

Case Study Dethroning of Vijay Malaya

S. S. Bhal*

Vijay Malaya opened the door of his office in a rush, sat on his desk and wrote a note that read, "All is fair in love and war and when it comes to liquor industry, it is war". He was seething with anger. For the first time someone had turned down his proposal for joint venture. This note was sent off of Ramesh Vangal, the Asia Pacific head of liquor giant Seagram and Param Uberoi head of Indian operations. Till 1998 no one could have dared to say no to him.

If you ask anyone to name a person he knows in liquor industry everyone will take the name of Vijay Malaya. Ask another name very few of us know. That powerful was Vijay Malaya. He had single handedly ruled the liquor industry. He was a powerful, politically will connected and a flamboyant personality. He had a larger than life image. But the reality is Param Uberoi is the new King, Vijay has been dethroned by PRI group. Vijay was the king of good times but today he is in a very bad shape. His King fisher Airlines has incurred huge losses and liquor business is also in trouble.

Param Uberoi joined Seagram India as chief Financial officer in 1998 and later became head of Indian operation in 1999. In 2001 Pernod Ricard CEO of PRI made an unusual choice that proved fortuitous. It chose to continue the Seagram leadership team in India, by Param Uberoi only.

When Param took over as CEO of Seagram, it was making losses (Rs 40 Crores per year) and a sale of hardly 1 million cases. It was nothing in comparison with USL, which had six brands that were giving a sale of more than million cases each. King fisher had captured 50% of the beer market in India. Production and Distribution network was very weak in comparison to USL.

In 2001 when Pernod Ricard India took over Seagram globally Malaya again tried to join hands with PRI but it failed. He took the war to the street. Malaya became very aggressive and vocal. Param Uberoi chose to be reclusive. He stopped attending industrial meeting. He was not available on face book also. He decided to make his brand talk. He believed that popularity takes away credibility. He sincerely started to work for a turnaround and had the strength to challenge the status quo. As a leader he made a team which had the same vision. Anyone who didn't agree was asked to leave. He believed that music of the vision will pull us forward. He changed the rules of the game. Till date liquor industry worked on "kick per rupee" Param Uberoi stressed on "Image per rupee". Through marketing and advertisement he tried to rope the younger generation who had disposable money and gave image due importance. Being from financial background he always eyed on profit. His balanced approach and long term vision made him successful. His brand Royal Stag was made from grain where as others were made from molasses. He believed that price was the indicator of quality and he didn't fight on price. He came up with innovative marketing strategy and believed if the quality of the product is consistent, people will buy the product.

PRI sponsored number of fashion shows and tasting sessions. In India as we know advertisement of liquor products are not allowed. Param Uberoi fought the completion not on price but through new and innovative marketing strategies. Param kept himself away from political nexus and left Tamil Naidu and Kerala. Most sale was government

* Assistant Professor, Amity Business School, Amity University, Rajasthan

controlled. Slowly and steadily he developed his own distribution team and as his brands became popular others also started keeping his products. Vijay Malaya tried his best to put his influence on distributors and dealers for not keeping PRI products but in the end he failed, In year 2010 profit of PRI was 500 crores and of USL was Rs403 crores. USL's revenue was Rs 6422 crores, just double of PRI's but stakeholders are more interested in profit. Everybody in the industry praised Uberoi for his great performance and believed that his company is better positioned to tap the fast growing Indian Liquor Industry. The silver lining is that premium segment of this market is growing by 20% and PRI had a huge control over it. Param Uberoi appearance is very similar to his rival Vijay Malaya with same grey designer beard and almost shoulder touching silver locks. To be in the liquor industry you need to have nerve of steel. One great thing

about Malaya was that he has mastered the art of controlling the environment in his own way. He was very close to decision makers and later became M.P in 2002. This case study is an excellent example of will through localization strategy.

Twist in the story is that in June 2011 Uberoi stepped down from the post of CEO and made Mohit Lal his successor. Param felt that he has brought PRI to a comfortable level and now he wanted to hand over the reins to the younger generation. In 12 years he brought the company to a strong footing. Malaya will certainly use his stock and own tactics. A Mc Dowell's ad showed M.S Dhoni ridiculing a character similar to his team mate Harbhajan Singh, who turns out for Royal Stag. This was on twitter was very popular and it stopped when Harbhajan's mother threatened to sue him. Uberoi has shifted in his new home in Goa and is trying to catch up on some hours of lost sleep.

Brief History

1995-1996	1998	2001	2002-2005
Seagram came to India and introduced Royal Stag. In 1996 Pernod Ricard came to India	Param Uberoi joined Seagram as CFO. Vijays joint venture proposal is denied he declares war.	Pernod Ricard takes over Seagram Globally. Mallya tried to go for joint venture with Pernod Ricard. Seagram reaches critical mass and starts growing	Mallya once again tries for a joint venture but again it failed. PR touched 5 million cases in 2004
2006-2010	2011		
Mallya became aggressive and takes the support of his distributors. But Signature is beaten by BLenders Pride. PRI becomes the most profitable company ahead of USL	Uberoi resigns from the post of CEO and become chairman of the company sitting at GOA		