

# BUILDING A MEGA BRAND: CHALLENGES AND OPPORTUNITIES IN THE INDIAN MARKET

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The Indian drinks industry is currently dominated by Indian-made foreign drinks (IMFD), with whisky taking a 61% market share.

**Ahmed Rahimtoola**, category head of the new products development team at Allied Blenders & Distillers, explained the challenges and opportunities involved in building a mega brand in the Indian market.

His insightful presentation on India's leading spirits producing company focused on the world's number one whisky brand – Officer's Choice. It revealed how highly regulated the drinks industry is in a country which is like managing 29 different countries, and where managing the environment and state bodies is a challenge. The state government enjoys the right to regulate business through various restrictions on distribution, retail and pricing.

## A complete brand overhaul for Officer's Choice

New product launches also drive market growth. The arrival of foreign players and global brands has increased options for consumers. Innovative packaging and branding by manufacturers has added aspirational value for customers. Trading up from national liquor is occurring due to rising quality concerns prompted by the sub-standard quality of local drinks. An increase in education levels amongst rural consumers has also impacted on increased consumption of branded products.

Per capita consumption of alcohol in India is very low but an increase in disposable income and greater exposure to media and travel will result in increased demand for IMFL brands. Allied Blenders and Distillers Pvt. Ltd., India's fastest-growing and third-largest IMFL company, has total registered sales of 35.7 million cases in FY16. The company has achieved volume growth of 16.7% CAGR over the last 5 years, which is nearly 4 times that of the IMFL industry (4.5% CAGR in the same

period). The government also earns revenue through high taxes levied on inter-state movements of goods. Other challenges include a ban on direct advertising, a limited number of wholesale and retail vendors, the threat of prohibition and the probable impact of the Goods and Services Tax (GST). Key drivers of growth include the changing demographic profile of the consumer base, underpinned by rising GDP and urbanization.

This will result in increased consumption and could make India the largest spirits market in the world by 2025. Changing consumer trends also include rising acceptance of social drinking among working professionals and an increasingly popular night culture, which is driving on-trade sales. In terms of pricing, semi-premium and premium are the fastest growing segments.

ABD has nearly doubled its market share from 5.8% in FY11 to 10.4% in FY16. Regular whisky is 37% of the overall whisky category (107.6 m cases).

Competitive brands include Bagpiper, 8PM and Imperial Blue. In a 2007/08 brand equity study, the company found that Officer's Choice was losing momentum and new age image; low price value perception was a dominating factor too. Brand rejuvenation required three strategies: a packaging upgrade, brand re-positioning and a big brand feel.

Creating a big brand feel was achieved by associating it with singers, cultural programmes, below-the-line visibility and activation, all of which resulted in record sales. The key change was introduced to the brand by upgrading to a premium category. Officer's Choice Blue launched in the premium segment is a grain-based whisky with a newly designed packaging, appealing to a large network of consumers.