

IMPERIAL COLLEGE LONDON

DEPARTMENT OF COMPUTING

COURSE 350: MANAGEMENT AND BUSINESS FOR COMPUTING  
ENGINEERS

---

name of company here

---

*Authors:*

Alina BOGHU  
Giovanni CHARLES  
Adam FIKSEN  
Sahil JAIN  
Lukasz KOPROWSKI  
Rutwik SHAH  
John WALKER

*Lecturer:*

Nick COUTTS



## 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**

##### **6.1.1 Be At One**

B@1 was founded from the ashes of an Indian restaurant in Battersea park by three experienced bartenders.

They started their bar on 60,000 raised from savings and car loans and after a year grew to a stage where they could start a second bar.

We believe their success stems from their intimate knowledge of the local drinkers and thier personal service to create a great night for each customer.

##### **6.1.2 Red Bull**

Dietrich Mateschitz attempted to introduce an existing Thai drink, a favourite for local truck drivers, to a western market, an objective which mirrors our own.

After initial market research he was strongly advised not to continue with his venture. He continued regardless on the grounds that the research would be relevant for an existing product but not his new 'energy drink' which was unheard of at the time.

He then employed a marketing intensive business strategy focused on the high energy activity sector. We believe that this was important in getting people to warm to the new unfamiliar product, and retain its strong market position despite the emerging competitors.

##### **6.1.3 New Albion Brewing Company**

This was a small scale venture by optical engineer Jack McAuliffe in California. He made a brewhouse from scratch able to produce 7.5 barrels of ale a week. His company became respected by beer enthusiasts and was very popular. However his brewery could not produce enough volume to survive, was unable to raise investment to expand and ground to a halt eight years after it opened.

We learn from this that small scale production is not without risk and under supply could be detrimental to our growth. In the early stages it would be sensible to sell at a high markup to give us a good chance of survival.

##### **6.1.4 Conclusion**

Our proposed route to market begins with the launch of a microbrewery in [city]. This is in order to test manufacture on a small scale and conduct market

research for later expansion. A brewpub will allow us to get as close as possible to the consumer and the production process so that we can best understand our customers and quickly react to their response.

This route is cheaper than building a factory since manufacture would be on a smaller scale. But, as shown from the brewpub market and the B@1 case, a microbrewery is large/profitable enough to be sustainable.

We must ensure that our market research is focused and in depth so that it is useful for development. This can be achieved by [something].

Brand awareness will be very valuable for the introduction of a new alcoholic drink. Sponsorship of festivals, fashion shows ... will play a big part in our company.

We will sell at a top mid tier price to set it apart from other light alcoholic beverages, as Red Bull and Innocent have done with their industries. Our product currently has no alternative and will be sought after so we believe it could support a premium price tag.

After 2-3 years, we hope to have a large brand awareness and to seek investment for mass production...

## **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 m<sup>2</sup>. 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 Affecting 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 of new laws. Ever since the Cable Television Network Amendment Bill came into effect on September 8<sup>th</sup> 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 products, 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.

#### **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

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



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 targetting, 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.

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 same brand name, because advertising is limited. Surrogate advertisement

Affiliation 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 building and equipment. The second criteria regards our main ingredient 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

#### **Quantities and Workforce**

For our marketing plan we require a relatively small production volume.  
Workforce availability.

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

#### 2. 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
- Bottling  
Home brewers use beer bottles, which work perfectly well, and are inexpensive. This allows the cider to become naturally carbonated.

#### 3. 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 alot by young drinkers willing to try new types of alcohol as if 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 the actual sit out and bar would be about 2500 sq/ft allowing seating for about 60 people along with a nice bar are 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 waitors is about Rs. 1,00,000 a year we would require about 4 bar tenders 2 barbacks 5 waitors 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.

## **12 Pricing**

We aim at pricing our cider at about Rs. 200 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.

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

## **13 Business opportunities and risks**

## **14 Pro-forma financial projections**

## **15 Risk analysis**