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Brewing Success: A Strategic Analysis of United Breweries' Supply Chain and Consumer Outreach in India

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ABSTRACT

This study investigates United Breweries Limited (UBL), India's leading beer manufacturer, focusing on its supply chain efficiency and consumer outreach strategies in Bangalore. Employing a mixed-methods approach—consumer surveys, distributor interviews, and retail observations—the research analyzes UBL's operational resilience, brand loyalty, and technological innovations. Findings highlight UBL's robust cold chain logistics, iconic Kingfisher branding, and sustainability initiatives as key drivers of its 50%+ market share. However, gaps in digital engagement and regulatory challenges present opportunities for improvement. Recommendations include developing a mobile app, enhancing digital campaigns, and expanding craft beer offerings to sustain market leadership in India's dynamic beer industry.

Keywords: Supply chain management, consumer outreach, beer industry, United Breweries, Kingfisher, digital engagement, sustainability

1. Introduction

India's beer market, valued at 40,000 crore in 2023, is a fast-growing segment within the alcoholic beverage industry, driven by urbanization, rising disposable incomes, and a cultural shift toward premium and low-alcohol products (?). United Breweries Limited (UBL), a subsidiary of Heineken, commands over 50% of this market, primarily through its flagship Kingfisher brand. With 21 breweries and a distribution network spanning 60,000 outlets, UBL exemplifies operational scale and brand equity. However, stringent state-specific regulations, high excise duties (e.g., 60% in Karnataka), and competition from global brands like Carlsberg and Budweiser, as well as local craft breweries, pose significant challenges (?).

This research examines UBL's strategic management practices in Bangalore, a cosmopolitan hub with high beer consumption due to its IT workforce and vibrant nightlife. The study focuses on two core areas: supply chain efficiency, critical for maintaining product freshness in a perishable industry, and consumer outreach, essential for sustaining brand loyalty among urban youth. By analyzing UBL's use of technologies (e.g., IoT, GPS), branding strategies, and sustainability initiatives, the research identifies best practices and proposes strategies to enhance UBL's market leadership.

2. Literature Review

The beer industry's complexity arises from product perishability and regulatory oversight.

? highlight the role of cold chain logistics, supported by IoT and GPS technologies, in reducing spoilage by up to 30% in urban markets. UBL's adoption of these technologies aligns with this trend, but its scale introduces challenges like interstate compliance (?). Regulatory fragmentation, with state-specific excise policies, increases logistics costs by 15–20%, underscoring the need for agile supply chain strategies.

Consumer behavior studies emphasize branding and emotional resonance. ? note that taste, trust, and marketing drive beer purchases, particularly among urban youth. Kingfisher's sports sponsorships (e.g., IPL) and music festival tie-ins create strong brand recall, but UBL lags in digital engagement compared to competitors like Budweiser, which leverage AI-driven personalization (?). Digital platforms are transforming FMCG outreach, with 40% of urban consumers preferring online interactions.

Sustainability is increasingly critical, with 60% of millennials prioritizing eco-friendly brands (?). UBL's water recycling (30% reduction) and recyclable packaging align with this trend, but weak communication limits their branding impact. ? argues that aligning supply chain operations with consumer expectations is vital for FMCG firms, a principle UBL applies but could enhance through digital transparency.

3. Methodology

This study employs a mixed-methods design, combining qualitative and quantitative approaches to analyze UBL's strategies in Bangalore. The exploratory phase involved informal interviews with retailers and site visits to understand operational contexts, while the descriptive phase used structured surveys to quantify consumer preferences.

Primary data was collected in March 2025 through:

- Consumer Surveys: 85 respondents at bars, restaurants, and liquor outlets, using a 15-question survey with Likert-scale, multiple-choice, and open-ended items.
- Interviews: 10 semi-structured interviews with distributors and retailers, focusing on logistics and consumer trends.
- Observations: Field visits to five retail outlets and three bars, documenting product placement and inventory management.

Secondary data included UBL's 2022–23 annual report, industry publications, and academic journals (??).

A stratified random sampling technique targeted beer consumers aged 25–50, achieving

an 85% response rate. Survey data was analyzed using descriptive statistics (means, frequencies), while interviews were thematically coded. Triangulation across sources ensured validity.

4. Findings

The consumer survey revealed:

- Brand Trust: 82% cited taste and trust as reasons for choosing Kingfisher, with a mean quality rating of 4.3/5.
- Sustainability Awareness: 60% were aware of UBL's initiatives (e.g., water recycling), but only 30% considered it a purchase driver.
- Satisfaction: 65% rated satisfaction above 8/10 (mean: 8.2).
- Digital Engagement: Only 40% followed UBL on social media, and 20% knew of the Kingfisher app.

Distributors praised UBL's cold chain logistics, with IoT reducing spoilage to below 5%, but noted high logistics costs (10% of revenue) and regulatory delays. Retailers observed a 20% rise in demand for premium beers like Kingfisher Ultra.

Kingfisher dominated shelf space (60%) at retail outlets, but stock shortages during peak hours suggested forecasting gaps.

- H1 (Supported): IoT and GPS reduced spoilage by 25% and improved delivery by 15%.
- H2 (Supported): 75% would recommend Kingfisher, driven by branding.
- H3 (Partially Supported): Sustainability enhanced brand image for 60%, but only 30% saw it as a purchase driver.

5. Discussion

UBL's supply chain, supported by IoT, GPS, and ERP systems, ensures freshness, aligning with ?. However, regulatory delays and high logistics costs (10% of revenue) highlight the need for AI-driven forecasting and route optimization.

Kingfisher's branding drives loyalty (75% recommendation rate), particularly among youth, but low digital engagement (40%) limits reach. Competitors like Budweiser leverage digital personalization, suggesting UBL invest in apps and social media (?).

UBL's water recycling and recyclable packaging are commendable, but weak communication reduces impact. Transparent campaigns could boost awareness to 80% (?).

- Mobile App: Launch a Kingfisher app with loyalty points and AI-driven personalization, targeting 100,000 downloads in year one.
- Digital Campaigns: Invest in Instagram and YouTube campaigns with influencers, aiming for a 30% increase in followers.
- Craft Beers: Introduce a Kingfisher Craft line, capturing 10% of Bangalore's craft market in three years.
- Sustainability Communication: Use QR-coded labels to detail environmental impact, increasing awareness to 80%.
- Supply Chain Agility: Implement AI forecasting to reduce stock shortages by 50% and expand blockchain for transparency.

7. Limitations

The study's sample size (85) and Bangalore focus limit generalizability. Self-reported data may introduce social desirability bias, and limited access to UBL's internal data constrained supply chain analysis. A larger, multi-city study could enhance insights.

8. Conclusion

UBL's market leadership stems from its efficient supply chain, iconic branding, and sustainability efforts. However, digital engagement and regulatory challenges require strategic focus. By implementing the proposed recommendations, UBL can sustain its 50%+ share while adapting to evolving consumer and industry dynamics, offering a model for regional players in regulated markets