

Indian beer industry – oligopoly

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Economies of scale: The increase in efficiency of production as the number of goods being produced increases. Government policies: restrictions on advertising leading to surrogate ADVT. , policies which make it difficult for expansion of companies. Access to distribution channels: cost of distribution in this industry needs to be looked at logically. If firms in this industry carries significant costs from distribution which are then reflected in their prices to customers, the customers will choose the competition.

Suppliers product differentiation/ SWITCHING COSTS OF BUYERS: the development of new products that may create a new demand or create repeat customers is always a key success when in a competition. Exit barriers: Typical barriers to exit include highly specialized assets, which may be difficult to sell or relocate, huge exit costs, such as asset write-offs and closure costs, and inter-related businesses, making it infeasible to sell a part of it. Another common barrier to exit is loss of customer goodwill. Buyers switching costs: In order to remain competitive, companies in this sector must make their products readily available and accessible to their customers or they will go with the competition. Advertising: when everyone's advertising in the industry is the same, it's easy for companies to get lost in the mix. However by staying on top with interesting and new ways to promote a product, people remember that product better. Importance of a specific product to a customer: An important competitive advantage that ensures that customers will be less likely to switch to another company for a similar product. BUYERS USE OF MULTIPLE SOURCES: Purchasers regarding the selection of suppliers (sources), e. g. the use of a single or two or more (multiple) sources. {Considers the justification of either method in the

context of reducing the uncertainty (risk) of a particular purchase. Illustrates the marketers view of sourcing and the differing sales tactics employed according to the suppliers' preferences. Concludes that purchasers should examine uncertainty buying-selling situations (UBSS) objectively with regard to their own organizations' need criteria, e. g. cost and timeliness, this determining the relevant sourcing policy}.

Demand and supply curve: demand for beer increases at all prices 1. Initially in equilibrium with P_1 and Q_1 . 2. A non-price determinant of demand (availability of complement goods) has changed: the demand curve shifts out from D_0 to D_1 At the initial price level there is excess demand with quantity demanded rising above the quantity suppliers are willing to supply at price P_1 (? 2. 50) 3. The market price responds to excess demand by increasing. This causes demand to contract again (movement back up the demand curve), but also supply to expand (movement down the supply curve) 4.

The new equilibrium is reached where supply and demand are equal at the higher price P_2 (? 3) and Q_2 (50 bottles) One of the reasons for higher sales of beer in South-India is the hot and humid climate for around 10 months. Due to this people consume beer all throughout the year increasing the volumes. As the figures suggest, the hot states contribute most to the revenues generated from the beer sales. (See Exhibit 15) . Hence we conclude that the overall market in India is highly diverse and for each region different strategy needs to be employed.