

# OLD MONK: IS GLASS HALF EMPTY OR HALF FULL?

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## CASE DESCRIPTION

*This case discusses and evaluates the strategic options, marketing strategies and brand management techniques to be adopted in the revival of a dormant but iconic brand. This case revolves around the challenges and struggles of Mr. Hemant Mohan, in resurrecting Old Monk brand in a highly regulated and competitive beverage and liquor industry in India. Irrespective of the nostalgic value and brand equity attached to the Old Monk, the task before Mr. Hemant Mohan is daunting because of unfriendly government regulations, intense competition of foreign brands, the literal monopoly of government-run liquor retail chains and changing consumer tastes and preferences. In this context, this case evaluates and discusses the different strategic options, marketing and branding strategies to be adopted by Mr. Hemant Mohan. This case poses questions like is leveraging Brand Equity alone sufficient in the revival of Old Monk? Will brand extension of Old Monk be helpful for its survival? Irrespective of the nostalgic value and brand equity attached to the Old Monk, will the siblings be able to resurrect the old glory?*

*This case is written keeping the undergraduate and postgraduate of management in mind and is more suitable for brand management and strategy. This case is designed to be taught in one class consisting of 90 minutes and students may have at least 5-6 hours of outside preparation and study for discussion and assignments.*

## INTRODUCTION

Unlike the scions of other successful business families, Hemant Mohan, Managing Director and Vinay Mohan, Director (In charge of Sales and Non-Alcohol portfolio) of Mohan Meakin Private Ltd are having an unenviable and daunting task of reviving an underperforming iconic brand, 'Old Monk'. Old Monk, once the iconic and most loved rum brand across all categories of tippers in India, is now past its glory days and is facing toughest competition from rivals. Both Hemant Mohan and Vinay Mohan are aware of the fact that the old glory days of the brand have gone long back, but are not shying away to resurrect the fortunes of a struggling brand, Old Monk. Their conviction in the rescue act and possible revival of the brand doesn't just stem from its iconic status and nostalgia factor amongst the loyal customers, but from the fact that Old Monk as a brand is in a different category and surpasses age and class barriers amongst tippers. But irrespective of their optimism and a strong belief in the brand equity of Old Monk, the task of reviving struggling brand its iconic status is fraught with lots of challenges and difficulties.

The challenges being faced by the Hemant and Vinay are entirely different than the challenges faced by their forefathers. Unlike older days, the alcohol and beverage industry in India is facing intense competition from global players like Bacardi. These foreign brands are able to strike a formidable value proposition of quality and flavor. The past glory of old monk has now been subsidized by competitors like Smirnoff which has been attracting the younger consumers by bringing in pre-mix rum at relatively lower prices. Moreover, consumer tastes are shifting to premium whiskeys, and there is an overall slump in the rum consumption across the world. Also, the government regulations are not helping much. The increasing incidence of

diabetes amongst Indians is also one more reason for a decline in the consumption of rum amongst the Indians. Likewise, the average income of the middle-class population has increased prompting them to take a shift to premium whiskeys. The millennials, the potential customer segment is more of brand switchers than the brand loyalists. Will Hemant Mohan still be able to steer back from the abyss?

### **OLD MONK: SIPS OF THE FAVOURITE**

Edward Dyer, an entrepreneurial Scotsman established a brewery in Kasuli, Himachal Pradesh, India in 1885 to serve cheap beer for British troops and bureaucrats. Later Mr. HG Meakin bought the Shimla and Solan breweries from Edward Dyer in 1887 and after the First World War, both Dyer and Meakin breweries merged and created a new entity Dyer Meakin and Co. The history and origin of brand 'Old Monk' started in 1854, when Mr. Edward Dyer an enterprising Englishman set up a brewery in Kasauli, in Himachal Pradesh to supply cheap beer to the serving English troops and bureaucrats. His "Lion" brand of beer has not only become instantly popular amongst the expatriates and the local population but also made him rich enough to set up some more breweries in places like Lucknow, Solan, and Shimla. Later Mr. HG Meakin bought the Shimla and Solan breweries from Edward Dyer in 1887 and after the First World War, both Dyer and Meakin breweries merged and created a new entity Dyer Meakin and Co. In 1949, two years after India gained independence from the British; the company was acquired by N.N. Mohan and renamed Mohan Meakin Breweries. Mohan presided over a period of transformation and growth, moving the business to a newly-created industrial hub called Mohan Nagar in Uttar Pradesh's Ghaziabad, and diversifying into breakfast foods, fruit juices, and even cold storage.

In the year 1954, Old Monk was introduced by Col. Ved Ratan Mohan, son of Mr. Narendra Nath Mohan. It was Col. Mohan during a visit to Europe was very much impressed by the Benedictine monks and the liqueurs they produced. The name 'Old Monk' was his tribute to them, though the jolly face of a tubby man that you see on the bottle is believed to be that of HG Meakin. Within few years after the launch, Old Monk became the most loved and consumed rum not only in India also became the third largest selling rum brand in the world. Old Monk with its distinct taste, smell and flavor became the biggest Indian made foreign liquor (IMFL) brand for many years. Apart from being the market leader in rum segment in India, Old Monk also landed up in international markets thanks to enthusiastic retailers and distributors in countries like Singapore, Malaysia, Russia, USA, UK, Germany, Japan, UAE, New Zealand, Canada, Kenya, Zambia, and Cameroon. Under the leadership of Mohan's son Kapil, a retired brigadier who took over the helm of the company in the 1970s, the brand became synonymous with dark rum in India and also the country's largest-selling liquor brand. Popular across all segments of the society, thanks to its affordable pricing and smooth, rich vanilla flavour, Old Monk gathered a cult following without any advertising or marketing and dominated the alcohol market in the country.

### **OLD MONK: THE DECLINE**

But the liberalization of 1991 in India has opened the gates for foreign brands of liquors into India which has heralded the gradual decline of Old Monk. Foreign brands such as Bacardi has not only introduced a multitude of products with different tastes, flavours and value propositions but also gave a tough competition to the domestic brands like Old Monk, which was

protected from foreign competition till 1991. On the other hand, Old Monk suffered from poor or less than ideal presence in above the line promotions like Carlsberg Club Glasses, Chiva's Regal Music CDs, and Bacardi House-party theme CDs. Before Old Monk could recover and face the onslaught of foreign competition, the consumer behaviour and regulatory mechanism within India has witnessed drastic changes. There has been a silent but steady shift of consumers from the consumption of rum to premium whiskeys boosted by the increase in their income and exposure to the much premium global brands of liquor. The increasing incidence of diabetes amongst the middle class has further dampened the spirit of regular rum consumers and resulted in the steady deceleration in the demand and consumption of rum. On the regulatory front, many of the state governments in pursuing their populist measures have banned the sale of alcohol and in the states where the sale of liquor is allowed, new monopoly entities have emerged from the patronage and tacit support of ruling state governments.

For example, in the year 2009, Pandy Chadha's Wave Distilleries and Breweries had gained near monopoly in the sale of liquor in Uttar Pradesh, one of the largest states in India. The two events Old Monk's free fall and Chadha's meteoric rise had a direct cause-and-effect relationship. In southern states of India, not only the governments have set up their own liquor selling outlets but also introduced their own local brands, affecting the sales of Old Monk. The near monopoly of state-backed entities (both private and public) has taken away the shelf space occupied by the Old Monk and these entities started forcing to sell Old Monk below its production costs. To make matters worse for the struggling Old Monk, Supreme Court of India has banned the sale of liquor in the bars and hotels nearby National Highways in the year 2016, further accelerating the decline in sales. Amidst all these crises surrounding the brand 'Old Monk', Brigadier Kapil Mohan the man who oversaw the growth and decline of the iconic brand over the decades has suffered a massive cardiac arrest on January 6, 2018, and passed away. For almost a decade, the company has been making efforts to re-establish its lost glory under Kapil Mohan's successors Hemant and Vinay Mohan. To arrest the slide in sales of Old Monk and to re-establish the lost glory, Kapil Mohan's successors Hemant and Vinay Mohan, have worked on the brand with Old Monk Gold Reserve, Old Monk Supreme, and other multiple limited edition launches. Irrespective of the nostalgic value and brand equity attached to the Old Monk, will the siblings be able to resurrect the old glory?

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