HOW A BRAND IS BORN & SOLD

- INDIA MADE FOREIGN LIQUOR is a venture where a liquor (Whisky, Brandy, Rum, Gin, Vodka) label & blend is first developed and then followed by development of its packaging materials which completes the product/s transformation into brands.
- A company is formed and registered to carry on the business operations.
- Thereafter suitable liquor bottling units or distilleries are identified in designated regions and contractual bottling or production is done after getting the label/s or brand/s registered with the local excise depts.
- The label/s or brand/s are again registered in the local state excise departments, where they are intended to sale and thereafter sales starts.
- Marketing and brand building activities along with trade discounts and schemes are operated in the market to gain sales volumes and market share.
- **FORMATION OF COMPANY**
- The company is registered with nature of activities defined as manufacturing and marketing with the registrar of companies to carry out the said liquor business.
- **OPERATIONS**
- **DEVELOPMENT OF BRANDS:**
- Categories are identified in which the company wants to do business as Whisky, Brandy, Rum, Gin or Vodka.
- The company then plans to create "Products" in those identified categories.
- A suitable name is thought or identified according to the kind of product the company wants to create.
- A designer is hired and briefed about the name and the brand positioning and thus the label design is created.
- As soon as the label design is finalized or at least the name is finalized, it is sent for trade mark registration to protect the IP rights and prevent any counterfeit.
- Thus a "Brand" is born.
- A blender or chemist is hired to create suitable blend/s for the said brands according to the various categories or sub-categories of the product.
- The created blends are then researched according to their acceptance among consumers where an expanded market research done by either hired research companies or by an in-house team.
- The blend/s are finalized after intense and prolonged research to have better chance of acceptance among consumers.
- The designer also creates the artwork for all other packaging materials as bottles, caps, mono-cartons, canisters, CC boxes, etc., as per suitability and completes the formation of a "Brand".
- **PRODUCTION & LOGISTICS:**
- There are bottling units (Bottlers) scattered across the country owned by various entrepreneurs.
- Suitable units are identified based on the quality of water, ease of procurement of all packaging materials called "dry goods" and ENA, or the extra-neutral alcohol which forms the base of the spirit called 'Wet Goods'.
- Security deposits to the tune of around Rs 50 lacs are even paid to sign an agreement for production of brands in those bottling units by the brand owners, referred as Kaya Blenders & Distillers Ltd. (KBDL) here.
- Generally a payment between Rs 50 to Rs 75 per case of production is paid to the bottler depending on the agreement as bottling fee. The amount is paid by KBDL on a monthly basis.
- These bottling units owned by others used to outsource production are called "contract bottling units or CBUs".
- The brand owners (KBDL) thereafter sources all the packaging materials namely all the dry and wet goods to the CBUs for production at its own cost.
- The labels of the brands created are registered with the local excise of the bottling unit required for production which incurs an expense on the part of KBDL and generally has a validity period of one year and thereafter renewed each year with fees as applicable.
- There is a very high investment required for procurement of both dry & wet goods as most have minimum order quantities and are mostly required to be paid in advance.
- For example the MOQ (minimum order quantity) for ENA (spirit) is 20,000 liters which incurs an approximate cost of around Rs 15 lacs and is paid in advance by KBDL. The MOQ for the glass bottle is around 1,00,000 pcs which incurs a cost of around Rs 15 lacs and is also paid in advance by KBDL. Similarly with the caps, CC boxes, labels, etc.
- The finished products are moved from the CBUs to the wholesalers/ distributors/ corporation by KBDL and incurs logistics expenses paid upfront on completion of each delivery cycle.
- **SALES & PAYMENT COLLECTION:**
- Manpower is hired by KBDL in the capacity of state/regional/zonal heads and territory sales executives to procure orders and collect payments from retailers, wholesalers and distributors.
- This is a 3 tier business whereby stocks produced at the CBUs are sold to wholesalers known as L-1s or distributors or to the govt. corporations and thereafter the same goes to the retail from where a consumer buys in unit/s.