



IN BRANDS WE TRUST





Lord Bilimoria, Founder, Cobra Beer

In 2006 Karan Bilimoria was appointed the Lord Bilimoria of Chelsea, making him the first ever Parsi to sit in the House of Lords. Lord Bilimoria holds a number of public appointments, including founding Chairman of the UK-India Business Council, Deputy Lieutenant of Greater London, Deputy President of the London Chamber of Commerce and Industry, and Chancellor of Thames Valley University, one of Britain's largest universities. He has also served as Chairman of the Government's National Employment Panel, and was Chairman of the Panel's Small and Medium Enterprise Board from 2001 to 2005. Lord Bilimoria is the founder and Chairman of Cobra Beer, which remains one of the fastest growing beer brands in the UK with a current retail value turnover of £178 million. In 2004 he was awarded the Commander of the British Empire, and last year he was awarded the Pravasi Bharti Samman by the President of India.

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The Brands Lecture

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Lord Bilimoria CBE DL
Founder, Cobra Beer

I was born and brought up in India and some of my early memories are of driving through the city or the countryside and seeing two sets of symbols painted on walls. One set were of political parties and the other were for what we called 'bidis'. Anyone who has been to India, especially as a student, will know them. They call themselves 'a hand-rolled Indian cigar'. Well, it is far from a cigar, being as close as you will get to an organic cigarette, made from leaves collected in a particular season in the forest, rolled up with tobacco and tied with string. It is the poor person's cigarette.



Of India's population of over 1.1 billion today, sadly there are some 300 million people who live on less than a dollar a day and over 600 million people who live in rural areas. Although literacy levels are rising, they are still at a low level in many parts of India. These symbols provided important means of recognition for people and depicted their brands.

Today India is growing by 6% p.a. in GDP terms, before the 'Great Recession' as I call it (I don't think we're in a depression). Previously India was growing at an average of nearly 9% year-on-year for a period of five years. What defines India's growth, and this is distinct from China's, is that it is consumer-led, with a huge consumer marketplace filled with brands.

Arun Sureen, who sat on the advisory board of the UK-India Business Council that I chaired prior to becoming President, told me that after Vodafone bought Hutch Telecoms in India in an \$11 billion deal, it had to change 400,000 fascias from Hutch into the bright red of Vodafone in less than a year. They have set themselves a target in India of 100 million users by 2010, attracting last month alone nearly 2½ million to bring their total to 74.1 million users. So they are getting close.

Thus India is a country where you have potential for what C. K. Prahalad terms 'the fortune at the bottom of the pyramid', so whether it is bidis or mobile phones, there is enormous potential.

I remember when I finished my studies over here and I went to set up Cobra Beer in Bangalore, I visited my father who by then was Commander-in-Chief of the Central Indian Army in Lucknow. I knew that my father could offer me absolutely no financial support, but at least he could give me some moral and emotional support. You must be joking! 'Dad, I've started my business, my own beer brand!' 'What are you doing? All this education and you're becoming an import-export wallah? Get a proper job, become a banker.' We won't go there!

In terms of identity and expectations, Professor Amartya Sen who was Master of Trinity College, now at Harvard, and a Nobel laureate, has written and spoken about identity. What is one's identity? Is it your country of origin? Your race? Your religion? Your profession? Your hobby? What is it? People may try and categorise somebody as Indian or British, when actually we all have multiple identities.

I would like to turn to Cobra Beer and talk a little about building a brand from scratch. The idea for Cobra was very simple. It was a student dream, evolving as an idea

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when I was at Cambridge and here in London. When I used to go to Indian restaurants and pubs, I didn't like the lagers, finding them very gassy, harsh, bland and bloating. I love food and Indian food in particular, but I would find the combination of fizzy lagers and spicy food uncomfortable. I just couldn't eat and drink as much as I wanted to.

An English friend introduced me to real ale and I found I loved the stuff, but you try drinking it with Indian food. The ale is just too bitter and heavy. That is when the idea evolved that one day I would produce my own beer that would be refreshing like a lager and have the smoothness and drinkability of an ale, to accompany all food and in particular Indian food.

So that was my idea. And then I developed what in business school terms is called 'a big hairy audacious goal' of brewing the finest ever Indian beer and making it a global beer brand. I suppose I should have done a reality check. I was 27 years old, had no experience about the brewing industry or beer other than drinking it, I had no money (in fact I had £20,000 of student debt to pay off) and I was up against giants. The big beer brands are not just huge, they do not just have deep pockets, but many of them are ancient. Stella Artois was founded in the 14th century. Kingfisher, the biggest beer brand in India, had already been in the UK for eight years, and had been brewing in the UK for five years before we started. There were thousands of draught installations of Kingfisher beer in Indian restaurants and Carlsberg was in virtually every one.

Those were the odds stacked against me. So when you are in that position, why do people finance you, why do they supply you, why do they buy from you? When nobody knows your brand, I believe they do that if you have the passion, the confidence and the faith and belief in your product, in your brand, and in yourself.

I call it bridging the credibility gap and I believe any new business – any potential brand – has to do that.

In building this brand, and in building this business, it has been a journey and one of my favourite sayings is that good judgement comes from experience and experience comes from bad judgement. There is no short cut, however much you may go to business school or learn and study. You actually need to go out there, make mistakes and learn from those mistakes, hopefully not making them again. And I will try and share some of those mistakes with you as we go along.

What's in a name? Well I have something to admit to you. The beer that I created was not called Cobra. It was actually called Panther. My partner and I could have chosen any name. The brewery we tied up with in India, Mysore Breweries in Bangalore, produced a very successful brand called Knockout, an 8% strength beer that is still very successful in India. The visual on the label is of one boxer having knocked out another!

This was not what I was looking for. I wanted a super premium beer, but the brewery did not produce anything like that and did not have a brand that was suitable for us. Instead we were invited to develop a beer with them, to our own recipe. This we did with Dr Cariapa, the finest brewmaster in India who spent six years in the Czech Republic and had a PhD in brewing. As for the brand name, they left it entirely up to us. So my partner Arjun and I went through hundreds of names and we chose Panther, getting the label designed by an agency here in Britain before I parked myself in Bangalore for three months to develop the project based on all the market research we had done.

I can picture the artwork now. It was the eye of a black panther, very cool, and the first thing I did was to take it to the printers to hold until we were ready to bottle.

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The lesson I learnt then, right from the start, was as an entrepreneur you come up with the idea but you should never ever go forward with it without checking with the customer and the consumer first.

I literally forgot about it, turning my attention to the liquid and the beer. The beer was in the tanks maturing, two weeks away from bottling, when I received a frantic phone call from Arjun, 'Karan, Karan – we've got a problem. I'm trying to pre-sell the first container but nobody likes the name Panther.' I said 'You're telling me this now? What's their problem?' He said 'I don't know, they just don't like it.' The first reaction we both had, I remember, was 'What do we care about what they think? It's our brand name.' After discussing this for a few minutes however we soon realised that if our customers don't like it, then it is an issue and we should think of another name. We went to our second choice of name on the list, Cobra, and decided to check it out, to see if they liked it.

I rushed to the printers the next morning and luckily they hadn't printed the labels. By the following evening, literally less than twenty-four hours later, I got a call from Arjun saying 'They love Cobra!' So I got on a plane to Hyderabad where my brother had his own advertising agency and we designed Cobra beer from scratch. The project was delayed, I lost time, I lost money, but it was the best decision I made.

The lesson I learnt then, right from the start, was as an entrepreneur you come up with the idea but you should never ever go forward with it without checking with the customer and the consumer first. And what a name Cobra has turned out to be. It is short, sharp, punchy, memorable, and evokes India without being corny like Maharajah. And the beauty of it is that, in the context of a global beer brand, it works anywhere in the world. Another thing we discovered about Cobra was that it sounds familiar, very contemporary, yet it also sounds as if it has been around for ever. I have met retired British Army officers who have said, 'I remember Cobra before the war!' when of course it didn't exist. So, it is very

important to get the name right and we have been very fortunate with ours.

For seven years we brewed Cobra in Bangalore, exporting it here to the UK and to some other countries as well. And everything was going really well. When my partner decided to leave in 1995 I was left on my own and started to build a team, and in 1996 my sales doubled in a calendar year. The brand finally took off! However my problems importing the beer from India quadrupled, with containers getting stuck and problems with production, quality, consistency, and availability. I thought 'What do I do?' I had built this brand as an authentically imported Indian beer but now I had all these quality problems, and quality is the most important thing.

The obvious solution was to start brewing the beer here in the UK but would my customers then stop drinking it? I agonised and agonised over this, but then realised that there was only one person who could give me the answer, the customer. We used to exhibit regularly at consumer shows like the BBC Good Food Show, obtaining feedback once people had tasted Cobra. I slipped a question into our survey asking them to rank in order of importance four things about Cobra:

- that it is brewed to an authentic Indian recipe;
- that it is a premium lager beer;
- that it has an extra smooth, less gassy taste; and
- that it is imported from India.

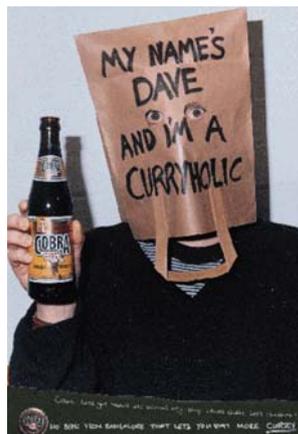
I was staggered when the results came in. The most important thing to the consumer, by a long way, was the less gassy, extra smooth taste and the least important thing to the consumer, by a long way, was the fact it was imported from India.

So I put my faith in the consumer and moved the production. Born in Bangalore, brewed in Bedford!

And in an instant my production problems were overcome. Furthermore I could do draught Cobra which I could never have done by bringing kegs all the way from Bangalore. We didn't look back.

My strategy in building this brand was very simple. I would introduce it into Indian restaurants first, where consumers could discover the brand (I always say that without the support of the Indian restaurants we would not be where we are today). Awareness created in these restaurants would then help once we were on the shelves of the supermarkets, where people would recognise it as the beer they liked from their Indian restaurant. From there, we would be in pubs and the bars before starting to export around the world.

In terms of communication, 1998 was when we could afford our first-ever advertising campaign, eight years after we started. We instructed Team Saatchi, part of Saatchi & Saatchi, to 'establish us as the best beer to drink with Indian food'. They created our spokesperson, Curryholic Dave, a stroke of creative genius, and positioned us as 'the beer from Bangalore that curryholics adore.' It was a huge success and we ran it for three years.



Over the years we began to move the brand's appeal to a wider customer base, to what is known as 'premium image chasers'. These are the under 34s, time poor, who read the *Guardian* and the *Independent*, shop at Waitrose, participate in active sports, love foreign food, and eat out regularly. We had discovered that these are the people who really like Cobra and drink Cobra more than anyone else. However we did not wish to alienate the ale drinkers, who were our second highest user group.

We then turned our attention to the brand's positioning, in relation to the other brands on the market. Cobra is a dynamic brand and we were looking for 'effortless engagement' from our consumers.

The question then remained as to the best way to communicate to these premium image chasers. This again all rests on the consumer. About a year and a half ago, a new marketing director joined us. We used to sponsor films on ITV 2, 3 and 4 which worked very well for us – Cobra Vision – but instead he told us to switch to a new channel. It used to be called UKTVG2 but was re-positioned and renamed as Dave. We had not heard of it and were concerned that it might not succeed. He urged us to have faith, because its content was fantastic and we were both speaking to the same people in the same language. We put our faith in him, advertised on Dave and it has become one of the great success stories in re-positioning. It worked fantastically well.

We have talked about developing a brand and about positioning but what about actually re-branding? One of the things I've noticed from famous brands such as Budweiser or Sharwoods is that, if you look at them a hundred years ago and today, there is actually a strong link. You can still identify them. With great brands I do believe it is a process of evolution. We have tried to do just that, moving our packaging and logo onwards, from the quirky to something more ethnic and exotic.

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You don't have to change things drastically but, whether building a business or brand, you must do things differently to stand out and strive to do things better.

To digress for a moment, but relevant to developing a brand, one of my favourite sayings is 'It is not good enough to be the best in the world, you also have to be the best for the world.' I have taken much inspiration from this and there is no better example than Tata in India. The founder, Jamsetji Tata, was a real entrepreneur over a hundred years ago who wanted to set up his first steel plant in jungle close to the source of iron ore in north-east India in the State of Bihar. When he set up that steel plant he also set up a city where there was clean water, healthcare, education and just consideration for all the workers. It was a model of workforce welfare that stands to this day, over a hundred years later.

Those ethics and principles of Tata have inspired me immensely over the years and there has been a recent example. Ratan Tata, the current head of Tata, had a brainwave from seeing Indian families riding on two-wheelers, often four or five people on a scooter.



He recognised how dangerous it was and how it was caused by people not being able to afford cars. So he set out to produce a really affordable car, at less than £2,000, the Tata Nano. That car is going to be a phenomenon throughout India.

How can a small brand like Cobra give back to the community? We started from day one, sponsoring charitable events and donating our beer on a regular basis, thereby supporting the charity while building brand awareness, a win-win. A more recent example was the annual House of Lords versus House of Commons tug-of-war earlier this week, which Cobra Beer sponsored, raising a huge amount for Macmillan Cancer Support. It is a small example of how you can give back.

To digress again to talk about Parliament – it has one of the most iconic buildings in the world, but the recent expenses scandal, coming on top of cash for questions, has rocked people's faith in democracy. In terms of brand trust, public respect for politicians surely cannot go any lower. The whole country is shocked by what has been going on, presenting an opportunity for real change. A look overseas, to the election of Barack Obama, shows how change can be achieved. The way he ran his campaign, branding himself through a message of American nationalism, progress and hope, struck chords all round the world.

New Labour was a re-branding exercise that worked in 1997 but has it delivered against its chant, 'Things can only get better?' This is perhaps for discussion elsewhere, but re-branding on the basis of promising something new may have changed Labour and its image but was it effective?

So what makes people love brands? A Brands Lecture delivered by Kevin Roberts, Chief Executive of Saatchi & Saatchi, on Lovemarks explored how to build a brand that evokes so much emotion that its fans will go to the ends of the earth for it. In my world, it is someone who will walk out of an Indian restaurant that has no Cobra Beer and go into one that has. How can you generate that sort of loyalty? A lot of it is pretty intangible but it involves leadership.

The Chancellor of my alma mater, Cranfield, is Field Marshall Lord Vincent. When he was a Lieutenant Colonel and took over command of his regiment, the Regimental Sergeant Major came up to welcome him and asked, 'Sir, would you like to know what the men think of you?' 'Well um, yes,' he said, 'what do they think of me?' 'Sir, they will follow you anywhere, but please don't get carried away. They will do it mostly out of curiosity.'

There is a great book written by two London Business School professors, Rob Goffee and Gareth Jones, called *Why Should I Be Led By You?* It is all about people trying to lead and to teach others to lead. Too often the characteristics of leadership are described as if there is a recipe, as if leadership is something that is done to people. These two professors argue that leadership is something to be done with other people and that no two leaders are the same. Leadership is about maximising your own qualities and recognising your weaknesses, with leaders needing to identify and deploy their leadership assets. Authentic leadership is about being true to yourself.

You have no doubt read in the press about what happened to Cobra Beer recently. I have just been through the most difficult period in my life. It started a year ago when we were raising funds and the banks started to freeze up. We were a fast-growing brand, needed finance, and we just couldn't raise any more money. In the middle of all this, one of the largest drinks companies in the world approached us to buy a 30% stake with a view to buying the remainder in three to five years' time, a deferred sale. The talks fell through after three months' negotiation in August 2008. We were being advised by Rothschild, the investment bank, who said, 'Look, if the company is of so much interest, just imagine if you really put yourselves up for sale. You are one of the fastest-growing beer brands in

the country and the fastest-growing world beer brand. You are going to be very attractive.'

So we went for a full sale. At the same time the financial markets continued to implode. We had our foot on the accelerator, growing by 20% year-on-year in the nine months to 30th April, while the UK beer market declined by 8%. The sale process was enormously challenging but one party amongst all others was identified as the ideal acquirer, Molson Coors.

After the management presentation they came back and said they were not interested in buying but were interested in a joint venture. My eyes lit up as I never wanted to sell and a joint venture was a good solution. They wished it to be a clean joint venture, which could only be achieved through a Company Voluntary Arrangement, or CVA, which would allow us to look after our creditors. We worked for weeks on this with the best advisors and were going to launch on a Friday, when on the Thursday we received a statutory demand from one of our largest suppliers at the behest of their credit insurers wanting to close us down.

The CVA had to be called off at the last minute. The whole deal was nearly over but Molson Coors remained committed and we had one week in which to pre-pack the business into administration. It was traumatic and terrible, and we crossed the line on 29th May 2009. The shareholders and secured creditors have been looked after, the brand has a dream of a future and some employees are moving across into the joint venture, but sadly unsecured creditors will not be looked after. I am devastated by that.

Nowadays people come up to me in two ways. Either they say, 'Are you alright? You must have been through a horrible time', or they congratulate me on a joint venture with one of the five largest brewers in the world

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and owners of Carling, the biggest beer brand in the UK. One person put it appropriately by asking, 'Should I commiserate or congratulate you?' Both are in order.

One of the reasons Molson Coors remained so committed was that they identified Cobra Beer as an 'extraordinary brand'. To be an 'extraordinary brand' in their terms you have to fulfil the following criteria:

- a compelling story based on an undeniable brand truth, in our case a less gassy, extra smooth taste that sits between a lager and an ale and goes well with all food and Indian food in particular;
- living by (and refusing to compromise on) a set of principles, which in our case is never cutting any corners with the product, ever, ever, ever. The product comes first and everything else follows from it;
- an instantly recognisable and iconic look, which we have with that big bottle, the embossing, our logo and the strong yellow colour on our label;
- the delivery of a unique, relevant and consistent experience. Perhaps in a hundred years time the label and logo may have evolved but I hope the taste of Cobra will be exactly as it is today;
- inspiring people to become loyal brand champions. This goes back to Lovemarks, and I am so proud that Cobra brings a smile to people's faces. They genuinely love our product;
- finally the delivery of enduring extraordinary profits. I can now say that, with the joint venture, the prospects for the brand are hugely profitable.

So, before I conclude, what is the definition of a brand? This is something I am frequently asked. In relation to my product, is it the name Cobra? Yes. Is it the logo? Yes. Is it the look of it? Yes. Is it the delicious, extra smooth, less gassy taste? You bet. Is it the way you

communicate with your consumers? Yes. Is it the way you behave as a company? Yes. Is it the way you treat your employees? Yes. Is it the way you give back to the community? Yes. It is all those things. A brand is what a brand does. That is my definition of a brand.

So, to conclude, I have taken you through a story that started with a mission to brew the finest ever Indian beer and make it a global beer brand. This is something that can be measured. Are we the finest ever Indian beer? You bet we are. We are one of the best beers in the world and I am proud of it. Are we a global beer brand? Well, we have been brewed in the UK, Poland, Holland, Belgium and India and export to nearly fifty countries. This is nowhere near a global beer brand, we have a long way to go, but we can measure our progress. However more important to me than the mission is the vision. This is the why and is what we live and breathe. Our vision is to aspire and achieve against all odds with integrity. That is almost a definition of entrepreneurship – you come up with an idea, you want to get somewhere with it, you have all the odds stacked against you, you have little or no resource and you go out there and make it happen, trying to do it with integrity.



This is the ninth in the Brands Lecture series.
Previous lectures include:

Are Brands Good for Britain?

Tim Ambler, London Business School

Posh Spice and Persil

Jeremy Bullmore, WPP Group

100% Marketing

Rob Malcolm, Diageo

Hybrids, the Heavenly Bed and Purple Ketchup

David Aaker, Prophet

Brands Beyond Business

Simon Anholt, Earthspeak

The Lovemarks Effect

Kevin Roberts, Saatchi & Saatchi

They think it's all over...

Martin Glenn, Birds Eye Iglo Group Limited

Can brands save the world? Let's hope so.

Richard Reed, Innocent Drinks

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