# Title of the project: Sula Vineyards strategies and analysis.

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**IIP Unique Editor ID.: IIPER1679547063**

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# COMPANY: SULA VINEYARDS

* **INTRODUCTION AND HISTORY:**

Sula Vineyards (or "Sula") is a winery and vineyard in western India's Nashik district, 180 km northeast of Mumbai. Rajeev Samant started it in 1999.Sula has developed to become India's largest and most prestigious wine brand. Sula is the dominant participant in the Indian wine market, having introduced grape varietals such as Chenin Blanc, Sauvignon Blanc,

Riesling, and Zinfandel.

Rajeev Samant created Sula Vineyards in the late 1990s. After graduating from Stanford University, he worked for Oracle Corporation in California. Samant founded Sula upon his return to India after leaving his corporate career. Sula was given the name 'Sulabha' after Samant's mother. Over the next few years, Samant steadily built the company by introducing additional grape varietals and extending the company's services.

At Sula, winemaking is an art form, meticulously blending tradition and innovation to produce wines that are both elegant and distinctive. Our team of skilled vintners and oenologists pour their expertise and dedication into every bottle, ensuring that every sip tells a story of craftsmanship and excellence. Whether you are a seasoned wine enthusiast or just beginning your journey into the world of oenology, Sula Vineyards has something to offer for every palate. From the crisp and refreshing whites to the rich and velvety reds, each of our wines carries the essence of the land and the passion of the team.

It is India's 1 premium wine producer and one of India's top 3 international wine and spirits importers through its arm Sula Selections. They are proud to lead the Indian Wine Revolution and are committed to producing and delivering an excellent product and experience to the consumers in every bottle! The vineyards are located in Maharashtra and Karnataka. Also they are the pioneers in wine tourism in India, with our luxury vineyard properties - The Source at Sula and Beyond by Sula - and The Tasting Room based in Nashik, just 3 hours outside of Mumbai. And hence they are considered as proud partners in sustainable grape growing, winemaking and viticulture, and are committed to ensuring sustainable growth and development for the farmers, communities and the local environment. Sula also imports and distributes leading international wines and spirits such as Le Grand Noir, Torres, Trapiche, Hardy's, Beluga Vodka, and more! They are committed to fostering a workplace built on strong values of challenge, innovation, accountability, fairness and excellence, and look forward to taking the Indian wine industry to even greater heights.

# Pestle Analysis:

## Political.

The political phenomenon of a wine industry in the area of PEST analysis describes activities of the legislation and regulatory bodies that affect wine producers to face political challenges to the wine industry as there are some prohibition articles in the laws. And there are prohibitions of the privatized alcoholic beverage sales. But as the local wine industry got the support of the governor and huge support from the agriculture department to collect grapes.

## Economic.

The economic phenomenon of a wine industry in the area of PEST analysis that the changes in the economic trends affecting the wine industry in the aspect of taxation system, business exchange rates, seasonal market ups and downs, price policy, monetary policy as well as fiscal policy. They have to face huge challenges in the recent economic downturns when people like to enjoy local vintages rather than wine as it was expensive.

## Social.

The social environment keeps changing with regard to time like the attitude of the customer in addition to their lifestyles. Any product or service of any business can not be successful till the business is not worried about the living system of the customer. Sula Vineyards is taking steps to meet its objectives as the world remains in search of healthy and delicious food.

## Technological.

The technological phenomenon of a wine industry in the area of PEST analysis is the developments of the production process with the technology up gradation. There is a change in mobile bottling as a technological advancement. Besides, there has increased the customer relationship management, mobile marketing to satisfy the customer with proper communication. The aspect of technological improvements in the state ensures organic production at local market.

## Legal.

There is no such effect of legal factors of Sula Vineyards as it is more concerned over its laws and guidelines.

## Environmental.

Sula Vineyards, in terms of ecological effect is devoted to work in eco-friendly environment with preservation of the natural resources and energy. As due to the manufacturing of larger number of products there might be a risk if the resources utilized are recyclable or not.

## SWOT ANALYSIS

**\* STRENGHTS**

1. Sula Vineyards has an experience of about 140 years, allowing business to better perform, in various circumstances.
2. Sula Vineyards has more than 2000 brands, which increase the circle of its target customers. These brands consist of infant foods, animal food, confectionary products, beverages and so on. Famous brand names of Sula Vineyards include; Maggi, Kit-Kat, Nescafe, and so on.
3. Sula Vineyards is a widely known brand with high customer's loyalty and brand recall. This brand loyalty of customers increases the possibilities of simple market adoption of numerous brand-new brand names of Sula Vineyards.

## WEAKNESS

1. The decision making in the Sula Vineyards takes too much time, causing expensive delays in introducing new products in the markets.
2. The inability to understand customers’ needs and expectations lead to an ineffective strategic decision-making process. With this weakness, the organization may not be able to identify the potential improvement seeking areas in product/service mix.
3. Insufficient budget for the marketing and promotion activities weakens the firms’ ability to expand the customer base and encourage repeat purchase.

## OPPORTUNITIES

1. The exponential growth in the population, and particularly in the existing or potential customer segments is a great growth opportunity for the business organization.
2. The changing customer needs, tastes and preferences can act as an opportunity if the business organization has good market knowledge.
3. The development of new technologies to assist the product/service production and delivery process can be exploited to embed the innovation in business operations. The advanced technological integration can decrease costs, improve efficiency and result in the quick introduction of innovative products.

## THREATS

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## INVESTMENT ANALYSIS:

1. **Is Sula Vineyards Ltd a good quality company?**

Past 10 year's financial track record analysis indicates that Sula Vineyards Ltd is a average quality company.

## Is Sula Vineyards Ltd undervalued or overvalued?

The key valuation ratios of Sula Vineyards Ltd currently when compared to its past seem to suggest it is in the Fair zone.

## Is Sula Vineyards Ltd a good buy now?

The Price Trend analysis indicates it is Semi Strong which suggest that the price of Sula Vineyards Ltd is likely to Rise-somewhat in the short term.

**MUTLINATIONAL STRATEGIES**

1. **Global Branding**: Developing a strong and recognizable brand that resonates with consumers across different cultures and regions. This includes creating consistent branding elements, packaging, and messaging.
2. **Market Segmentation**: Identifying specific segments within different markets and tailoring products and marketing strategies to cater to the preferences and needs of each segment.
3. **Localization**: Adapting products and marketing approaches to suit the cultural preferences, tastes, and regulations of each target market. This could involve producing wine varieties that are popular in certain regions or translating marketing materials into local languages.
4. **Distribution Network**: Establishing an efficient and well-connected distribution network that ensures your products are readily available in various markets. This might involve partnerships with local distributors or retailers.
5. **Joint Ventures and Partnerships**: Collaborating with local businesses, distributors, or wineries to leverage their knowledge of the local market and regulations. Joint ventures can help in navigating legal and cultural complexities.
6. **Export and Import Strategies**: Developing a robust strategy for exporting products from the home country to international markets and handling import regulations, taxes, and logistics.
7. **Supply Chain Management**: Efficiently managing the supply chain to ensure a steady flow of quality products to different markets while optimizing costs and minimizing waste.
8. **Digital Presence**: Utilizing digital platforms and e-commerce to reach international customers directly, especially given the increasing trend of online shopping and wine tourism.
9. **Quality Assurance**: Ensuring consistent quality across all markets is essential for building a strong reputation and brand loyalty.

## TRADE THEORIES:

These theories explain what exactly happens in International Trade. There are 6 economic theories under International Trade Law which are classified in four: (I) Mercantilist Theory of trade (II) Classical Theory of trade (III) Modern Theory of trade (IV) New Theories of trade.

Some well-known trade theories include:

* 1. **Comparative Advantage Theory:** Developed by David Ricardo, this theory suggests that countries should specialize in producing goods and services that they can produce at a lower opportunity cost compared to other countries. This specialization allows for efficient resource allocation and increased overall production.
  2. **Absolute Advantage:** Proposed by Adam Smith, this theory focuses on the idea that a country should produce goods and services in which it has an absolute advantage over other countries, meaning it can produce more efficiently with fewer resources.
  3. **Heckscher-Ohlin Model:** This theory highlights that countries will export goods that intensively use their abundant and cheap factors of production and import goods that require the use of their scarce factors. It's based on factors like capital, labor, and land.
  4. **Product Life Cycle Theory:** Developed by Raymond Vernon, this theory explains how a product moves through different stages of production and international trade, from innovation and growth to maturity and decline. It suggests that products are initially produced in developed countries and then later outsourced to developing countries.
  5. **New Trade Theory:** This theory focuses on economies of scale and suggests that the specialization of production can lead to increasing returns to scale and reduced costs. It explains why certain industries and countries dominate in specific products even without any initial comparative advantage.
  6. **Gravity Model of Trade:** This model is based on the idea that the volume of trade between two countries is proportional to their economic sizes and inversely proportional to the distance between them.

## INTERNATIONAL LOGISTICS

In business, international logistics is the study, planning and implementation of how a business moves physical goods and materials from supplier to customer in a way that involves crossing at least one international border. It also includes the international movement of money and information**.**

1. **Export Regulations and Compliance**: Ensure that you are aware of and compliant with all export regulations and requirements for the target countries. This includes labelling , packaging, documentation, and any restrictions or tariffs.
2. **Customs Clearance**: Work with customs brokers or agents who are experienced in handling wine exports. They can assist with the necessary paperwork and procedures to clear customs in the destination country.
3. **Packaging and Labelling**: Ensure that your products are packaged securely to prevent damage during transit. Labels should meet the legal requirements of the destination country, including any language or content specifications.
4. **Shipping Methods**: Choose appropriate shipping methods based on factors such as cost, transit time, and product sensitivity. Air freight might be preferred for perishable goods like wine to minimize transportation time.
5. **Temperature Control**: Wines are sensitive to temperature fluctuations, so consider using temperature-controlled shipping containers or packaging to maintain the quality of the product.
6. **Distribution and Delivery**: Partner with local distributors or importers in the target countries to facilitate the distribution and delivery of your wines. They have knowledge of local markets and can help with marketing and sales.
7. **Insurance**: Ensure that your shipments are adequately insured to cover any potential losses or damages during transit.
8. **Documentation**: Prepare all necessary documentation, including invoices, certificates of origin, health certificates (if required), export permits, and any other paperwork demanded by the destination country.
9. **Taxes and Duties**: Be aware of the taxes and duties applicable to wine imports in the destination country. This can significantly impact the cost of your products for consumers.
10. **Cultural Considerations**: Understand the cultural preferences and regulations related to alcohol consumption in the destination country. This might impact your marketing and distribution strategies.
11. **Language and Communication**: Ensure that your communication with international partners is clear and effective. Language barriers can lead to misunderstandings, so having proficient translators or interpreters can be helpful.

## INTERNATIONAL HR STRATEGIES

**Human resource management** is the process of staffing, resource planning, employee development, managing human capital, maintaining an overall workforce management system, and more **HR solutions** pertaining to your team’s needs. When expanding your organization to introduce a global HR management system, you’re evolving your HR responsibilities to apply to the inclusivity of an international network.

1. **Localization**: This involves adapting HR practices to align with the cultural, legal, and economic norms of each country where Sula Vineyards operates. This includes customizing compensation packages, benefits, and policies to suit the local workforce.
2. **Global Talent Acquisition**: Companies often establish a global recruitment strategy to attract and retain talent from diverse regions. This may involve utilizing online platforms, attending international job fairs, and collaborating with local recruitment agencies.
3. **Cross-Cultural Training**: To ensure effective collaboration among employees from different cultural backgrounds, Sula Vineyards might implement cross-cultural training programs. These programs help employees understand and appreciate cultural differences, leading to better teamwork and communication.
4. **Expatriate Management**: When sending employees from the home country to international locations, companies need to manage expatriate assignments effectively. This includes providing support for relocation, housing, cultural adaptation, and addressing potential challenges.
5. **Virtual Teams and Communication**: In a global context, virtual teams often become common. Sula Vineyards might employ strategies to facilitate communication and collaboration among teams spread across different countries and time zones.
6. **Global Leadership Development**: Developing a cadre of leaders with a global perspective is crucial. Sula Vineyards might invest in leadership development programs to groom employees for leadership roles in various international locations.
7. **Performance Management**: Sula Vineyards may need to adapt performance management systems to account for cultural differences, local performance metrics, and varying legal frameworks.
8. **Compliance and Legal Considerations**: Adhering to local labor laws and regulations is essential. Companies often establish local HR teams or engage legal experts to ensure compliance with local employment laws.
9. **Employee Well-being**: Ensuring the well-being of employees, both physical and mental, is critical. Sula Vineyards might offer employee assistance programs and support services to promote a healthy work environment.
10. **Knowledge Sharing and Best Practices**: Encouraging the sharing of best practices and knowledge transfer across different locations can lead to increased efficiency and innovation within the organization.

## REGULATIONS IMPLIED:

Here are some general aspects of regulations that wineries like Sula might need to adhere to:

1. **Licensing and Permits:** Wineries typically need various licenses and permits to operate, including those related to production, distribution, and sale of alcoholic beverages.
2. **Production and Quality Standards:** Wineries are often subject to regulations regarding the production process, quality control, and safety standards to ensure the integrity of their products.
3. **Labeling and Packaging:** Regulations may specify how wine bottles must be labeled, including information about the product's origin, alcohol content, health warnings, and more.
4. **Distribution and Sales:** There might be rules about how and where wines can be sold, including distribution to retailers, restaurants, and consumers.
5. **Environmental and Health Regulations:** Wineries might be required to follow environmental and health regulations to minimize their impact on the environment and ensure the safety of workers and consumers.
6. **Advertising and Marketing**: There could be guidelines about how wineries can advertise and market their products, including restrictions on claims and imagery.
7. **Wine Tourism and Hospitality:** If the winery offers tours, tastings, or other forms of hospitality, there might be regulations related to visitor safety, sanitation, and more.
8. **Import and Export Regulations**: For wineries that engage in international trade, there might be specific regulations related to importing and exporting wines.

## SUPPLY CHAIN:

1. **Grape Cultivation and Harvesting**: The supply chain begins with grape cultivation in vineyards. Grapes are carefully grown and harvested at the right time to ensure optimal quality for wine production.
2. **Grape Processing**: After harvesting, grapes are transported to the winery for processing. They are sorted, destemmed, and crushed to extract the juice.
3. **Fermentation and Aging**: The extracted juice is fermented using specific strains of yeast to convert sugars into alcohol. The wine is then aged in barrels or tanks, which can impact its flavor and character.
4. **Bottling and Packaging**: Once the wine has matured, it goes through filtering and clarification processes. It's then bottled, labeled, and packaged for distribution.
5. **Distribution and Logistics**: Bottled wines are stored and transported to various distribution points, which could include retail stores, restaurants, and export locations. Logistics play a crucial role in ensuring that the wine reaches its intended destinations in good condition.
6. **Retail and Sales**: The wine is made available for purchase at retail outlets, online platforms, and possibly at the winery itself. Marketing and sales efforts are often undertaken to promote the brand and attract customers.
7. **Wine Tourism and Hospitality**: Many wineries, including Sula, often have facilities for wine tourism and hospitality. This involves offering guided tours, wine tastings, and experiences for visitors, contributing to the overall supply chain by attracting customers directly to the winery.
8. **Waste Management and Sustainability**: Wineries often prioritize sustainability and responsible waste management as part of their supply chain operations. Grape waste and byproducts from the winemaking process might be repurposed or disposed of following environmental regulations.
9. **Quality Control and Compliance**: Throughout the supply chain, quality control measures ensure that the wine maintains its desired characteristics and meets regulatory standards.
10. **International Trade (if applicable)**: For wineries involved in international trade, the supply chain would include export/import processes, compliance with international regulations, and coordination with distribution partners in other countries.

## BCG MATRIX FOR SULA VINEYARDS:

1. **Stars:** High market growth rate, high relative market share.
2. **Cash Cows:** Low market growth rate, high relative market share.
3. **Question Marks (or Problem Child):** High market growth rate, low relative market share.
4. **Dogs:** Low market growth rate, low relative market share.

For Sula Vineyards, here's how their different products or business units might be positioned within the BCG matrix:

1. **Stars:** Sula's premium or innovative wine offerings that have a significant market share in a rapidly growing market segment could be classified as stars. These products have the potential for high returns but may also require substantial investment to maintain their growth.
2. **Cash Cows:** Established and well-performing wine products that have a stable market share in a mature market segment might be considered cash cows. These products generate consistent revenue and profit with relatively less need for heavy investment.
3. **Question Marks:** New or niche wine products that are gaining traction in the market but still have a relatively small market share could fall under this category. These products require careful consideration about whether to invest to grow their market share or potentially divest if they don't show promising growth potential.
4. **Dogs:** Wine products with low market share in a slow or stagnant market segment might be classified as dogs. These products may not have significant growth potential and might need to be reevaluated for their place in the portfolio.

## PORTERS FIVE FORCES:

The Porter's Five Forces framework is a strategic tool used to analyze the competitive environment of a business or industry. Here's an analysis of Sula Vineyards using Porter's Five Forces:

**Threat of New Entrants**:Sula Vineyards operates in the wine industry, which requires substantial investments in vineyards, equipment, distribution, and marketing. However, the threat of new entrants could be moderate due to factors such as brand recognition, economies of scale, and government regulations that may restrict new players. Sula's pioneering presence in the Indian wine market might also act as a deterrent for potential entrants.

**Bargaining Power of Suppliers:**Suppliers in the wine industry include grape growers, packaging suppliers, and distributors. Sula Vineyards may have moderate bargaining power over its grape suppliers, as it likely cultivates its own grapes to a significant extent. However, for other inputs and services, the winery could face competition or negotiate favorable terms due to its relatively large scale.

**Bargaining Power of Buyers:**The bargaining power of buyers in the wine industry can vary depending on factors such as brand loyalty, product differentiation, and the availability of substitute products. Sula Vineyards may have moderate to strong bargaining power due to its brand recognition and the uniqueness of its products, although buyers can still choose from a range of other alcoholic beverages.

**Threat of Substitute Products:**The threat of substitutes for wine includes other alcoholic beverages like beer, spirits, and cocktails. This threat is likely moderate, as wine offers a different taste and experience compared to these substitutes. However, consumer preferences and trends could impact the demand for wine in favor of other beverages.

**Intensity of Competitive Rivalry:**The competitive rivalry in the wine industry could be moderate to high. While Sula Vineyards is a prominent player in the Indian wine market, there are other domestic and international wineries competing for market share. The industry's growth and potential profitability could attract more competitors, intensifying the rivalry.