

Globsyn business school essay sample

[Business](#), [Branding](#)



This model was made by Michal Porter, a professor at Harvard Business School. He identifies 5 basic forces in connection with the organization. We have chosen to use this model because we want to examine the forces influencing the company. The model has been subject to some criticism with regards to the model being too static, whereas the competitive environment is changing constantly, but it still provides an overview of the external environment. Industry Rivalry:

In relation to the competition on the Indian market, Kingfisher must be considered the most direct competitor. The competition in the Indian market is fierce though, and the big beer companies like United Breweries Limited and SABMiller want to sell to the Indian consumers, since they consider this an important market. Keeping up with trends is important. Thus, Tuborg have to follow the development in the market and invest heavily in advertisement as it is doing and innovation such as introduction of “ Tuborg Zero” is needed

to be perform so that people with every mind set can have their choice of product available and marketing campaigns to maintain their market shares around India, as this is one of the most essential markets for Tuborg. Threat of New Entrants:

When entering the beer production market, the entry barriers are relatively high and a lot of capital is required to get started in the industry. Capital is required to purchase plant, equipment and machinery and your product needs to be marketed for it to sell. This requires a heavy capital investment from the start that can take years to regain. Besides this you will need

connections in the industry and a well-established distribution network for your products to be delivered. This is very time consuming and it might also be a long process when you want to build a good relationship with your customers. There are already many well-known and established beer brands and one can assume that consumers tend to buy products that are made by a brewery that they are familiar with. Tuborg recently launched its “ Tuborg Zero” which is a non-alcoholic beer. Thus the type of market share Tuborg along with Carlsberg is grabbing, can ensure their place in the higher rankings in the future as per market share is concerned and restrict new entrants to enter the market. Bargaining Power of Buyers:

When looking at the buyer’s bargaining power we assume the buyers to be supermarkets, bars, restaurants and Foreign Liquor Off-shop as well as On-Shop buying directly from distributors of Carlsberg because Tuborg is hereby distributed altogether with Carlsberg, as we find it very unlikely for consumers to buy directly from Carlsberg. Since there is a Head to Head competition of beer in India, the bargaining power of Buyer is a vital area to think about. If the buyers are not satisfied in terms of incentives and percentage, there will be problems in introducing the product to the end users. These buyers are the ones who introduce the product to the end users and make it available for final consumption. Since Tuborg is introduced in the year 2009 in India, therefore to earn market share, it has be present in every possible outlets. It would be catastrophic for Tuborg to become unpopular among the buyers. Threat of Substitutes:

We consider substitute products in this industry to be other alcoholic beverages such as wine and other alcoholic drinks. In recent years, there have been different types of alcoholic beverages introduced to the market and the variety of products has increased. This is probably the largest threat for Tuborg and a threat they should be aware of in the future. It seems that the company has already discovered the competition and this is probably why they

launched “ Tuborg Zero” (a non-alcoholic beer). This shows us that Tuborg is totally focusing on a different segment i. e. for the ones who don't consume alcohol. One can assume that all the new ways of keeping yourself informed nowadays, has created a faster change in trends. Therefore market research and innovation as well as trying to diversify their product portfolio have become more and more important, all in all with the objective of keeping their customers satisfied. Bargaining Power of Suppliers:

Beer consists of a few key ingredients which are hops, water, barley and yeast. There are suppliers for supplying with these ingredients and is therefore a subject of concern in connection with the bargaining power of suppliers. We consider these ingredients to be basic goods that Tuborg can acquire from several suppliers. Since there are so many available suppliers, the price of the beer ingredients follows the prices set by the market. This makes the bargaining power of the suppliers small and indifferent. Tuborg which is a brand under Carlsberg which do not have to worry about lack of available raw material for the beer production, nor do they risk paying unfairly high prices. Changing suppliers does not seem to be a problem if

they are offering the same goods at a better price. Tuborg is a brand under Carlsberg which purchases their packaging, bottles and cans from outside the company.

The companies supplying these materials have more bargaining power than suppliers of raw materials. This is due to the fact that there are fewer suppliers of the products therefore it is more dependent on the suppliers. However, Carlsberg is trying not to be dependent on one single supplier of any essential product (Carlsberg's annual report 2008: 53). Being dependent on one supplier can have a negative effect as they might have to pay higher prices for their supplies than they would if they had offers from different suppliers. Obviously one of Carlsberg's obstacles in getting more suppliers is the fact that the suppliers need to be able to supply in large quantities. This means that new potential suppliers need to possess a large capacity in their production system and be reliable in their deliverance. Besides this they may try and compare the fact that if they go for their on packaging or manufacturing of bottles or can. The more feasible process can be entertained.

Explanation of Competitor Analysis System for a Particular Company::

India has experienced huge growth in the beer industry since liberalization and opening up of the economy in 1991. The intolerance towards alcohol that existed in the earlier days has now decreased to a great extent. Thanks to globalization and the cultural influence of the western countries – India has now become an ideal market for beer brands to flourish and expand. Tuborg, which comes from the house of Carlsberg, has a market share of 7-

8%. It faces tough competition from the UBL group and SABMiller group which combinedly hold around 80% of the market share in India. Thriving on competition, India's largest beer company, United Breweries (UBL), has not only withstood the challenge of several iconic international beers entering the country in the past five years, it has also upped its market share and widened the gap between its nearest rival, SABMiller India.

According to company claims, UBL currently has over 50% share of India's beer market, estimated at over 200 million cases, while SABMiller India has around 30%. Estimates by Euro monitor International, the London-based market research company, peg UBL's market share lower. It says the market share by volume of UBL, whose brands include Kingfisher, UB Export and Kalyani Black Label, grew to 45.4% in 2010 from 43% in 2006, while SABMiller's share, marketing Haywards, Fosters, Royal Challenge and Knock Out, declined to 31.8% from 36.5% in the same period. UBL's top brand Kingfisher alone had around 40% market share in 2010. "Their (UBL's) market share is expanding every quarter and one reason is that the main competition, SABMiller, is having issues," says Abneesh Roy, vice-president (research), Edelweiss Securities, adding that the market is a one-horse race now. United Beverage Limited (UBL)

UBL has an association with brewing dating back over nine decades, starting with 5 breweries in South India in 1915. From bullock cart-loaded barrels or 'hog heads' of frothing ale, the beer business has gone on to become the undisputed 'king' in the Indian beer market. UBL today boasts an impressive spread of own and contract manufacturing facilities throughout the country.

Here, innovative, creative and aggressive marketing is complemented by a strong distribution network. A management focused on building brand equity on one hand and exploiting it to the hilt on the other. Quality and hygiene are the key elements of the United Breweries' manufacturing philosophy. To this end, the Central Scientific Laboratory (CSL), headquartered at Bangalore sets standards for all its breweries. Quality Management Systems laid out along the lines of ISO 9000 are strictly adhered to, controlling quality at every stage of production, from raw materials to the end product.

Also, besides controlling the production process, the CSL analyses the Company's beer taken off market shelves all over the country, the competition's beers and beers from across the world. These beers are tested as per the standards laid down by the European Brewery Convention on 40 different parameters. Its flagship brand 'Kingfisher', has achieved international recognition consistently, and has won many awards in International Beer Festivals. Kingfisher Premium Lager beer is currently available in 52 countries and leads the way amongst Indian beers in the International market. It has been ranked amongst the top 10 fastest growing brands in the UK. It has now formed an alliance with Heineken Group. Heineken holds 37.5% equity shares in United Breweries Ltd. The alliance will offer consumers the best portfolio of national and international brands in India, including Kingfisher, the number one Indian brand, and Heineken, the largest global beer brand. UBL's outstanding skills as India's leading brewer and Heineken's global best practices will provide further strength to the business. Also, Heineken is expected to give global giants Anheuser-Busch and Carlsberg — operating in a relatively premium market now, but one that

is expected to grow rapidly because of rising incomes and brand consciousness — a run for their money. SABMiller

SABMiller India has performed remarkably well in strong beer segment with brands like Haywards 5000 and Knock Out. Royal Challenge and Fosters are also very popular in the mainstream mild segment since arriving in India in 2000; SABMiller has invested close to USD 800 Million. With 10 high quality breweries located strategically across 9 states in India, SABMiller India is well placed to service the markets quickly and efficiently with a dedicated workforce of over 2900 people. The Company's brewery in Andhra Pradesh is India's first brewery to have a capacity of 1.5 Million HL, which is twice the size of the second largest brewery in India. The wide sales and distribution network covering every single State in India, ensures that the company meets the expectations of the trade and consumers. The modern trade practices and transparent dealings followed by SABMiller India have ensured a long lasting partnership with its key stakeholders, viz., customers and consumers. SABMiller India is well placed to service the markets quickly and efficiently with a dedicated workforce of over 3800 people.

SABMiller India has been leader when it comes to innovation. Few such innovations are:- * They set benchmark in the Indian beer industry with the introduction of beer in PET bottles.

* They launched India's first spice beer-Indus Pride in four different variants. Indus Pride an Indian specialty beer brewed with authentic Indian spices. It caters to the diverse range of the Indian taste palette.

* SABMiller India offers the widest range of pack sizes of the beer in India, which includes 650ml bottle, 500ml bottle, 330ml bottle, 250ml, 500ml can, 330ml can, 50 litre draught and 30 litre draught.

* New and innovative technologies and best practices are being adopted to reduce, rescue and recycle the water. These include lower water consuming technologies-mash filtration and flash pasteurization. Investments have been made in setting-up electron spin resonance (ESR) machines for flavor stability.

* Our world class manufacturing program is fully aligned with the global SABMiller manufacturing way & implementation has produced positive results, not only in performance, but improving effective work practices in many aspects like process controls, quality management, asset care & competency development.

Customer Analysis::

Explanation of the buying decision process from the product consumption perspective: * Problem recognition: – There are most likely hundreds of reasons, good and bad, why people drink beer. Everyone who drinks beer has their own personal reasons. Beer is a worldwide commonly known and used beverage that has become a part of our society. It's been brewed and consumed for over several thousand years. Why is this drink so popular? Today we'll explore a handful of reasons why people drink beer. Taste – Beer is an acquired taste. I doubt there are many people who admit that the very first beer they ever tried in life tasted very good. But those who kept trying

beer grew accustomed to how it smelled, felt in the mouth and tingled the tongue. Once your taste buds lose their training wheels a whole new world of flavours are opened up to you. Buzz – Let’s face it, alcohol is a big reason why many people drink beer.

It provides mind altering capabilities that offer some people enjoyment, others a distraction, and still for others nothing more than problems. Getting a beer buzz is an attraction for many as well as a regrettable side effect. Everyone has different limits, so get to know just how much beer is enough to get your buzz on. Social – Sharing a beer with friends or acquaintances is one way of sparking conversation and just being, well, sociable. It becomes a common bond between partakers. Not only does it loosen the tongue a bit, but also causes some to open up a bit. Identity – It’s funny how some people find a beer they like and stick to it. For some, it becomes part of their identity. Brand loyalty is hard to break for some. The beers you started drinking when you were a young adult often become the beverage of choice later in life. Many beer drinkers will try other beers for a new experience and find a new brand to identify themselves with. The type of beer you drink may say something about you that you didn’t realize.

Variety – Beer comes in over 100 different styles and in thousands of different brands. No one beer brand is identical to the next. You could spend your entire life trying to sample all of the beers that are available in the world and still not be able to try them all. Very few beverages can claim this kind of variety.

Health – This could be an entire subject in of itself. There must be dozens of reasons why beer is healthy for you. Taken in moderation, beer: * Is good for your liver. It expands the blood vessels and helps speed up metabolism. * Can help lower your risk of heart attacks and stroke.

* Prevents cholesterol from oxidizing. Some hop compounds prevent LDL from oxidizing and clogging arteries. * Boosts vitamin B5, B12, folate and other valuable mineral levels. Unfiltered beers have more of this benefit. * May help in combating cancer. The compounds in some hops are showing promise for preventing certain types of cancer. (Bingham report 1998) * Helps ensure healthy bones. Bone improving nutrients are leached from the brewing process in a form that is readily accessible to the body. * Helps you relax and sleep more easily. Two vitamins, lactoflavin and nicotinic acid are present in many beers and help to promote sleep. Beer is also a natural sedative. * Contains antioxidants that can help slow the aging process. * Contains fiber. A liter of beer can have up to 60% of your daily recommended fiber. * Helps fend off gallstones and kidney stones.

Peers Pressure – One of the sad reasons why many drink beer. The pressure to conform and fit in with others is a constant issue. Many people, especially teens, drink beer just because their friends are doing it. For others, drinking beer is a rite of passage in life. Heritage – Breweries have been part of communities for generations and generations. Many communities in ancient and modern society rally around their local brewpubs and breweries throughout the world. Beer was one of the many bounties of a yearlong harvest. Locally made beers garner more loyalty.

* Information Search: – As the product is beer and the users of this product are the both males and females, especially among youngsters. In that respect the primary source of information are the advertisement displayed in wine shops. Most of the people purchase this product mainly influenced by the word of mouth because the way a particular brand of beer is popular among the youngsters.. Evaluation of Alternatives: Evaluation of alternatives includes 3 steps. First of all the consumer is trying to satisfy a need. Secondly, the consumer is looking for certain benefits from the product solution. Third, the consumer sees each product as a bundle of attributes with varying abilities for delivering the benefits sought to satisfy the need. Young consumers' beer for enjoyment. Evaluation of alternatives can be also explained with the help of Expectancy Value Model. Expectancy value model of attitude formation posits that consumer posits that consumers evaluate products and services by combining their brand beliefs positive and negative. In terms of beer we will take two competitive brands- UB group and SABMiller. We will divide these two brands on the basis of cost. The price of both the brands is in between 55-150.

* PURCHASE DECISION: – In “ Race to market” we chose a palette of three alternative kinds of consumers, applying three alternative rules for purchase decision. Basically, they differ because of the relative role of price and quality. Rule 1: If – at this stage of the decision-making process – only price is important, the consumer buys the cheapest good that survives to minimal quality requirements. (e. g. Palone) Please note that each consumer is free to set quality requirements, so that this rule is just for choosing inside a selected group of goods. If the consumer sets its requirements quite high,

this would produce a purchase of a high-quality good. Rule 2: If – at this stage – only quality is important, the consumer buys the best good he can afford. Given the reserve price, he will buy the good whose “ overall quality” is the highest and each feature has a “ sufficient” score. (E. g. Heineken, tuborg,)

To apply this rule, one has to build a measure of “ overall quality”, as we shall see in a moment. Rule 3: A third group of consumers tries to balance price and quality, and then they will choose the best value – for – money product. (Kingfisher) Once computed a measure of “ overall quality”, it can be simply divided by the price, so to order goods in terms of value-for-money. A decision can be taken quickly, based on few drivers, coarsely evaluated by just one person in a hurry. By contrast, the choice can be carefully taken, with a lot of different alternatives evaluated, through a lengthy procedure, involving many people. In agent-based models, this can be reflected in a full-fledged decision-making setting which distributes rules and parameters according to these two extremes and what lies in-between. More specifically, the length of time and the degree of attention paid to the decision depends on four broad determinants: 1. The kind of product;

2. The personality of decision-maker;

3. The occasion of choice;

4. The number of people whose preferences are reflected in the decision.

* Post Purchase behavior – Post purchase behavior comprises of post-purchase satisfaction and disposal. If performance falls short of expectations then consumer is disappointed. In case of beer if the consumer purchases

beer and if it does not satisfy the consumer then she will not purchase the product once again, then he/she will go for alternatives.

Roles prominently applicable in purchase process from product consumption perspective:-

* Initiator – In terms of beer for e. g. if X decides to purchase beer for the first time satisfied with the cost and benefits then X will be known as the initiator. * Influencer – It may be so that X may be influenced by her peers/friends if they have consumed beer earlier especially friends in that case friends will be the influencer or X may also be influenced by the surrogate advertisement or point of purchase display for purchase then it will act as the influencer. * Decider – Decider is the person who takes the main decision for the purchase of the product and sometimes an influencer or initiator can also be the decider. . * Buyer – A buyer is one who makes the purchase. So if peers/friends of X make the final purchase then friends/peers are the buyer. So in these peers/friends of X playing the role of influencer, decider and buyer. In other case if X makes the final purchase then she is the initiator, decider as well as the buyer. * User – User is one who finally uses the product. Here X is the user as well as if she also purchases, then she is the buyer as well as the user.

Product Strategy::

Identification of product type on the basis of various classification

parameters The product types on the basis of classification parameter are: *

Goods: In our project, we are referring goods as Alcoholic Beer i. e. Tuborg. *

Events: Tuborg Green supports musical and cultural events in many countries and is the main sponsor of such events as the Roskilde Festival (DK), Green Fest (CS and more), Download Festival (UK), Grøn Koncert (DK) and it is also the sponsor of Big Chill. In India Tuborg has also sponsored “Tuborg Sunburn Goa” in 2010. * Experience: As per experience is concerned, Tuborg speaks of celebration, fun and refreshment. * Idea: Though Tuborg is a beer but an image is created in the mind of the people as Drink for Fun.

Explanation of Theodore Levitt’s product level hierarchy for a particular brand.

* Core Benefits: Refreshment, consumption for fun and enjoyment. * Basic product: Alcoholic beer for consumption and enjoyment. * Expected product: Relaxation after consuming beer.

* Augmented product: Since it is providing with relaxation, it can also provide with energy, i. e. it can act as an energy drink * Potential product: It can introduce beer as an energy drink and also beer with no alcohol i. e. Tuborg has already launched “Tuborg Zero”.

Explanation of product mix strategy of a particular company

Product width: Carlsberg has only one line of product in India i. e. Beer.

Product Depth: Tuborg has 4 different types of variety, (Tuborg gold, Tuborg Zero, Tuborg green, Tuborg strong) here in India. Each of these comes in 3 different sizes (650ml, 500ml, and 330ml).

Tuborg gold Tuborg Zero Tuborg green Tuborg strong

Product Length: There are total 2 different products of Tuborg Beer.

(Alcoholic and non-alcoholic beer) Explanation of Packaging and Labelling strategy for a particular company Beers are packaged in such a way to avoid contamination. It is packed in an airtight Bottle which is disposable in nature. In case of Tuborg packaging has been redesigned to reduce the use of raw materials and Carlsberg products are eco-friendly. Carlsberg India has unveiled a new packaging and visual identity for its beer brand Tuborg, as part of its global enhancement programme. The logo is displayed diagonally with Tuborg written in black, and beside the text, a graphical representation of the bottle cap is given in green with a vibration effect. The label has been designed so that the logo becomes horizontal when the bottle is tilted at 62.5°, and can be viewed by others without having to tilt their heads when the drinker drinks from the bottle.

Pricing Strategy::

Tuborg is growing faster than the market, but it is still very small. In the bigger picture, United Breweries is so big. Tuborg started in 2007 and it is still building the business. Carlsberg is focusing on certain regions, now mainly up in the north and west of India, and not trying to cover the whole of India. Tuborg is growing in the regions where it was focused and in some regions it has very nice market shares. But it has a lot more to do. It will take time and investments.

It's a balance. Tuborg is not making money at this point in time. India is an investment story. So the margins in India at the moment cannot cover all the investments and spending. But it's about getting this balance. And every

time one launch a product, one have to do some price sensitivity analysis to see at this price point how much one can sell and at this price point how much, and where do one find the best balance. But, as a strategy for business, just going for volumes does not work. Because one can easily get a lot of volume, but if one cannot make money by selling a lot, why do it? So, Tuborg have to get the balance right between getting volumes and also value margin. One may have to be some time a little aggressive to make some penetration and expand distribution.

Tuborg is not very aggressive. If taken into account Tuborg and Carlsberg, they are priced right. Palone is at the market level but, not very aggressive in pricing. This is a lot more about building distribution, building brands and building consumer and customer loyalty. United Breweries and SABMiller the biggest player have priced there brands between Rs 55 and Rs100 for both low end beers and high end beers. So, Carlsberg has to price Tuborg around this price line which it had done. But, after creating a strong brand image if it finds a huge acceptance it can increase its price to gain more profit.

Promotional Strategies::

The rejuvenating revamp of the Tuborg brand and its spunky Surrogate Marketing campaign through TV ads and social media has quickly established a strong connect with the premium segment customer in the country. With an innovative approach in designing the marketing mix, the brand seems well positioned to give the established players a run for their money.

5 M's of Advertising Campaign

* Mission-

* Customer focused- Mission of the advertising campaign is to make Tuborg obvious choice among the youth. * Exposure oriented- Making Tuborg a essence of music and fun. * Objective specificity- Increasing sales and making a strong image.

* Money-

* Money can be generated through making a social networking website, wherein some advertisement of other products or services can be given in paid form. * Adding to which a certain amount of money can be reserved for advertising campaigns which may be in the following parameters: *

Affordable method

* Percentage of Sales method

* Percentage of Profits method

* Competitive Parity method

* Objective and Task method

* Message- Tuborg can be opened for fun at parties and other enjoyable moments.

* Media- Internet, Magazines.

* Measurement- Comparing past sale and sale after advertisement in volume.

Consumer and Trade promotion strategy for Carlsberg

* Consumer promotion strategy

1. Social networking site
2. Programs at various discotheques
3. Music Cd with every 2 bottle of Tuborg
4. Occasional advertisement e. g. for Durga Pujo “ Pujo Hottogole”.

* Trade promotion strategy

* For distributors

1. Monetary rewards for meeting targets
2. Awards for best distributors
3. Refrigerators for those meeting certain targets

* For retailers

1. Displays at outlets
2. Monetary Rewards
3. Designing of counters
4. Electricity bill up to a certain extent.

Design of Public Relation campaign for Carlsberg

Tuborg Recycle campaign – A recycling campaign will be done in most of the metropolitan cities of the country so as to reduce Global Warming. This will help Tuborg to get a press release in whole of India. Tuborg “ Run for Fitness” campaign- A marathon can be done in the metropolitan cities. The objective of the campaign would be to reduce obesity in young population.

BTL strategy Carlsberg can Follow to Promote Tuborg

BTL stands for Below the Line, is all advertisement that is done at outlet/retail level as well as direct marketing. BTL is contrary to ATL that stands for Above the Line – the marketing activities performed via traditional media, such as the press, the TV, cinema, radio. BTL is an activity as used by marketers to bring in awareness to a specific target market, by following a conventional approach that lays emphasis towards using various Direct Marketing tools. This includes road shows, placing stalls in malls, participating in exhibitions, undergoing door to door selling, test marketing, in-house public awareness campaigns and many more. This type of marketing activity is often more cheap than ATL and is more focused and rather more quantitative than as compared to ATL that can be more expensive and more qualitative, since it focuses towards attracting the mass market in general. In case of Carlsberg, it can promote Tuborg in the following two BTL activities: Music Cd with every 2 bottle of Tuborg- With every 2 bottle of Tuborg 1 music cd will be given to every customer at various retail points. Lighter with every 4 bottle of Tuborg- With every 4 bottle of Tuborg 1 lighter will be given which will have a unique Tuborg logo which will light up as the lighter is being used.

Channel Strategies::

Distribution-Distribution means the flow of the product from the producer to the consumer. In case of Tuborg we have identified that they follow two level distribution channels. It is two levels as it has two intermediaries. The channel is:

Manufacture Distributor Retailer Consumer

Rather than these channels Tuborg is also distributed to the following areas:

- * Bars.
- * Pubs.
- * Lounges.
- * Restaurants