

Pernod Ricard vs. Diageo: The rivalry of India's Liquor Brands

Overview

India's alcohol industry, valued at over \$55 billion in 2023, is one of the fastest-growing globally, fueled by rising disposable incomes, urbanization, and changing social attitudes. Spirits dominate with 66% of total alcohol consumption, followed by beer at 31% and wine at 3%. Within spirits, whisky leads with over 60% share, making India the world's largest whisky-consuming nation. The market is segmented into mass-market (e.g., McDowell's No.1, Imperial Blue), semi-premium/premium (e.g., Royal Stag, Signature, Blenders Pride), and luxury/imported (e.g., Chivas Regal, Johnnie Walker, The Glenlivet). Premiumization is rapidly increasing, especially among urban millennials and women, who are becoming a growing consumer base. Regulatory hurdles remain high, as alcohol is a state subject with varied taxation and distribution systems. Key players like Pernod Ricard, Diageo (United Spirits), Radico Khaitan, and Allied Blenders & Distillers are aggressively investing in marketing, digital transformation, and sustainability to capture market share and drive long-term growth.

Brand Perception

Pernod Ricard India

Pernod Ricard entered India in 2001 by acquiring Seagram's Indian operations and built a strong portfolio with brands like Royal Stag, Blenders Pride, Imperial Blue, 100 Pipers, and Chivas Regal. It is known for premium positioning, celebrity-driven marketing, sustainable packaging, and data-led digital engagement. As of Dec 2024, Pernod Ricard India reported ₹26,936.51 crore in revenue (7.09% YoY growth) and ₹1,620.58 crore in profit (20.9% rise). It operates 25 manufacturing units—2 distilleries (Nashik, Behror) and 23 bottling plants across 17 states. India is now Pernod Ricard's second-largest market, overtaking China. The company is expanding further with a major malt distillery planned in Nagpur, Maharashtra, reinforcing its commitment to infrastructure and local production.

Diageo India (United Spirits Limited)

Diageo entered India by acquiring a controlling stake in United Spirits Limited (USL) in 2013. It offers key whisky brands like McDowell's No.1, Royal Challenge, Signature, Antiquity, and Johnnie Walker, catering to both mass and premium segments. As of Dec 2024, Diageo's Indian arm, United Spirits Ltd, reported ₹10,692 crore in 9-month revenue with a 10.5% YoY growth; Q3 alone saw ₹3,432 crore revenue. Its premium segment (Prestige & Above) rose 16.1% YoY. USL operates 38 manufacturing plants across India and employs 2,213 people. With operations spanning all states and a robust rural-urban distribution network, Diageo maintains a dominant presence in India's ₹3.6 lakh crore alcohol market.

Case

Consider yourself as a consultant in the alcoholic beverage industry for 10 years and you've a choice of joining either of the companies as a Managing Director. You'll be a lead decision maker in the industry on the company's behalf. Now:

1. Which company and based on which factors you'll choose either of the one?
2. What will be your future targets and projections in the next 5 years?
3. Now based on your chosen company on which department, you want optimization, because of its year on year inefficiency. (Eg: marketing, supply chain, financials)
4. How can quick commerce optimise the sales in growing urban population's consumption?

For only round 2

As independent director of PRI :

- As Pernod Ricard's innovation lead, would you prioritize launching craft whiskies or focus on RTDs (Ready-to-Drink)? Support why and how.
- Pernod Ricard's premium segment contributes the majority of the total revenue generated. But Imperial Blue falling in this segment is facing competition from its ally products like Chivas. What strategy would you induce to solve this?
- What strategies can Pernod Ricard India use to ensure consistent compliance with varying locations, age groups and ethnicity, especially in large-volume contracts with government agencies?
- Pernod Ricard's premium sector contributes approximately 72% of total revenue generated by Diageo India. Why do you think the other segments are lacking? What could be done to solve this? Or is this an issue or the company is in advantage?

As independent director of USL (Diageo India) :

- Diageo's premium sector contributes approximately 88% of total revenue generated by Diageo India. Why do you think the other segments are lacking? What could be done to solve this? Or is this an issue or the company is in advantage?
- How should Diageo India handle reputational risks arising from ongoing investigations involving its top leadership, even if the CEO is not directly implicated?
- What strategies can Diageo India use to ensure consistent compliance with varying locations, age groups and ethnicity, especially in large-volume contracts with government agencies?
- What would be your GTM strategy to bring back Old Tavern?

We say great business cases doesn't have any specific ending, they have open ends and there comes the customer. Wishing you all the best in showcasing your inner strategy consultant!

Regards Anubrata Karmakar