 29% heard it through promotions in beer parlours which shows that the promotions that Mohan Meakin have used, seems to be working.
- ❖ Mohan Meakin is becoming popular by positive word of mouth, the fact that 44% of the respondents have heard about it through friends just proves the point.
- ❖ 63% of people surveyed have actually consumed Mohan Meakin. This figure is reasonably high for a beer which is relatively new to the market.
- ❖ There is still significant amount of people who have not tried Mohan Meakin. There is an opportunity for the company to increase market share.
- ❖ 85% of the people have rated it good and above only 15% are not satisfied with the product. This reinforces the fact that majority of the people are highly satisfied with Mohan Meakin beer.
- ❖ Most people like the way Mohan Meakin, premium tastes. People also feel that Mohan Meakin is not value for money, and it is priced high. The Beer is also popular because it is different from its competitors
- ❖ Consumption of Mohan Meakin beers is high in restaurants compared to other outlets.
- ❖ Price is a limiting factor for the customers. If Mohan Meakin beer sells at a cheaper price, consumers will be willing to buy in larger quantity. Even promotional offers will help in boosting the sales.
- ❖ Mohan Meakin Strong and Mohan Meakin Premium is the most preferred brand of beer which is preferred by 57% of the respondents. Brands like Carlsberg and Tuborg, which is the main competitor for Mohan Meakin does not have too many takers.
- ❖ Consumption of Beer in general is quite high. 40% of the respondents consume beer more than three times a month. Hence high sales of Beer

## VI. CONCLUSION

Almost half of the respondents feel Mohan Meakin is expensive, so they are not keen on buying. This shows that many consumers are price sensitive and are not ready to pay a premium for a Super Premium Beer. Availability of the beer is also an issue, as it is not easily available. It can be seen that taste and price seems to be the major attributes that the consumer looks at when he purchases Beer. Brand name also influences his decision to buy to a certain extent. People who generally drink either Carlsberg or Tuborg prefer international brand and also they don't like to change the brand of beer they are drinking currently. Most of the retailers are not satisfied with the availability of Mohan Meakin & it is not delivered on time. Retailers are looking for a scheme 2+1 (happy hrs) and some discount, additional gifts from Mohan Meakin Promotion activity in banquets, restaurants, lounges and beer festival are adequately seen.

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