

USL Goes the Startup Way to Strengthen Brands

The initiative, called Signature Startups, will open co's resources to emerging businesses

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Mumbai: United Spirits (USL), the country's largest liquor company, plans to fund and mentor startups in India as part of strategy to strengthen its brands.

The Diageo-controlled company recently launched 'Signature Startups', a marketing initiative that allows emerging companies to network and ideate using USL's resources.

"Through this, we will actually enable and facilitate individuals, professionals and entrepreneurs to convert their passion into a business idea," said Amrit Thomas, chief marketing officer at USL. "It could be

even getting into angel funding or setting up an angel fund."

USL's Signature Startups is similar to its British parent company Diageo's accelerator programme, Diageo Distill, which nurtures and mentors new and growing spirits brands. "The Indian venture, however, will focus on startups across sectors," Thomas said.

In India, the overall spirits market has been slowing down, but the premium segment has bucked the trend, growing at 15-20% every year.

While French beverages giant Pernod Ricard's portfolio is exclusively focused on the more profitable premium Indian whiskeys, dominating the segment with about 48% market share, USL has historically been incentivised on volume growth with nearly 150 brands, and despite its overall market dominance, it has fallen behind Pernod in the premium segment.

However, experts say this could now change. USL's mix has improved significantly as share of revenue and volume from the above premium

Power Brand Strategy

USL's initiative is similar to British parent Diageo's 'Diageo Distill', that mentors emerging spirits brands

But USL will focus on startups across sectors

The move is part of strategy to strengthen its brands

Earlier, the company created 'Bagpiper Productions' to work with production houses making regional content

It produced a Marathi movie 'Guru' and is currently working on a Kannada movie

Other brands – Johnnie Walker, Malt, Black Dog, Black 69, Royal Challenge, McDowell's No 1, Smirnoff, Bagpiper and DSP White Mischief – will be a part of the power brand strategy in future



segment has risen to over 50% compared with 38% in 2012-13.

The company has relaunched three core brands — McDowell's No 1, Bagpiper and Signature — which compete with Pernod's Royal Stag, Imperial Blue and Blenders Pride.

But instead of using traditional surrogate marketing, the company

want to break the clutter. For instance, USL has created 'Bagpiper Productions' to work with production houses that are making regional content and are tying up in investing in movies. "In-film placement is being done and dusted... That's not a model that works. With Bagpiper Production, we did the movie 'Guru' in Ma-

rathi and we are doing another movie in Kannada," Thomas said.

Analysts feel USL's biggest task would be to grow its largest brand, McDowell's No.1 whisky, which accounts for 20% of its volumes and close to 70% of its above prestige portfolio.

Over the past few years, McDowell's No.1 has lost market share to Pernod's Imperial Blue, and more recently to ABD's Officer's Choice Blue, which has gone from zero to six million cases in two years.

Edelweiss Securities associate director Abneesh Roy said, "Over the last few years, USL brands were very much neglected by their previous promoter. In the premium end, you would need to build excitement and the customer is looking for differentiated product, either in terms of packaging or advertising."

Industry executives, quoting Nielsen, said USL's premium scotch segment has gained 190 basis points while prestige whiskey brands McDowell's No 1 and Royal Challenge gained 40 bps and 90 bps, respectively.