Abstract

The life cycle of alcoholic beverages involve a complex chain of players, systems, and strategies—often mysterious even to professionals observing or working in the industry. From production and distribution to advertising and sales, the alcoholic beverages industries' operating models have evolved over the years and continue to adapt quickly as economic, social, and political forces shift. Thus, an attempt has been made in this research work to provide a detailed understanding about how the alcoholic beverages industry works outlining the production, distribution and marketing and also exploring how the industry has contributed in terms of revenue generation to the state exchequer as these products are of health concern to the public. The alcoholic beverages industry of Assam actually includes four types of products mainly Indian Made Foreign Liquor (IMFL) i.e., distilled spirits, beer, wine and country liquor (Indian Made Indian liquor). Internally, the alcoholic beverages industry is trying to influence consumer behavior by introducing new products, lower strength beverages, smaller-size packaging, encouraging active lifestyles, and looking into alternative, premixed and low alcoholic ready to drink varieties. This study has taken a closer look at the alcoholic beverages industry of the state of Assam and the total revenue generated from this industry to the state exchequer. Alcoholic beverages being the second highest consuming beverages next to tea and also the second highest in state tax earnings, no state government can afford to stop the marketing and sales of these beverages legally because its contribution of revenue to the state exchequer and also for “spurious”, “seconds” and “thirds” type of illegal alcoholic beverages sale in the state.

The consumption pattern in the state is described as a summary measure of the extent of alcohol use in a state or community, with the initiation age, types of beverages consumed, and frequency of drinking and pattern of use of alcoholic beverages in the state. About 70 per cent of alcohol consumers started consuming at the age in between 19-25 years while 11 per cent started drinking at the age of above 26 years. The IMFL is the most favored alcoholic beverages by 80 per cent alcohol consumers followed by
nearly 14 per cent of beer drinkers. The recorded “Per Capita Consumption” of alcohol in the state is 5.66 Bulk Litres putting together all the legally available alcoholic beverages for sale in Assam which is more than the “Per Capita Consumption” of the country which is 0.75 Bulk Litres. There is strong evidence to suggest that young drinkers, binge drinkers and harmful drinkers tend to choose cheaper drinks. It has been identified that there is a clear association between price and alcohol consumption. The price increase (including through taxation) has inverse effect on alcohol consumption and vice versa is noticed in the state. There is also evidence in the change of income and choice of drink. It is observed that the increase in income has positive effects on high priced drinks.

The alcoholic beverages industry as a whole faces challenges due to the slumping economy, change in consumers’ consumption pattern and increased health consciousness. Marketing in the alcoholic beverages industry has undergone a number of changes over the last ten years. All these challenges are putting pressure on government for limiting or eliminating the advertising activities of the alcohol industry. Given the public health concerns associated with heavy consumption of various alcoholic products, the alcoholic drink industry is working to identify policies and other strategies that can counter this impact. The goal of this study is to give a more detailed understanding of the industry so that they can intervene effectively at various points in the chain. Thus the researcher has attempted to provide a nonpartisan analysis as a tool to educate the public, with clear and straightforward information about the inner workings of an industry that has held a powerful place in Indian economy for more than a century.