

# An analysis of the ub group united breweries marketing essay



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The inception of UB Group dates back in the late 19th Century in the year 1857. When beer was being distributed using bullock carts in casks and the largest number of customers were the defense personnel. Positive evolution has been undertaken in the company as United Breweries is manufacturing and delivering beer around the whole world fulfilling the customers' wants across generations and continents.

Today, UB Group records remarkable success over the last 94 years of operation. UB Group is a large Holding Company that majorly owns five companies; United Spirits Limited (USL), United Breweries Limited (UBL), Kingfisher Airlines, Mangalore Chemicals and Fertilizers Limited (MCF), UB Engineering that have seen the company lead in market share worldwide. The companies, United Spirits and United Breweries have attained landmarks with revenue shooting beyond one hundred million. In the same line United Spirits has developed into close proximity to the planet's major distiller. United Breweries also has recorded increase sales for the first moment in time that surpass half of market share control in the exceedingly cutthroat brewing space. Other companies too have performed outstandingly well.

Propelled by the country's endeavored growth trajectory growth in Gross Domestic Product (GDP) as well as by quantification of poverty reduction, the company is geared towards attaining higher goals and objectives. The company is led through corporate Governance in light of transparency of high principles through substantial promoter holding constituents of the Board which include four directors. The company enjoys endowment of knowledgeable and distinguished individuals who supplement external and internal perspectives that offer great support to the Board.

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UB Group reserves a wealth of employee with specialized skills and an undeterred commitment to their jobs allocated. The Group is led by the chairman Mr. Vijay Malaya, who succeeded his father position. He has a wide experience and skill in management having trained in several courses. He is remarkably the foremost Indian to be holder of formula one team. He is the Groups Chairman in India and USA.

Consumer diversity is increasingly evolving and businesses have looked for different ways to identify their needs and subsequently satisfy them. Market analysis techniques have intensively and extensively looked into consumer behavior and trend in the market to identify the marketing opportunities and explore them by meeting the desires of customer in a more profitable manner. UB Group has achieved to amass the biggest share of the market in India and the world as well. A deep analysis of the market analysis techniques used by the company will be undertaken to realize the opportunities that the company had realized in its various investments and enhanced service delivery (Kress & Snyder, 1994).

Market segmentation involves three basic steps in developing a market entry strategy. Although in essence it just groups the market by common features of certain groups with a focus to demography, these steps help in citing the differences correctly. First the customers are grouped according to their needs and reactions to as to categorically know what type of products the market want, how much by what group of customers. This will forge the way forward in the design of the product (Nelson, 2010). UBL's market is projected to expand significantly owing to the fact that Heineken Internal is signing a shareholder agreement, but most contributing factor is the <https://assignbuster.com/an-analysis-of-the-ub-group-united-breweries-marketing-essay/>

leverage Heineken's distribution strength that will spearhead the marketing of Kingfisher Beer in the chosen International Markets.

Second, after determining the wants you determine the segment which you are to deliver your products. Thirdly, you have to lie down and come up with a product portfolio so as to be able to gauge the trend, cost and extent of the product in terms of distribution. Demand has to be looked into in the first steps. Market segmentation gives a more precise data and analysis which to the business is significant in making projections while identifying the real opportunity in the market. There are different means however of how to achieve through a market segmentation, it is fundamentally through the company capability that this can be effectively be achieved.

The Group is committed in its involvement in corporate social responsibility. Over the years the company has been keen to endeavor in dealings in the area of Life Sciences that have led to the development of Mallya Hospital at Bangalore that has a touch to the underprivileged in the community by offering them subsidized service. The hospital has owned the reputation of using exceptional medical equipments that translated into quality medical care and the most excellent medical consultants. The hospital has registered significant improvement and development, today, the initially 150-bed hospital has been turned into a 450-bed hospital of which an estimated of 50 beds are set aside to specifically care for seriously ill patients. The company boasts of this community extension service owing to the fact that it was the first Indian Hospital to be awarded ISO 9002 certification.

Group Company has taken aggressive exportation as a market strategy for marketing its products rather than partial exportation bearing in mind that it produces different brands, it does not wait for orders but goes to look for them. It has extensively built branches in many parts of the world, other than India, so that it stores its products as it seeks or attends to the demand already identified in the market.

The SWOT analysis is a useful tool for understanding markets and subsequent decision making for all sorts of available opportunities in the market. Determination of the Strengths, Weaknesses, Opportunities and Threats are critical in getting a good review of strategy and direction of a company proposition of investment in a market. However, in order to increase on the reliability of the SWOT analysis it is critical that one completes a PEST analysis first.

PEST analysis is a fundamental tool in understanding the market opportunities and growths attached to it after one's investments. The acronym stand which implies a critical brainstorming review of the market Political, Economic, Social and Technological factors has proved to be fundamental in assessing organizations markets. It gives the indicators of the challenges and advantages both in political, social and economical aspects of the market.

Group Company proved to have ventured in their market through critical review of this using this method as reflected in the success factors and the choice of the countries it has invested in. Its investments in USA for example, was due to their political and economic stability, and an extended hand in

the purchasing power of the customers which was intriguing, as reflected in the high success of USL and UBL in America. SWOT on the other hand restrained the company from setting up its manufacturing companies because of the fluctuating economic status of the county.

Group Company were able to assess their markets using Porter's five forces model that enabled them gauge the markets competitive strength and position. Bearing in mind of the stiff competition, the company innovatively increased its number of brand and ventured into aggressive exportation of its products. It got into partnership with its promoters so as to increase the sales turnover and turned threats of technology obsolescence by engaging its UB Engineering Company in time to time plant installation and upgrading of plants.

The company recognized the existing competitive challenge with its competitors, fully evaluated the threats of the new market identified and the purchasing power of the consumers and threats in terms of the immense range of products in the market, and associated changes in prices that might plunge the company into a loss or closure.

The company has the biggest market share because of its accrued single window ventures to invest in the global market. Holding Company of the Group manages stakes in UB group leading companies which are United Spirits Limited (USL), United Breweries Limited (UBL), and Kingfisher Airlines (KFA). Each major investment is prevailing leader in their own market because of their fast increasing segment response to current emerging customer trends. Other than the three above major successful investments,

other group ventures in setting up of industrial plants through its engineering company, and in the manufacture pharmaceutical and fertilizers are improving at a gradual rate. This was reflected in the analysis of the size of structure and success of each investment which confirmed a relative relationship to their respective market share. The analysis of the market share of the above investee companies was as follows:

The UB Group, being one of the forefronts in terms of branded customer group as indicated above, has dominated the industry in three of its consumer driven investments: alcohol and beverages which is its leading in market share with 30%, dominated in spirits associated with the different brands quality that today it controls 40% of the market shares, and the aviation which is also leading with 45% of the market share. However, UBE, MCF and AVENTIS might indicate less market shares as compared to the former three of 28%, 22% and 15%, but it is also proud to realize such market shares by the company put it among the top service and products providers in their respective markets.

United Spirits Limited (USL) has been the leading and the world's second largest spirit company with consistent domination and a market share of 40%. Offers a wide variety of brands, over 140 and has specialized in a twenty percent of the brands going for multimillionaire ranging from whisky, Brandy, Rum to Vodka and Gin. In the year 2009, the company recorded a turnover of over 90 million in sales revenue. The company has been able to the global market and wins most customers that led to it being voted as the best company and attracted awards across all fields and categories. For instance, instance in June the company was able to win over 108 awards, in <https://assignbuster.com/an-analysis-of-the-ub-group-united-breweries-marketing-essay/>

all the international wine and spirit contests. The company is thus associated with innovation, the best market entry strategy and market analysis and enjoys being the first single diet whisky manufacture in the whole world.

Kingfisher Airline Limited is among the biggest international airline operators serving over 400 flights a day in India and over 2500 flights internationally. KAF constantly dominates 45% of the market with a wide destination networks. Its services range from regional to long-haul internal destination suiting majority of airline customers. Apart from the stylish red interiors in the aircraft that customers enjoy, they are also satisfied with the in-flight entertainment, not to mention the reliable smartly dressed crew and ground staff that meet ones needs on request. For instance, in May 2009, KAL recorded a total of one million international passengers that saw the company realize the highest market share.

UB Engineering is has been renown in the market for turning construction investments and building dreams into a reality. The company has strongly focused on, but not limited to, projects in industrial installation, power, fabrication, fire fighting, and agrochemicals. However a deep concentration on erecting plants with speed and efficiency saw its competition on flexibility realize an increased market share. The company's undeterred commitment to compete on quality made it achieve the award on ISO 9001: 2000 certification. It has widely built its reputation for effective operation covering fitting, gauging and maintenance of mechanical projects (Janssen, 2004).

Today UB engineering records substantial turnovers of Rs. 150 Crore with a rapidly increasing trend, the last realized was Rs. 275 Crore. One of the



leading International engineering companies in the field of installation of industrial plants that is deeply focused on Trunkey Division for developments in Power generation, Fertilizer quality improvement and manufacture, Fire Fighting, sewage Treatment, Agrochemical production among others.

### Obstacles

The Group Company therefore has been able to win most markets and realize aggressive growth. Its ability to change its products in line with the customers preferences was because it had mastered the market so well. In the 1950s, it expanded from single production of beer to production of spirits and even went ahead to acquire more acquire companies for production. This notwithstanding, the company in 2003, increased its brands and acquires more business for the production of liquor. It was at this time that the company released its most selling brand the Kingfisher.

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