

IMPERIAL COLLEGE LONDON

DEPARTMENT OF COMPUTING

COURSE 350: MANAGEMENT AND BUSINESS FOR COMPUTING ENGINEERS

name of company here

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1 Executive summary

business model = product (disguised as service for legal reasons - absolut?)

business objective maximise sales - new to the market explain the required infrastructure to sell a lot

2 Vision statement

Our mission is to bring a mid priced cider to the people of India. India has the second largest population in the world, and has an estimated market size of 500 million alcohol consumers [better estimate]. At the moment, there is one provider of cider in India, and we would like the change that.

We want to be a brewery. We will brew our own cider in the state of Himachal Pradesh, which is the source of the majority of the apples in India. Along with producing cider, we will sponsor other exclusive bars and clubs.

Operating in India which is well known for its corruption, we want to practice ethical development. eg corrupt free, no bribes, no blood cider forced labour fairtrade

We hope to gain popularity in major establishments, in Delhi and Mumbai through the open minded youth and bar owners.

Our cider will become a desired commodity through exclusivity and we will be able to research our market further at this point with minimal risk.

We will adapt and pick up popularity and scale up to make it available to the public.

Operating in India which is well known for its corruption, we want to practice ethical development. eg corrupt free, no bribes, no blood cider forced labour fairtrade

ethics. fairtrade - look at poverty + with partners poverty - provide jobs and food to the villagers. improve infrastructure (added benefits - tax exemptions) religion - no issue, alcohol is still sold across all of india corruption - no bribes, do everything by the books age restriction - different restrictions for different states, alcohol content health - people already drink, we arent trying to get more people to drink, just introduce it to current drinkers eco(water recycling, using up all the apples) - recycle apple waste. recycle all water. solar energy. supply of apples

type = pvt. ltd. co. - control of the company

3 Management team

4 Introduction to the market

5 Products and services offered

6 Marketing plan

6.1 Route to Market

Our proposed route to market begins with the launch of a microbrewery in [city]. [Explanation of our brewpub] This will provide a self sustaining basis for market research

6.2 Market Analysis

6.2.1 Current Competitors in the Cider Market

At the moment, there is only one company which produces cider in India. The company, Green Valley Cider, produces Tempest Cider in the state of Himachal Pradesh, where they own several acres of apple orchards.

6.2.2 Current Competitors in the Microbrewery Market

- Rockman's Beer Island, Gurgaon - Located in the largest shopping mall in Gurgaon (bordering New Delhi), Rockman's Beer Island was India's first micro pub brewery. They offer four types of beer: Lager Strong Beer, Dark Beer, Lager Beer and Wheat Beer, and they aim to serve some exclusive flavoured beers by the summer. Along with the micro pub brewery, they also own an exclusive German restaurant and a digital auditorium covering an area of around 3500 m². Rockman's are planning to expand now by opening their branch in different locations in India.
- Toit, Bangalore - Located in the Technology capital of India, Toit has been doing really well since it has opened. They offer 6 different types of beers, which are Toit's Basmati Blonde, Tintin Toit, Toit Weiss, Toit Red, Colonial Toit and Toit's Dark Knight. They are currently in the process of introducing exclusive Toit merchandise, along with their wide selection of food and alcohol. Toit are planning on making the branch national by the end of this year.
- The Biere Club, Bangalore - Another micro pub brewery which is located in Bangalore, The Biere Club also brews around 6 different types of beers, which include Lager, Ale and Wheat. The Biere Club are planning on making partnerships with rich individuals for expansion in the future.
- Doolally, Pune - Located in Pune, Doolally has been operational for around three years. It is located in a boutique hotel, and plans to open in a few more locations soon.

6.2.3 Conclusion

As we can see, there is a large market for alcohol in India, who are eager to try out new things, which can be seen by the successes of these microbreweries. As India continues to grow to become a bigger powerhouse in the world, it will attract more foreigners, which means that people who already know about cider and like it will increase in the country. This increasing market size makes us believe that cider will become increasingly popular in India once introduced properly.

7 Advertising

7.1 Current Laws Affection Alcohol Advertising

In the 90s, extensive surveys resulted in the conclusion that liquor advertisements were directly influencing the consumer's purchasing behaviour, which led to the introduction to new laws. Ever since the Cable Television Network Amendment Bill came into effect on September 8th 2000, advertising alcoholic beverages on television networks and billboards is completely banned in India.

7.1.1 How the law has affected advertisement

Although illegal, alcohol companies have found a way to spread their name through the media by the use of surrogate advertisement. Surrogate Advertisement refers to the form of advertisement which is used to promote banned product, which is alcohol in our case, in the disguise of another product.

Nearly all alcohol brands have now created other products which they use to advertise their alcohol. Examples of this include Bagpiper Whiskey creating a Club Soda with their brand name, Royal Stag creating Music CDs and Royal Challenge creating Mineral Water and Music CDs.

Surveys say that over 80 people out of a 100 understand the actual liquor being advertised, which means that it is still an effective way of advertising alcohol.

Although currently legal, the government is currently in the process of banning surrogate advertisements. This is not certain to happen though.

Figure 1: Royal Challenge Music CD Advert which would commonly be seen on billboards



Figure 2: Royal Stag Music Advert which would commonly be seen on billboards



7.1.2 Alternate Methods of Advertisement

With the future of surrogate advertising uncertain, some brands have moved to the event sponsorship and organisation. Examples of this include Kingfisher sponsoring many teams in the Indian Premier League.

Many alcohol brands have now started sponsoring many glamorous events to spread their name.

Figure 3: Royal Stag Music Advert which would commonly be seen on billboards



7.2 How We Plan to Advertise Our Product

7.2.1 Sponsoring Fashion Shows and Horse Races

As the microbrewery and cider are new to the city, we would initially have to spread the name out by spending big. We believe that the best way to do this is by sponsoring Fashion Shows and Horse Races, as those are the places where we would get the maximum number of people we are targeting, who are young people, females and foreigners. At the events we sponsor, we would get a limited number of bottles of cider produced so that the people at these events could taste the cider. There would be large banners around the location which would advertise the microbrewery. We would also hand out discount coupons at these events which would encourage people to come to the microbrewery. By sponsoring these events, we will also obtain the membership data of many people who would be our potential customers. As we would have phone numbers and emails, we could send them texts and emails notifying them about the opening of the microbrewery.

7.2.2 Initial Discounts on Food and Alcohol

To attract more people, for the first month of two of the opening of the microbrewery, we would provide some discounts and offers on some alcohol and food. When people get to know that they could go to a nice place which is cheaper than the other places, they would be encouraged to do so. Hopefully, after providing a great first experience, they would come back in the future.

7.2.3 Placing Advertisements in the Local Newspapers

Before opening the microbrewery, we would have to create awareness among the people of the city that a new microbrewery would be opening up in the city. The best way to reach to millions of people is by placing an advertisement in a popular newspaper. In the advertisement, we would mention the opening date of the microbrewery, and also mention the fact that there would be discounts for a short period of time which would attract more customers.

7.2.4 Sponsoring Radio Shows

Along with placing advertisements in newspapers, sponsoring a radio show would reach out to a large number of people as well. A good time to sponsor a show would be late night as we would want to target the younger people, who have a tendency to be awake later than the older population.

there is only one other provider of this product hence we see very low competition in this field

Introducing to bars, clubs and hotels in the major cities in India (Delhi, Mumbai, Goa, Bangalore, Kolkata). Each city would give a different version of the cider, so we would get a general idea of what the market prefers taste wise.

Low calorie cider?

Need to make other items with the saame brand name, because advertising is limited. Surrogate advertisement

Affiation with a charity? Provide consumers a "feel good" feeling while buying alcohol.

Corruption free

Use of TV and radio. around a billion people listen to the radio, so sponsor the primetime radio show to spread the name.

Affiliation with the IPL. International market, so easy to introduce Indians to cider.

Cost based pricing vs Price based costing. Cant do competitive analysis, as no cider exists, but compete with the local beers, etc. Price based costing wins btw.

objective - maximise sales -> how

$LTV = (Tn + ATV + LT) - (CoA + CoR)$ options which affect LTV

tailor LTV to get maximise value for target customer - guesswork market research needs to be conducted how this affects the supply chain

8 Revenue model

9 Resource, cost and implementation plan

revenue - retail licence other sales

profit - gross net EBITDA NPV

costs ...

sources of capital

10 Product and systems development plans

In order to setup a stable and longlasting infrastructure for our business we must take into consideration all the stages and requirements of production. This outlines a coherent development plan as follows.

1. Factory

When deciding about our homebase we considered two main criteria. The first regards our situation as a new company without assets. This brought the decision of renting out the factory bulding and equipment. The second criteria regards our main ingrediant requirements. Apples in India are available in the region of Himachal Pradesh.

For these reasons we will set our factory near Shimla, capital of Himachal Pradesh and rent the space and equipment necessary for production

Licensing

To be able to legally operate a brewery in India we are required to obtain a set of licenses. They prove that our that our product is safe for consumption, and that we follow the best standards.

- Brewing license

- Waste water disposal certificate
- Fabricated equipment quality certificates
- Water quality testing certificate
- Quality certificate for beer

Quality control We must ensure a good quality especially because it is a new product for this market.

Quantities and Workforce

We are planning to operate as a microbrewery producing small volumes of cider. We will start by conducting experiments and testing various recipes to find one which will be most suitable for Indian market. This testing phase significantly reduces our production power as we have to be able to operate quickly and modify recipes according to feedback.

We need two types of specialists to operate effectively as microbrewery.

First one is a well qualified Brewmaster. He has to have previous experience with brewing various types of cider and would probably have to be recruited from a country with cider making traditions (France, England). He would serve as our cider making expert, being able to swiftly operate the equipment and professionally assess quality of cider.

Second one is a Microbiologist. He would serve as an assistant brewmaster, and would be responsible for conducting cider quality control tests, and performing microbiological analysis.

2. Ingredients

These are two initial recipes for our ciders, which we use to estimate cost and quantities of raw ingredients that will be needed. They are most likely to change, and both quantity and exact ingredients will vary depending on the cider recipe development process.

- Ingredients for dry, sparkling cider, 10.5% abv (per gallon of cider)
 - Apples - 7kg
 - Yeast (English Cider) - 2g
 - Campden tablets - 1
- Ingredients for sweet, sparkling cider, 10.5% abv (per gallon of cider)
 - Apples - 7kg
 - Yeast (Sweet Mead) - 2g
 - Sugar - 250g
 - Campden tablets - 1

3. Suppliers

- Apple supply
Buy from local farmers Sell residue back to farmers for animals (or agree on lower price)
- (Potentially) mango, berries, pears etc. suppliers
- Water supply
Divine Waters, Foods Beverages
- Sugar supply
- Chemical supply
Preferably a specialized store selling brewing equipment and ingredients, eventually ship from overseas.
- Bottling
Home brewers use beer bottles, which work perfectly well, and are inexpensive. This allows the cider to become naturally carbonated.

4. Risks

Eliminated some risk by:
renting instead of building the factory
buying instead of growing own apples
Workforce: lack of experience
Collaborators:

11 Capital requirements

Since we aim at setting up a microbrewery to start with in Mumbai. We aim at choosing a location frequented by youth. Hence renting an area in Lower Parel was chosen as this area is frequented a lot by young drinkers willing to try new types of alcohol as it is known for its night life. Rent in this area is roughly about Rs.75/sqfoot per month. As seen in the requirements: the area of the kitchen would be estimated at: 300 sq/ft area of the actual sit out and bar would be about 2500 sq/ft allowing seating for about 60 people along with a nice bar area that would comfortably fit about 150 people.

Further we would require about 80 different types of spirits ranging from vodka to wine. Initially we would start with about 5 bottles each. On consulting a whole-seller this would cost about Rs 3,50,000 to 4,00,000.

The average cost of hiring waiters is about Rs. 1,00,000 a year we would require about 4 bar tenders 2 barbacks 5 waiters and servers. A good chef being about Rs. 5,00,000 a year. Along with this nightly security hire costs about Rs 50,000 annually.

We aim at advertising at horse racing events this has a cost of Rs. 5,00,000 though this number is high it has several benefits in doing so:

1) Conduct contests of skill and award prizes to the public to generate interest. 2) Advertise on the CCTV transmission at all centers. 3) Have full rights for on-site branding across the stands. 4) Name the race to suit its preference. 5) Have its CEO / nominee present the trophy. 6) Be entitled to the free use of lawns above a certain value of sponsorship. 7) Arrange for live entertainment at race time or before or after the event. 8) Promote your brand the race via mailers/press. 9) Have access to the Club's membership data which consists of thousands of potential customers who represent some of the most well off clients in India. 10) Have promotion on the website with links to the lounges webpage. 11) Get coverage on a major television network as these races will be viewed world wide.

12 Pricing

We aim at pricing our cider at about Rs.250 which falls in line with most other mid range beer prices. Hence allowing people to try it as an alternative to beer as for a majority of Indians it will be viewed in the same lines. Though this is slightly more expensive than other local beers like Kingfisher available at roughly between Rs150 - Rs.200 . But it does provide a level of slight level exclusivity much desired by the growing youth in Mumbai.

All other alcohols will be sold at the rate roughly found in and around similar pubs in the area. Which is usually sold at a mark up of about 350 percent.

Just to give an idea of expected prices we have attached a menu of Cafe Zoey a very popular and frequented lounge by several drinkers of all ages.

Figure 4: Cafe Zoey Menu

Figure 5: Cafe Zoey Menu2

13 Business opportunities and risks

14 Pro-forma financial projections

15 Risk analysis