

# Chivas regal



**ASSIGN  
BUSTER**

Around a third the company's 1500 employees are based at their bottling plant in Paisley, from where the worldwide distribution network is coordinated and managed. Their key brands include chivas regal, The Glenlivet, Ballantine's and Beefeater gin etc. Their slogan is " The best way to enjoy chivas is with friends". Their sales have grown by 61% between 2002 and 2008 of around ? 2 million mostly in Europe and Asia Pacific, it is also global leader in luxury scotch whisky with 85% market share of scotch whisky aged 21 years old and over.

Chivas has recently launched a new global advertising campaign to run across all continents featuring on Tv, press and outdoor advertising . Their competitors include Johnie walker, Glenfiddich and Glen motange have taken the African market which chivas has not yet served. In 2012 , Chivas regal whiskies have performed well at the international spirit ratings competition in San Francisco getting gold and double gold for 18 and 21years category respectively. There are huge risks associated with alcohol companies and so for chivas to cope up with this highly competitive market, they have to overcome those risks.

This report will examine the political and technological risks associated with the whisky and spirit industry. 2. 0 Political aspects 2. 1 Regulation Since Chivas brothers are considered as an alcohol company, the laws may be very strict in some Countries, and this may affect the sale of spirit. Generally, these laws are set for alcohol companies to sell their product appropriately to the customers and may face heavy penalties for both Chivas and the consumer Selling alcohol to under 18, Drinking alcohol in public places, this hinders drinkers getting pleasures and the legal alcohol limit.

For Chivas to cope up with this risk it has to follow those government orders and restrictions. 2. 2 Taxation Obviously, the consumption of alcohol costs a majority in healthcare expenses. With tobacco, gambling, prostitution, alcohol is concerned as demerit good. Therefore, government attempts to raise taxes because they think this contributes to the reduction of drinking rate. According to the HM Revenue and Customs, the rate of alcohol duty from 25 March 2013 is 28. 22 pounds per liter of pure alcohol. Due to the inflation, 5 per cent tax increase for UK drinkers which means 82 per cent tax on a bottle of Chivas Regal.

The statistic shows that the UK has the second highest taxes on alcohol in Europe. This affects Chivas because this brings contraction of demand since there was an increase in price due to taxation and finally profit is reduced so Chivas have to reduce the disposable income they receive hence hindering expansion 3. 0 Technological aspects The more mature the whiskey is the more unique and the greater the quality is. Each blend has its own unique taste and special formula giving them their own distinct taste and experience. The technological equipment required to produce these type of whiskeys includes distillation technology.

The flavoring of whiskey is determined by congeners and fusil oils. An excess of fusil oils in whiskeys will reduce its quality and alter its taste in a bad way (it is a defect). Therefore the distillation process is to remove these unwanted fusil oils. A malt house is required. This is a building where cereal grain can be converted into malt by soaking it in water and then allowing it to sprout and then drying it to stop further growth. The malt can then be

used in brewing the whiskey. A malt house consists of a seeping pit or cistern where the grain can be soaked. This is made of brick or stone.

In the final stages of producing the malt, it is moved to a kiln. Where the barley is exposed to high temperatures to obtain a the malt. The malt can now be sent through the distillation process. Distillation is done in stills. The principle is that water evaporates at 100% whereas alcohol evaporates at 80%. Therefore the alcohol evaporates before the water does. A recent further analysis of the technological factor has shown that companies producing Irish whiskey are said to be more popular and preferable, and hence the highest profits have been made from this whiskey. An example is Jameson.

Irish whiskey use a column still, and distill there whiskey three times hence referring to the term " triple distilled whiskey". By distilling three times, the whisky gets a very pure taste, exceeding that of scotch. Therefore from our technological analysis, we can conclude that we need to try and apply the same technology of a column still in the distillation process and try and triple distill our whiskey for a new product, in order to bring a suitable competitor for the Irish into the market. And hence this could bring a different result in terms of market dominance. 4. 0 conclusion and recommendation