

STUDY OF CONSUMER PERCEPTION ABOUT BUSINESS STRATEGY AND BRAND OF CARLSBERG

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Abstract

Purpose: Beer is perhaps the oldest and most popular of all alcoholic beverages in the world. Even though beer is unable to compete with the liquor market in India, there still remains a growing market for the beverage. Carlsberg operates in India through South Asia Breweries. The main purpose of the study is to study the consumer perception about business strategy of Carlsberg and to know the consumer perception level about Carlsberg as brand.

Methodology: The study commenced with interaction with senior officials of South Asia Breweries and understanding of objective, business plan, supply chain, marketing set up etc. relating to Carlsberg brand. Thereafter a representative sample was selected which included consumers of beer. Sets of questions were developed to gather primary information for the project covering all the parameters as required. A field study was done to know the consumer perception about the Carlsberg beer.

Findings: Carlsberg has gained brand awareness among the customers in a short period of time of its establishment in the market, Carlsberg prices have been accepted by the consumers but continuous availability is a problem which can be sorted out by improving supply chain management, also visibility of the product lacks in certain area due to lack in continuous availability of the brand and it has an incomparable product packaging in comparison with other available brands.

Practical Implications: This study will be used to identify the visibility and strategy to be used in making it more aware to the consumers.

Key words: Brand awareness, Marketing Strategy, promotion of Carlsberg, and visibility of Carlsberg.

1. Introduction

Carlsberg is one of the world's largest brewery groups. It has a beer for every occasion and for every palate and lifestyle. The Group's broad portfolio of beer brands includes Carlsberg Pilsner known as 'Probably the best beer in the world', and strong regional brands such as Tuborg, Baltika and Holston. It also has a wide range of leading brands in local markets. It operates primarily in mature markets in Western Europe but is generating an ever-growing share of revenue in selected growth markets in Russian and neighboring countries other parts of eastern Europe and Asia. Over the last five years, the Carlsberg Group has become increasingly market-oriented and efficient. Important results have already been achieved, but the strategic development process is continuing. It has launched a number of projects with a view to taking Carlsberg closer to its vision of being 'probably the best beer company in the world. Carlsberg A/S, the Parent Company of the Group, is owned by 20,000 institutional private investors all over the world and is listed on the OMX Copenhagen Stock Exchange. The Carlsberg holds 51% of the shares. The driving force behind these projects is its aim of making the Group more dynamic and flexible, and ensuring a constant focus on market and customers in all of its processes. Carlsberg operates in India through South Asia Breweries. South Asia Breweries is a joint venture between Carlsberg, Denmark's Industrialization Fund for Developing Countries (IFU) and a group of investors. Carlsberg has a 45 per cent stake in South Breweries; the IFU holds 10 per cent, while a group of investors, led by Carlsberg's Sri Lankan partner Lion Brewery Ceylon Ltd, hold the rest.

2. Review of Literature

Allison, Ralph I and Uhl, Kenneth P discusses that as a company tries to find the factors accounting for strong and weak markets, typical consumer explanations for both tend to be in forms of the physical attributes of the product. Carling Brewing Company used a relatively inexpensive experiment to help dichotomize contributing influences as being either product or marketing oriented and, also, to indicate the magnitude of the marketing influence for various brands. The experiment involved the use of groups of beer drinkers that tasted (drank) and rated beer from nude bottles and from labeled bottles. Benson-Armer, Richard, Leibowitz, Joshua and Ramachandran, Deepak talk about the formerly local beer business has entered the early stages of globalization: consumer tastes everywhere are starting to converge, and brewers are exploiting partnerships, acquisitions, and licensing deals to spread their brands across the world. Globalization's economic benefits are huge. As demand from consumers in the developing world rises and best practices in brewing, marketing, and distribution spread from country to country, the international beer profit pool (as measured by earnings before interest, taxes, depreciation, and allowances) could grow from less than \$18 billion today to \$28 billion by 2010. Most of this growth will come in Asia, Latin America, and, to a lesser extent, Eastern Europe as consumption and prices rise and productivity improves. Yet there is real growth potential in the developed world as well. Hargrave-Silk, Atifa states that this article focuses on brand positioning of the new beer brand by brewing major Carlsberg. While the brewer's green label targets consumers aged 30 years and up, the newly launched Carlsberg Chill is seeking to appeal to younger consumers with its lighter taste, 'playful' image and 'hip' brand positioning. While company's spokesperson Christopher W.K. Tsang declined to comment on Carlsberg's marketing strategy, according to a source, the green label is losing share in China, where foreign beer brands have aggressively made inroads amid expectations that people will drink more as incomes rise. Zammit, Deanna, informs that the passports are part of a 10-year plan to build distribution and marketing while raising the U.S. profile of Carlsberg, a Danish import that is popular in Europe but received scant marketing attention in the U.S. from former distributor Labatt USA, said Mike Mitaro, President and CEO of Carlsberg USA. Since splitting with Labatt in May, Carlsberg USA has assumed control of the brand's marketing. Carlsberg is one of several

brands trying to find a niche in the mature import beer segment. The import category is led by Corona, which supplies 30 percent of the import market by volume, and Heineken, which supplies 20 percent, according to Benj Steinman, Publisher of Beer Marketer's Insights. Parker, Philip M., summarizes the economic potential for major cities in more than 200 countries around the globe for Carlsberg lager beer that have been spun and finished in the same establishment for the year 2009 is presented. It provides latent demand or potential industry earnings (PIE) estimates for the product for each city, including the percent share the city is of the region and of the world. The estimates were created using econometric models, which project fundamental economic dynamics within each country and across countries. Parker, Philip M, covers the latent demand outlook for Carlsberg lager beer across the states, union territories and cities of India. Latent demand (in millions of U.S. dollars), or potential industry earnings (P.I.E.) estimates are given across over 5,100 cities in India. For each city in question, the percent share the city is of it's state or union territory and of India as a whole is reported. These comparative benchmarks allow the reader to quickly gauge a city vis-à-vis others. This statistical approach can prove very useful to distribution and/or sales force strategies. Using econometric models which project fundamental economic dynamics within each state or union territory and city, latent demand estimates are created for Carlsberg lager beer. This report does not discuss the specific players in the market serving the latent demand, nor specific details at the product level. The study also does not consider short-term cyclicalities that might affect realized sales. The study, therefore, is strategic in nature, taking an aggregate and long-run view, irrespective of the players or products involved.

3. Methodology

3.1 Research Objectives

The present study was conducted to achieve the following objectives:

1. To study the consumer perception about business strategy of Carlsberg.
2. To know the consumer perception level about Carlsberg as brand.

3.2 Statistical Tool

- ❖ **Sample size:** Sample size taken is 100.
- ❖ **Sampling Type:** The selection of sample is based on convenience quota sampling.
- ❖ **Questionnaire:** The primary data is collected through structured questionnaire method. Data

collected through this method was the first hand data, which was interpreted to give meaning to the findings. The primary focus of the study is qualitative research. Qualitative research includes generating data by interviewing the sample.

- ❖ **Technique:** The Statistical Package for Social Sciences (SPSS) software was used to analyze the data gathered through structured questionnaire. The various fields of choices were entered as variables and figures and graphs derived. With the help of verbal information provided by the consumers by filling the questionnaire a concrete decision is obtained.

3.3 Data Collection

- ❖ **Primary Data:** Conducting the survey and collecting the information via questionnaires, personal-interviews/discussions with company officials etc. and field survey involving consumers.
- ❖ **Secondary Data:** Secondary data were collected from newspapers, magazines, beer industry, journals, online resources etc.

4. Data Analysis & Findings

Mentioned below are the analysis of the responses and their findings.

4.1 ETOP Analysis of Carlsberg

ETOP = PESTLE Analysis + Porter's Five Forces Model

a) Environmental Threats: In India there are already pre-established brands like United Breweries and SabMiller existing in the market with about 80-90% share in the beer market. Whereas Carlsberg is a new entrant in the market with a little knowledge about the Indian consumer so it might be difficult for the company to rule the Indian market. Due to comparatively low per capita consumption (i.e. 0.7 liters) of beer amongst the Indian consumers as compared to Czech Republic, which has highest per capita consumption of 156.9 liters, it might not be convenient for Carlsberg to have a positive response amongst the Indian consumers. Carlsberg is a new entrant in the Indian market so it will have make a huge amount of investment in the market in order to make its imprint in the minds of the consumers, so that they could compete with the existing players in the market. Anheuser-Busch and InBev can prove to potential competitors in India because these brands are comparatively low priced as compared to Carlsberg. So it can face risk due to this also. Carlsberg is a high priced premium brand targeted

towards middle and high income group people which can prove to be a major threat for the company because the are ample amount of consumers in low income group who can be targeted by launching a low priced brand, as presently they are consuming local brands and other international cheap brands.

b) Opportunity Profile: The Indian beer market was estimated to be 6.7 million hectoliters (hl) in 2002-03. Beer consumption has been growing rapidly at a CAGR (Compound Annual Growth Rate) of 7 per cent over the last 9 years, while growth in 2002-03 was 11 per cent. New target markets can be explored in the near future and Carlsberg is then expected to have a brighter future in India. There are just two major market players in the beer market whereas there is wide range of customers so Carlsberg has immense opportunity to tap the untapped market like having lighter beer brand for women. Introducing new flavors and packages in order to attract the customer. As per the present scenario income of people in India has been rising, lifestyle pattern of people is also changing. Westernization has become a part and parcel of everyone's life. Indians are aping up west and there habits as well so if with planning Carlsberg will try to market its products then Indian market can prove to be a money churning for Carlsberg. As a consequence of the high birth rates prevalent until the 1990s, a large proportion of the Indian population is in the age group of 20-34 years. This age group is the most appropriate target for beer marketers. This population trend will give a further boost to the growth of beer consumption in India. Climate of India is predominantly hot / warm hence there is immense potential for expansion of beer market in India.

Table 1

4.2 Product Life Cycle of Carlsberg, for Indian Market

Carlsberg has entered Indian Market in the year 2006. It is in the introductory phase. In other countries, Carlsberg has reached its growth stage. However, it has just entered the Indian market and is in the introductory phase.

Mentioned below are the questions that were asked by the consumers during the field survey:

1. Which brand do you associate yourself with when you hear beer?

Table 2

Based on the above data we can see that Kingfisher leads in the brand recall test, which is then followed by Carlsberg. We can say that Carlsberg has gained brand awareness among the customers in a short period of time of its establishment in the market.

2. What do like while buying your favorite beer?

Table 3

Brand preference level for Carlsberg has seen above in the chart where as consumers still look for Kingfisher for better taste. It can be seen that the consumers have accepted Carlsberg prices but continuous availability is a problem, which can be sorted out by improving supply chain management.

2. How effective would you judge Carlsberg in relation with marketing strategy?

Table 4

The main reason for consumers opting for a neutral stand here is due to lack of knowledge of what kind of marketing strategies is used by the company. It was also asked regarding the social networking campaign, which is conducted, by Carlsberg but lack of awareness for the same came forward.

3. Carlsberg Brand-Visibility

Table 5

Even though the brand is preferred over other available brands, visibility of the product lacks in certain area due to lack in continuous availability of the brand. According to the graph above we could see there were only few who were positive for effective brand visibility where as large portion of consumers thought it was ineffective but can be improved.

4. Carlsberg-Product availability

Table 6

Looking at the above graph it was found out that the company needs to work out more effectively for making its product available at right market at right time. Since one of the main factors for switching of brands is the availability factor, awareness level of brand and brand loyalty would not be their if there is lack in availability.

5. Conclusion

The beer market in India has just started evolving. There is scope for growth in terms of volume, categories and variants. Carlsberg is a well known among discerning Indian consumers. According to the above analysis it can be concluded that even in a short span Carlsberg has acquired good brand awareness among the consumer. The problem in the Indian beer market lies in Indian laws that tax brewers for exporting beer out of one state to another, as well as creaking infrastructure, which makes transportation difficult. So here it becomes a necessity to to have a network of breweries. The Indian market has a rising disposable income and an energetic youth population for whom drinking is not seen as a taboo. Though Kingfisher is by far the best selling beer brand

in the country, Carlsberg has achieved tremendous success in a year. Along with the brand the core strength lies in its distribution and manufacturing base. Hence Carlsberg need to focus more on setting up new breweries and expanding Indian market. The key challenge in front of South Asia Breweries is to create a much wider market for its beer brand across India.

6. Limitations

The study had certain limitations. The major problem was the time issue and therefore the number of persons contacted was small. Positive response ratio was very less; less number of people was ready to participate and replied truly. Non-cooperation of the respondents was the major problem faced. Also, sample size was another major issue due to which analysis part lacked statistical tools giving rise to reliability and validity issue.

7. Recommendations

- ❖ **Visibility:** In order to make Carlsberg beer more successful in the Indian market, South Asia Breweries should improve the visibility of the brand as 60% people said that the visibility of brand is ineffective.
- ❖ **Surrogate advertising:** Carlsberg has to rely on surrogate advertising. It has to associate itself with various sponsorships like sports, and music to tap the Indian Market and make a positive impact on the consumers.
- ❖ **Promotional Schemes:** To push in the product in competitive market of beer new schemes should be introduced to tap the untapped consumers like providing complementary Carlsberg voucher, which would be redeemable at various malls PVR cinemas etc.

End -Notes

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Table 1

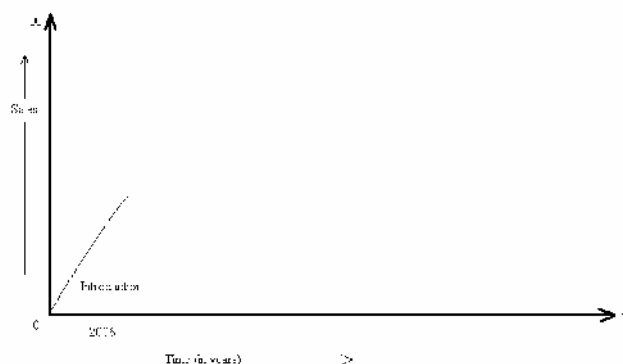


Table 2

Which brand do you associate first when you hear beer?

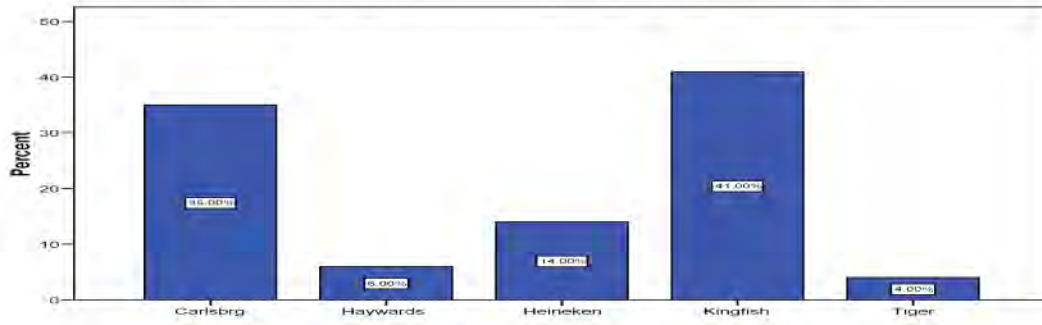


Table 3

Bar Chart

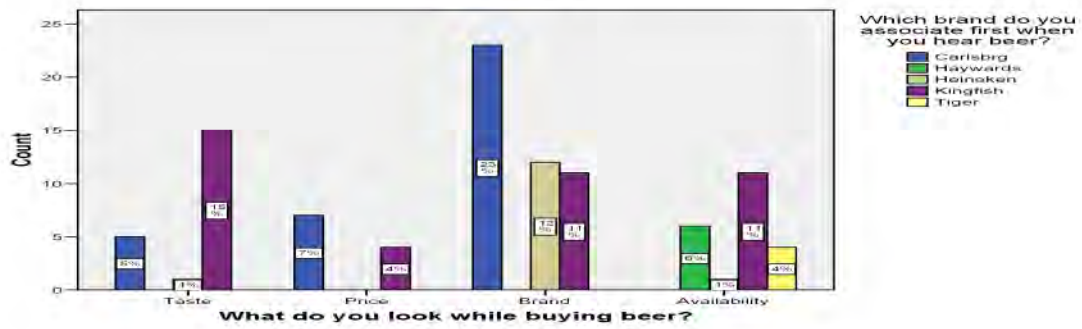


Table 4

How effective would you judge Carlsberg in relation with -Marketing Strategy



Table 5

Carlsberg-Brand Visibility

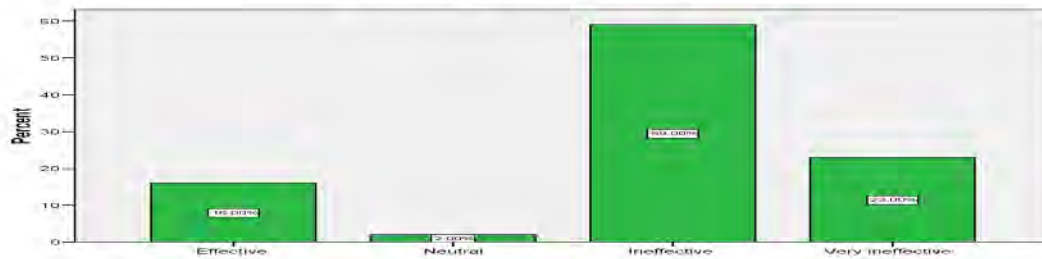


Table 6

