

Perceiving the Consumer's Desire and Transforming it into a Business Model : A Case Study of Morning Fresh, India's No. 1 Hangover Cure & Detox Drink

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Abstract

An increasing number of Indians are drinking alcohol, but the latest study ("Alcohol Consumption in India," 2022) shows that the country is experiencing a rise in smart drinking, limiting consumption within limits, and only on social occasions. The study conducted across three North Indian states found that there is now an increase in the number of people who drink at casual get-togethers, festivals, or social occasions; 54% of the respondents said that they drank at such events, while 44% admitted to responsibly following rules and regulations regarding alcohol consumption. According to recent research, the burden of alcohol in India costs the economy more than the Indian government's whole health budget (Jyani et al., 2019). According to the findings of a study that was just recently published in the *International Journal of Drug Policy*, the economic loss that can be attributed to the negative effects of alcohol consumption accounts for approximately 1.45 percentage points of the total gross domestic product when tax receipts from the sale of alcohol are taken into account (GDP). To put this into perspective, the yearly expenditures of the government on health amount to around 1.1% of the GDP. According to the researchers' projections, the whole social and economic cost of alcohol-related health disorders in 2050 would be more than the entire gross domestic product of India in 2018, which was INR 219.5 trillion. This development places one company at an advantage in further promoting responsible drinking among liquor drinkers. Looking at such a number of consumers with the social and health impact, the owner of Healthline Private Limited foresaw an opportunity not only to start an exponential revenue-generating product, but also to ameliorate the health problems in youngsters, thereby also limiting their habits' ill effects on the society. The CEO of the company had a background of the F&B sector and was skilled in creative leadership, product innovation, and business development. This case examined how Healthline's owners transformed an opportunity into a successful business model by introducing the most innovative and acceptable product, "Morning Fresh," and underlined how crucial it is to understand customer desires. The case also emphasized the marketing strategies employed to capture the maximum possible market cap. I took the data from secondary sources and published resources (from 2014 to 2021) to analyze the complete case from different perspectives. I also explored how a consumer's immediate needs and desires can be transformed into a successful business.

Keywords : entrepreneurship, new product development (NPD), brand strategy

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Creativity provides the ultimate solution to every problem — when creativity is integrated with passion, it leads to a boom in the market. A father-daughter duo succeeded in fulfilling the needs of the people who love to drink heavily and enjoy parties but do not want their personal and working life to be disturbed. Mitali Tandon, beauty with brains, has been a multitasker. She volunteered with the Spastic Society of Karnataka, where she initially gained social work experience and provided care and services for children with developmental disabilities, such as cerebral palsy and autism. She was also involved with the Young Enterprise Group. She then

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worked with her father, who was in a business related to animal health, biotech, and pharmaceuticals. According to Mitali (as cited in Shah, 2019) :

Our parent company, Sericare, is a sericulture pioneer and uses silk as a biomaterial. During our research, we discovered that certain peptides from silk protein stimulate ADH production. ADH is an enzyme that naturally occurs in your liver, which helps break down alcohol. But it gets overpowered when given excess alcohol to manage, thus resulting in hangovers. But peptides reactivate the enzyme. We were very excited by the idea's potential and decided to test our hypothesis. We did a preliminary study on rats. We got fantastic results, which was our 'aha' moment, which encouraged us to develop the product. (p. 3)

There is a huge opportunity for the energy drink industry to grow because of the younger section of society (Nair & Kshatriya, 2019). According to the National Family Health Survey-5 (NFHS-5), rural Indian men and women consume more alcohol than their urban counterparts. Arunachal Pradesh has the largest percentage of alcoholic males (53%) and women (24%) among all states. Arunachal Pradesh is followed by Sikkim (16%) among women and Telangana among men (43%). In addition to Arunachal Pradesh and Telangana, males in the upper Brahmaputra area of Assam, districts in Jharkhand and the Bastar region of Chhattisgarh, and the Chhota Nagpur region of Jharkhand and Odisha use alcohol at rates of 40% or higher. Alcohol consumption usually contributes to a hangover, which features various signs of headaches, nausea, fatigue, and drowsiness. However, it can also be the outcome of the changing rate of alcohol metabolism. In addition, it leads to the removal of acetaldehyde by impacting the mechanism of alcohol dehydrogenase (ADH) and/or aldehyde dehydrogenase (ALDH) enzymes.

It has been indicated that food screening affects ADH and ALDH. Thus, food commodities increased the ADH and ALDH activities that can be utilized to formulate AHO. For example, pears, a significant component of a sweet line, and coconut water could be used to develop an anti-hangover (AHO) aid. In turn, AHO products enhanced ADH and ALDH, mainly ALDH. A study was conducted in which water-soluble propolis was developed utilizing beta-cyclodextrin. Its impacts on an ethanol-oriented hangover were evaluated in Sprague-Dawley (S-D) rats fed with ethanol. Upon examination, it was observed that ethanol content was reduced by 2.1 times. As a result, ADH and ALDH activity was enhanced 3 to 4 times. It specified the significance of the ADH factor used in Morning Fresh for hangover treatment. Founders had an idea that this bio-composition could be converted into a miraculous-innovative product, which could safeguard the declining health of the youngsters and middle-aged citizens in cities for their happy and healthy life.

Company Background

Founded on June 15, 1984, Healthline Private Limited is a non-governmental organization. It was categorized as a corporation limited by shares and was a privately held, unlisted firm. The company's authorized capital is INR 30 million, and its paid-up capital is INR 17.2 million, or 57.3% of that amount. For the last 38 years, Healthline Private Limited has focused mostly on the community, personal, and social services industry.

The company produces restorative hangover cures and natural beverages. It was established in mid-2015 in Bangalore, India. Healthline successfully introduced innovative products to consumers to live a healthy and productive life. Morning Fresh, a drinkable liquid product, is a patented formula that reenergizes the person by activating the naturally occurring enzymes in the liver known as ADH. Therefore, with the consumption of alcohol, ADH level is reduced, due to which the person experiences a hangover. Morning Fresh's key reasons popular among consumers include fresh mornings, happy liver, detoxification, and no hangovers. In addition, the company's products are based on all-natural ingredients and have no sugar or caffeine.

The company initially placed its Morning Fresh product in Bangalore, Chennai, Hyderabad, and Mumbai. After that, the company recently expanded to Telangana and has set its sights on expanding to Goa, New Delhi, Pune, and Kolkata, soon aiming for 5% of the hangover market share in India. Currently, the company has two manufacturing-cum-packaging units in Bangalore, and products are being supplied through distributors to retail outlets. Although customers' online orders have also been entertained, the company has also considered expanding its operations and distributions to other cities and abroad.

Industry Overview and Competitors

The international hangover cure products market was worth INR 117 billion in 2020 (Grand View Research, 2021). Growth is expected to increase by more than 14.60% from 2021 to 2027. Ongoing awareness related to anti-hangover items has increased the demand for detox drinks. The demand has also increased because of the preference to adopt a healthy lifestyle with reduced alcohol consumption. In countries like the US, obesity has increased, leading to manufacturers' growing investment in hangover cure products. In addition, consumers worldwide have become functional food and drinks enthusiasts in past years. Hence, materials that boost energy, mental clarity, mood, and decrease stress have been recognized to have the potential to attract consumers in the coming years. Ultimately, the functional food and drinks trend has opened the doors for hangover cure producers, but in India, this idea has not materialized even by big thinkers.

Similarly, the demand & expectation for hangover cure products has increased in India. The increase in demand in India is linked to increased alcohol consumption and its impact on physique & health with the growing awareness of healthy drinks for curing a hangover, such as herbal drinks. Alcohol consumption is 30% to 40% among men in India. However, the level of consumption in rural areas for men and women has been higher than in urban India. The highest proportion of alcohol consumption is in Arunachal Pradesh, involving 53% of men and 34% of women aged 15 years and above. Besides, the Indian hangover market size was more than INR 45 billion in 2019. In 2020, *Business Insider India* reported that most Indians' New Year began by Googling the term "Hangover Cure." The highest interest in searching for a hangover cure was observed from Goa's party destinations.

Moreover, the altering trends of alcohol consumption in India have been associated with many aspects. For example, middle-class consumption capacity has increased with an increase in expendable income. In turn, there has been a rise in discretionary spending. Also, Gen Y and Gen Z drive cultural shifts that make alcohol consumption more acceptable. Last but not least, alcohol has become a social symbol among the younger generation. Hence, manufacturers and marketers have significantly started targeting the hangover cure market in India. Morning Fresh has emerged as one of the innovative, effective products for the highly growing hangover cure product market. Two of the main competitors of Morning Fresh are Armr and Shunya. Armr is an immunity booster, daily detox, weight management, and anti-hangover drink that has been researched and developed at Baidyanath and is power-packed with the goodness of Ayurveda, antioxidants, super-herbs, and super-fruits. The Baidyanath Group is a pharmaceutical company in India that specializes in the production of Ayurvedic medications. Vaidya Pandit Ram Narayan Sharma and his brother Pandit Ram Dayal Joshi established Shree Baidyanath Ayurved Bhawan Pvt. Ltd. in 1917 with the goal of making effective and easily accessible medicines available to the people of India. This is the reason the company has successfully brought the traditional science of Ayurveda and integrated it into people's fast-paced lives.

On the other hand, Shunya is another Ayurvedic-based hangover cure drink. Naturedge Beverages manufactures Shunya. The firm, Naturedge Beverages, was founded by the now President of Ayurveda giant Baidyanath, Siddhesh Sharma, who took his years of learning and experience and applied them to form a new product, Shunya. The company has transformed India's beverage market by focusing on traditional ingredients

and innovative Ayurvedic science with the latest modern technology. Shunya offers an extended range of health drinks such as Shunya Go or Shunya Fizz. It's not just about the great taste; the drink is enriched with the goodness of Ashwagandha, Brahmi, Khus, Kokum, and Green Tea. Both companies offer different flavors and combo packs.

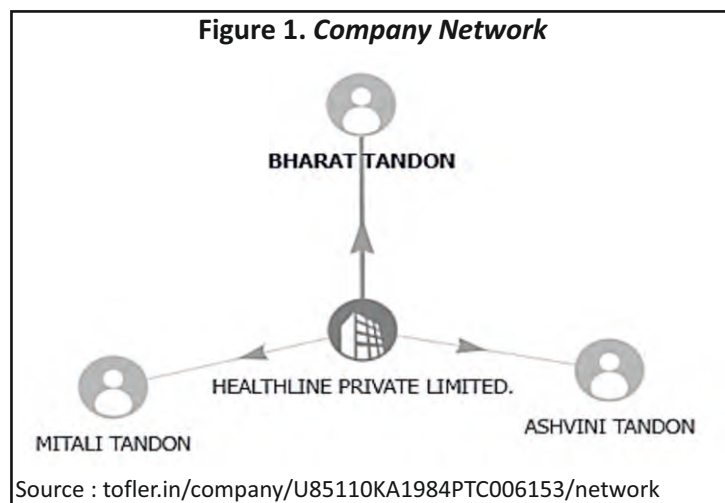
Leadership Team and Founders

Co-Founder and CEO

Mitali Tandon is the co-founder and chief executive officer (CEO) of Healthline Pvt. Ltd. She is the winner of Forbes India 30 Under 30 & Times She UnLTD Entrepreneur awards. She did her double honors Bachelor's degrees in Criminology and Social Policy in 2012 from The University of Kent, United Kingdom. She has a background of working in the F&B sector (food & beverage industry). Also, she is skilled in creative entrepreneurship, product innovation, business development, and marketing strategy. She had worked in Samvada as a fundraiser and CSR Lead. Besides, she worked as a financial service advisor at PricewaterhouseCoopers. Due to her passion and achievements at an early age, Mitali has been featured in Forbes India, Economic Times Start-Up, CNBC Awaaz, BW Disrupt, and ET Health. Healthline Private Limited's board comprises of three directors — Mitali Tandon, Ashvini Tandon, and Bharat Tandon (Figure 1).

Product Portfolio and Product Design

The company has provided various detox products that help to reduce alcohol hangovers. It offers diversified products, such as Morning Fresh, Morning Fresh Pop, and Morning Fresh Fun. The beverages have been produced in four flavors: Cola, Mint, Cinnamon, and Strawberry. Consumers only have to make one bottle of the beverage as a last shot of the night. In the morning, they will wake up fresh, detoxed, and ready to brilliantly perform their tasks. In addition, the company provides consumers with a pack of beverages as per their needs. For instance, packs of 4, 8, 12, and 50 bottles of Morning Fresh Mix and Match are offered to customers. Each bottle is 60ml. All packs have a 12-month shelf life. Another offering by the company is the Morning Fresh POP in lime, orange, and trial pack. Morning Fresh POP is also an anti-hangover supplement; designed to help repair, detox, and hydrate the body after a night out. It contains essential vitamins, antioxidants, and electrolytes that help the liver with the



required nutrients, improve hydration, and settle your stomach. It is a sachet that needs to be mixed with water to make it the last drink of the night.

Last but not least, the company provides different services such as an Alculator, using which the users can calculate the productivity hours they have lost to a hangover. The Alculator algorithm enables people to keep in check and balance their hangovers. Another service is a game like Drunken Dinesh, which users can play to get rid of their hangover. Also, blogs and fitness tips are provided for users to become productive. Another company service is the gifts and party essentials to celebrate special occasions. The company generates an extra revenue stream to invest in R&D.

The products designed by the company are based on the new formula that reactivates the ADH in the liver. The new material was found in silk, known as a biomaterial. The biomaterial silk protein has specific peptides that stimulate the production of ADH. The company has used this formulation as a base with added different flavors for the consumers to make a hangover drink to avoid embarrassing situations.

Morning Fresh Brand and Business Model

With the increasing alcohol intake of the current younger generation, Morning Fresh is a detox hangover cure drink that alcohol consumers awaited for a better work-life balance. A marketing mix is a powerful tool that enables marketers to concentrate on specific marketing tasks (Kotni, 2014). Since the inception of Morning Fresh, the company has developed its brand identity. The brand is fundamentally adventurous, witty, and radically imaginative, offering its consumers exciting and fresh experiences. The brand personality is a fun and young brand focused on a healthy lifestyle and young consumers' fitness and future. Retailers aim to build brands that can command loyalty and win consumers' trust (Panda et al., 2014). The brand awareness is done using an extensive marketing campaign and integrated with the latest promotional tools, such as social media, event marketing (Figure 4(b)), increasing word of mouth, digital marketing, etc. Social media has brought a lot of opportunities as a marketing tool (Yadav, 2017). It has been found that creativity and informativeness significantly influenced consumers' attitudes towards social media advertisements (Padival et al., 2019).

Most importantly, younger generations use the internet and social media significantly more than adults. Ultimately, they are highly inspired by celebrities and social media influencers who promote fitness and a healthy lifestyle. One of the examples is from the Indian film industry, actress Shilpa Shetty, who motivates people to stay fit and also consume healthy food to maintain themselves. Hence, consumers have been attracted to detox and healthy beverages to follow their role models to be fit like them. Accordingly, the brand is built on health plus added glamour flavor.

The USP is that Morning Fresh is India's only natural post-drink solution. By having an expansive knowledge of these proteins, the product range can be diversified quickly. They have a multi-dimension revenue model from online sales, word of mouth, and developing co-branding opportunities with event organizers, wedding planners, other alcohol distribution companies, etc.

Production and Operations

Headquartered in Bengaluru, India — the company, along with its two manufacturing plants, has established a capacity for products worth INR 500 million. The manufacturing is wholly done in-house. Morning Fresh had a turnover of INR 10 million last fiscal and it is expected to reach somewhere between 30 million to 50 million Indian rupees in the near future (Figure 3(a) and Figure 3(b)). Morning Fresh's unique formulation contains nutrients including protein, Vitamin C, and mulberry leaf extract proven to be rich in antioxidants and vitamin content, which are extracted from natural raw materials and then mixed into the product in the right composition. The product has been formulated in a range available in three flavors: Cola, Strawberry, and Mint. It has been

formulated and tested scientifically; further, it has been investigated and approved by the Food Safety Standard Authority of India (FSSAI).

The company recently entered Telangana while eyeing an expansion plan to extend its reach to Goa, New Delhi, Pune, and Kolkata soon, taking into account its goal to capture 5% of the total “hangover” market in India.

Performance

Customer Acquisition

Morning Fresh claims to have an omnichannel approach to reaching its audience, having targeted offline and online customers through a series of activations, engagements, and activities. They have catered to 21 to 35-year-old young professionals, who are now used to drinking socially, often attending parties, with high disposable incomes, and who have become health-conscious.

As per recent reports, alcoholic drinks made up of wine, beer, whisky, or other spirits accounted for an estimated INR 124.8 billion in global revenue in 2022. The industry is expected to generate a compound annual growth rate (CAGR) of about 6.8% over the next five years as it continues to expand worldwide, with China generating the most revenue of INR 234 billion.

India has the third-largest alcohol industry in the world. After China and Russia, this is one of the biggest industries for manufacturing alcoholic beverages we have anywhere on the planet. India's enormous alcohol market is worth INR 4.09 trillion, according to a new study by the Indian Council for Research on International Economic Relations (ICRIER). This represents an annual growth rate of 6.8% until 2023, which means many people have started to drink less or switch to cheaper varieties.

Over 70% of the projected increase in consumption can be attributed to people from households earning less than INR 172,500. This group typically consumed more inexpensive liquors like beer or table wine rather than hard liquor such as whiskey or vodka.

As per Indian Council for Research on International Economic Relations (ICRIER), sales have shown a shift towards product premiumization, which means consumers in the next decade will be driven by the lower middle and upper-middle-income groups opting for higher quality products instead of inexpensive options, though they have shown a willingness to pay more money since it reflects the consumers' changing tastes and income levels.

Financial Analysis and Funding

Morning Fresh started in 2011 with an initial capital of INR 90 million. By 2013, the company reached a record-high income of INR 5.9 billion per year (Table 1). Recently, Morning Fresh currently stood on an income of INR 80 million (as of March 31, 2021) annually, but this doesn't come close to what it earned before in earlier years, which is approximately INR 101 million (Figure 2). This change can be explained by ongoing restrictions due to precautionary measures taken against the COVID-19 pandemic. Despite these setbacks and lower profitability than expected, the company remained steadfast in future product development plans that it will undertake (Figure 2).

On top of low debt-to-equity ratios, Morning Fresh managed its financial obligations effectively. However, based on key ratio trends, Morning Fresh seemed to be struggling to keep up with its revenue from its operations in 2021, having recorded only INR 85 million compared to 2020's more than INR 100 million. Its 2021 net profit, net margin, and return on equity also recovered from a loss in 2020. Morning Fresh's net worth also took a hit starting in 2016; it isn't showing signs of recovery yet either (Figure 3(b), Table 1).

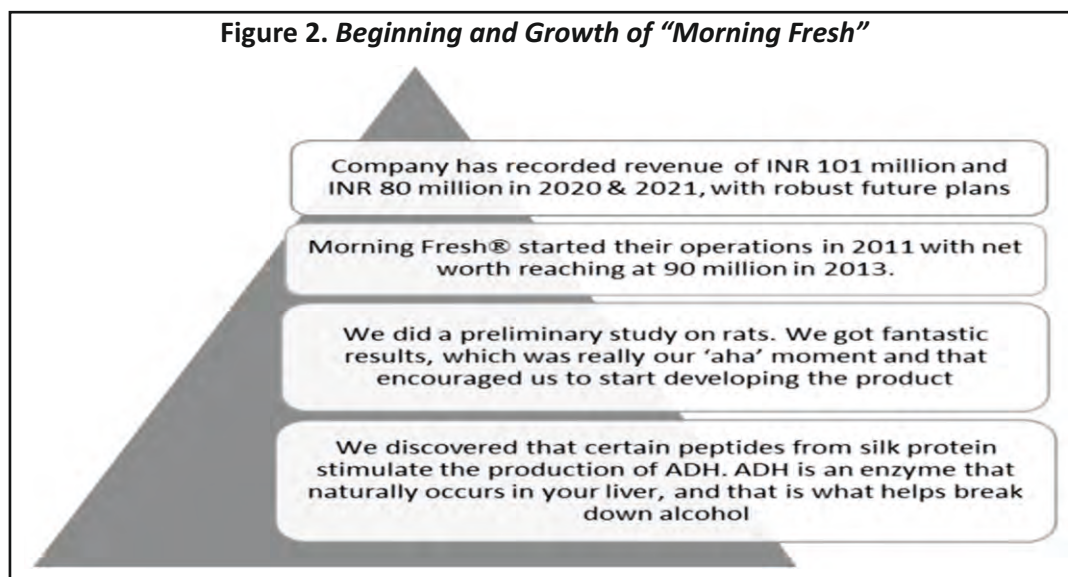


Table 1. Profit and Loss (2018 – 2021)

Healthline Private Limited				
As on (units in Million INR)	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018
Continuing Operations				
Revenue from operations	84.078	101.262	102.328	90.339
Other income	6.523	7.589	3.221	2.944
Total revenue	90.600	108.851	105.549	93.283
Cost of materials consumed	45.394	55.459	55.226	51.156
Purchases of stock in trade	0.000	0.000	0.000	0.000
Changes in inventory	0.000	0.000	0.000	0.000
Employee benefit expenses	23.103	25.721	22.876	18.945
Finance costs	0.132	0.236	0.158	0.170
Depreciation and amortization	1.965	2.395	2.520	3.324
Other expenses	19.841	27.960	23.180	20.609
Total expenses	90.434	111.771	103.960	94.205
Total revenue less total expenses	0.166	-2.920	1.589	-0.923
Prior period and exceptional items	0.000	0.000	0.000	0.000
Profit before extraordinary items	0.166	-2.920	1.589	-0.923
Extraordinary items	0.000	0.000	0.000	0.000
Profit before tax	0.166	-2.920	1.589	-0.923
Current tax expense	0.028	0.000	0.000	0.000
Deferred tax expense	0.000	-0.028	0.086	-0.216
Profit from continuing operations	0.138	-2.892	1.503	-0.707
Profit from discontinuing operations (after tax)	0.000	0.000	0.000	0.000
Net profit/loss	0.138	-2.892	1.503	-0.707

Source : Registrar of Companies Office under Ministry of Corporate Affairs, India.

Figure 3(a). Key Financial Matrices

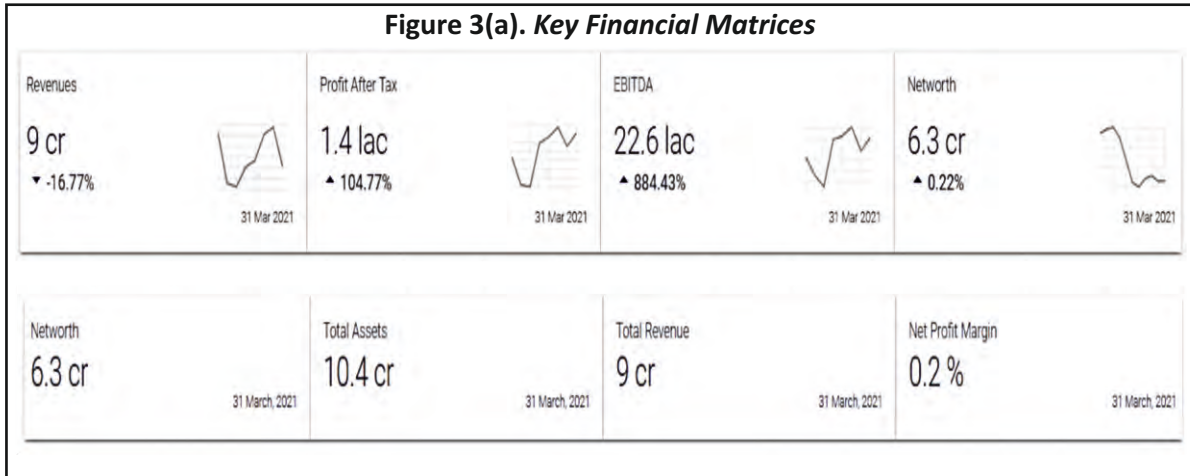
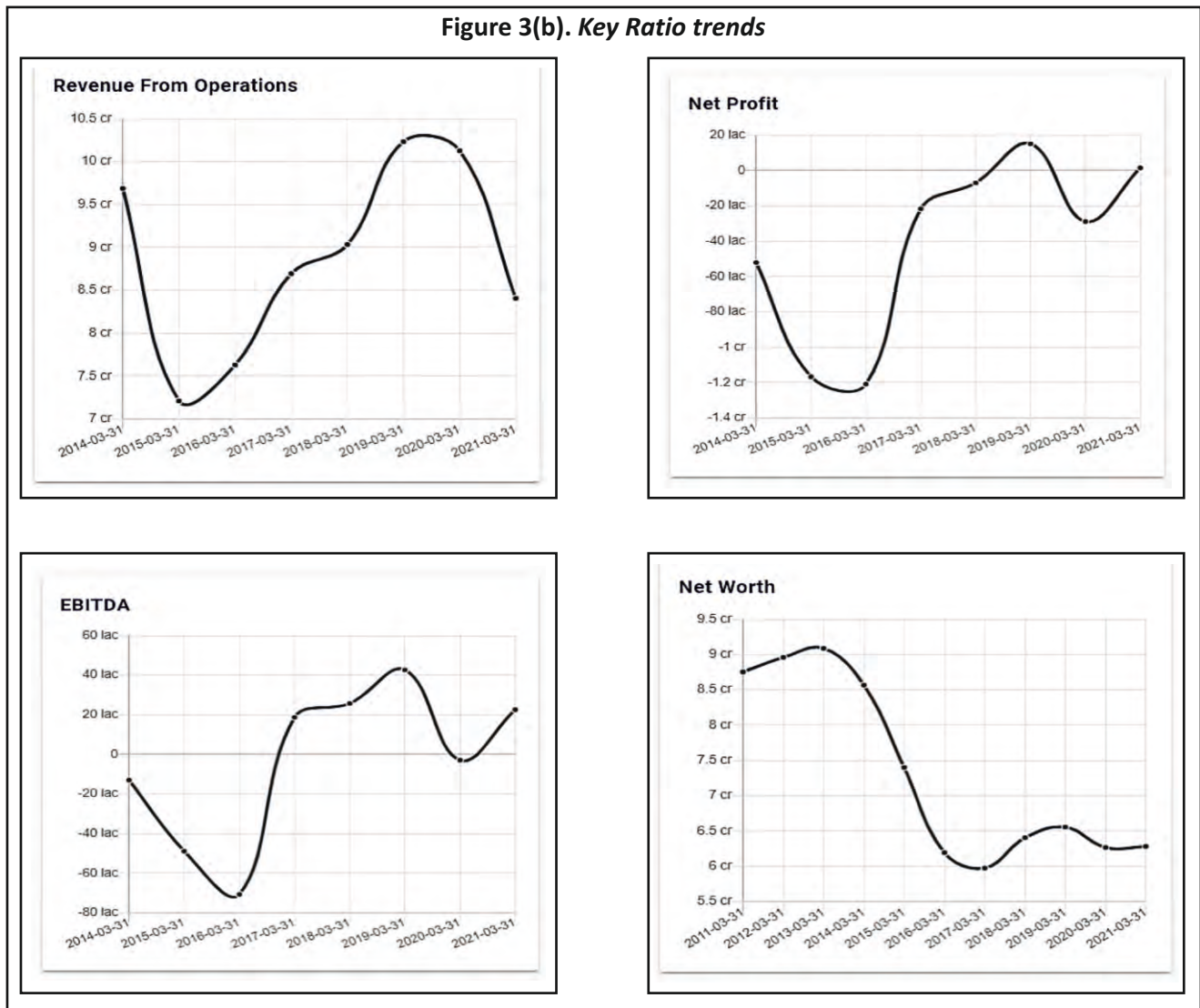
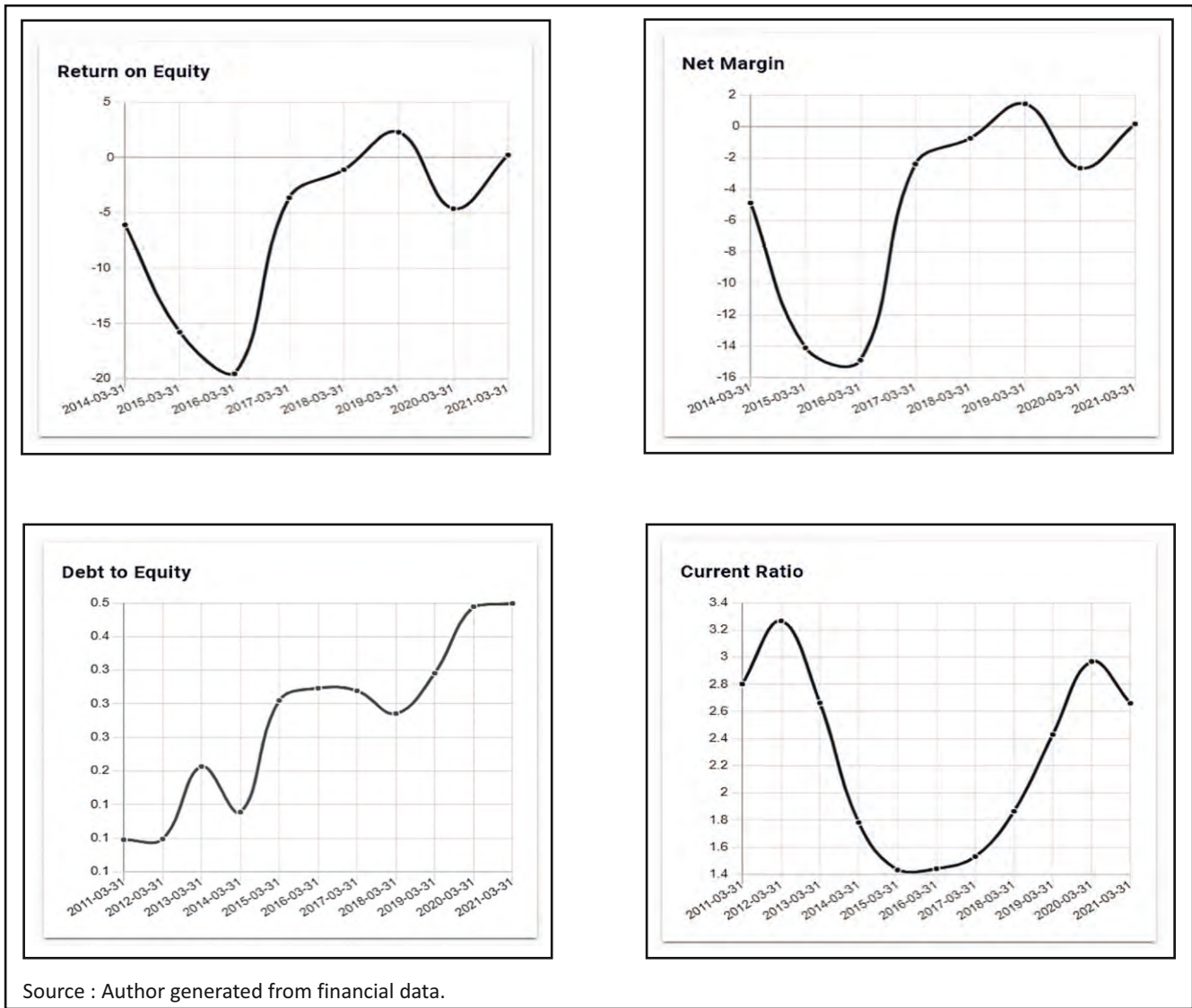


Figure 3(b). Key Ratio trends





Marketing

When competing against industry giants and big players is difficult, a company can achieve its goals by using more flexible marketing strategies or entrepreneurial marketing (Sharma & Goyal, 2020). The company aims to engage its customers to experience and understand the brand constantly. An example was their campaign, “The Bro'ster,” India's first digital coaster that uses big data to predict your drinking curve. They tested this through their partner outlets and were able to capture customers to interact with The Bro'ster. The coaster's unique feature was that it reminded customers to slow down if they were drinking too quickly and taking a Morning Fresh before they left. One strategy proved useful as it also promoted responsible drinking among pub-goers. Other campaigns were also available online, such as Fresh Starts and the Alculator, which are available on their website also.

They also did offline events, creating customized experiences to ensure the audience is engaged and understands the brand (Figure 4(b)). Among these were hosting seven city-wide beer pong tournaments during the Sulu Festival. Unique, catchy, colorful, and attractive packaging is being done for different flavors (Figure 4(a)).

Figure 4(a). Marketing (Packaging)



Source : drinkmorningfresh.com/

Figure 4(b). Event Marketing



Source : drinkmorningfresh.com/

Channel Partners and Distribution

Initially, Morning Fresh drink was available in Bangalore, Chennai, Hyderabad, and Mumbai. Telangana was recently added to the company's portfolio. It plans to expand to Goa, New Delhi, Pune, and Kolkata in the near future — aiming for a 5% piece of the Indian hangover market. At present, the firm has two production and packaging plants located in Bangalore, and products are now being distributed to retail locations by means of distributors channel. Although consumers may place orders for the products as per their demand through the company's website also, the business is considering expanding its operations and delivery networks to include more cities and countries.

In addition to that, it has established its own online storefront at www.drinkmorningfresh.com. Products have also been advertised on third-party websites, such as Amazon, which provides delivery services pan – India. The firm has set its sights on additional expansion in major metropolitan areas, with the objectives of lowering the incidence of hangovers, increasing the prevalence of healthy lifestyles, and encouraging responsible drinking.

According to Mitali Tandon (Shah, 2019):

When customers call us saying they made it through their own wedding because of Morning Fresh, and thank us for making sure they received their last-minute order in time or because they were able to get to work on time or catch an early flight, we know we are on the right track. (p. 10)

Healthline started its distribution aggressively in March 2016. As of end of March, the company had established a presence at Dewars Wine Stores, St. Marks Road, Red Fork, and Hangover at Indiranagar, Bangalore (Karnataka, India), in addition to events held at venues such as Shiro's, Ub City, and Church Street Social. They have established a user base of over 500, sold over 3,000 bottles, and experienced several little successes that serve as the foundation for their enthusiasm. According to Mitali Tandon (Shah, 2019):

Our model is to continuously and consistently set a relevant context of Morning Fresh to our customers by being visible and available at venues our target market spends time. And, there is a pattern that emerges in their lifestyle and entertainment preferences, so, we want to be around when they are most likely to need the product. Like at a bar with the bill; ensuring that wedding planners make Morning Fresh available in guest's rooms at the end of a sangeet or a cocktail reception, or even at the checkout counter of a liquor store. (p. 6)

Customer Segmentation and Target Customers

To make their business successful, they researched the amount of alcohol consumption for both people who drink excessively and those who don't. It seemed clear that binge drinking was increasing — along with a rise in bars and restaurants popping up all over the place—which could lead to even more drunk driving accidents. Their target demographic has emerged mainly between the ages of 21–35 year-olds, many of whom have been social drinkers; it also includes health and fitness-conscious individuals with stable jobs with plenty of disposable income. According to Mitali Tandon (Shah, 2019):

Most people rely on home remedies or informal methods. Our target audience is also very health conscious, and we were particular about keeping the product natural, portable, and easy to consume. (p. 4)

Challenges and Looking Ahead

According to the findings of research conducted by the RAND Corporation (Tucker et al., 2022), male alcohol consumption dropped during the COVID-19 pandemic. According to the researchers' findings, alcohol-related disorders rose significantly during the pandemic, with a 49% rise for women and a 69% rise for males. The factors that led to the issues are not completely understood. According to the research findings, alcohol consumption among American males decreased by an average of 20% since the beginning of the pandemic. The participants in the study were drawn from a representative sample of people in the United States aged 30 – 80 years old. There was no shift that could be considered statistically significant over time for women. A similar trend has been seen in India, where, according to a study just released by the Ministry of Health and Family Welfare, the use of alcohol by males in India has declined by 7% since 2016 (Yasmeen, 2022). Despite this figure, the growth forecast for the alcohol industry remains optimistic. Morning Fresh's position to promote responsible drinking is timely, given the country's push to relatively reduce the alcohol use prevalence among its present constituent to 10% by 2025. The

company is set to launch its new cinnamon flavor along with various new pack sizes to make it easily accessible to customers across the target age groups. Additionally, the company is also poised to have a new variant underway.

A challenge for the company will be to ensure highly-targeted consumers of its products. Owners of Healthline want to make their product a mass product. The product has not reached the masses, even with the immense need for a hangover cure detox drink in the current generation for better health and work-life balance. The company is now placed at a high current ratio of 2.6 (approx.) in FY 2020–2021 and has had enough surplus liquidity to maintain its short-term obligations, but the net worth of the company has reduced to half in the current fiscal year (ending on 31st March 2021) as compared to FY 2011 – 2012. The company wanted to work on all the fronts gradually.

Is expansion to new markets the right move for Morning Fresh? Will the brand be able to actively change the market's perception to encourage the younger generation to buy its products for their better health and work-life balance? Pricing has been one of the most important aspects of successfully placing any product in the market since it not only affects the capacity of the company to turn a profit, but also conveys a sense of how consumers have been able to perceive the business. What pricing strategies are available to Morning Fresh, given its position as the industry leader in the food and beverage market? The company wanted to move abroad in the coming years and successfully market the product beyond the borders, keeping the stringent quality checks in Europe and US markets. Would that be the right move?

Teaching Notes

Synopsis

Recently, several studies have shown that more and more people in India are drinking alcohol. The specific research applied specifically to the North Indian states and suggested that Indians here want to take matters of legal drinking into their own hands as they try to control their intake while also carrying out responsible behavior. Of those surveyed, 44% said they refrained from breaking any rules pertaining to the consumption of alcohol, while 54% understood that there's a certain amount of acceptable drinking that can occur during social occasions, such as festivals or casual get-togethers.

Upon closer examination, it was found that millions of individuals have faced many social and health issues due to excessive alcohol consumption. As a result, founder and CEO of Morning Fresh, Mitali Tandon, foresaw an opportunity to not only generate exponential revenue more quickly, but also to provide a way to combat common health issues among youngsters as well as limit the impact their behavior has on society at large, through offering a diversified flavor of detox drink to reduce alcohol hangover.

Learning Objectives

Working through this case and assignment will enable students to do the following:

- ↳ Understand the rising burden of alcohol consumption in India on the country's productivity.
- ↳ Place their attention on solving societal issues as an opportunity to create a profitable business venture with a greater cause.
- ↳ Emphasize the importance of in-depth product and market research to reach the target consumers.

Position in Course

This case can be applied to business-related courses at undergraduate, masters, and executive program levels. This includes entrepreneurship and marketing courses.

Assignment Questions

- (1)** How does India's alcohol consumption, with its health implications, become a key development of a new product for liquor drinkers?
- (2)** How did the company maximize research and development to its advantage to develop Morning Fresh?
- (3)** What sort of pricing strategies are available to Morning Fresh, given its position as the industry leader in the food and beverage industry market?
- (4)** The company wants to move abroad in the coming years and successfully market the product beyond the borders. Would this be the right move, seeing the stringent quality checks in Europe and the US market?

Authors' Analysis of Each Question Raised

(Q-1) How does India's alcohol consumption, with its health implications, become a key development of a new product for liquor drinkers?

In February 2020, WHO's Executive Board unanimously identified global alcoholism as a “public health priority” requiring “accelerated action.” According to the World Health Organization's status report on Alcohol and Public Health 2018, India lost 260,000 people to alcohol abuse annually, making it a major public health problem. Substantial sections of the population suffer from chronic alcoholism or consume alcohol in a harmful manner, requiring medical intervention. Hard liquor drinking preferences and a growing liquor market also risk exacerbating caste inequalities in socially-stratified India by increasing the disease burden on poor and low-caste communities who have become accustomed to consuming cheaper country liquor. Some trends leading to the increased prevalence of alcohol-related disorders include urbanization and changing lifestyles, the growing liquor industry, and the availability of cheap alcohol.

(Q-2) How did the company maximize research and development to its advantage to develop Morning Fresh?

There is a significant issue facing many businesses that are in the process of changing how businesses operate, especially in the modern era and with new breeds of younger generations. Some of these businesses underestimate the financial opportunities involved in helping address societal issues. When in fact, there is an opportunity for organizations to invest profitably in solving societal issues. Such innovative moves are likely to result in improvements in their brand and reputation, as innovations are a great way to enhance the marketing domain (Pillania, 2020).

Public awareness campaigns have been one of the social corporate and PR strategies being implemented by various companies across the globe to gain more consumers. Many NGOs rely on PR to get their message across and secure funding. There are many different types of PR, but for this article, I will focus on public awareness campaigns as part of advertising and marketing for Morning Fresh's detox drink. With an aim to reduce the ill effects of liquor consumption, the move by Healthline Private Limited has received a warm response from liquor consumers.

India's state governments have a policy in place that aims to regulate consumption through high taxation on liquor. However, from the perspective of the co-founder and CEO of Morning Fresh, Mitali Tandon, there are still other means of converting liquor consumers into health-conscious liquor consumers. The product aims to convert liquor consumers into health-conscious liquor consumers by presenting science-based facts by encouraging more liquor drinkers to be responsible. The consumers of the product will continue to use the product because of the positive reinforcement with informational support content that's presented to them. They'll feel knowledgeable about their decision to drink and will feel more secure in their choices.

Every enterprise faces its unique obstacles, but with the right team and approach, there is no problem that cannot be overcome. Morning Fresh beverages are a great example of this. The company has spent significant efforts in developing a product that can reduce hangovers. Morning Fresh had the idea, but they needed to develop it. Therefore, maximizing the research and development of products has been the foundation of the company's success in introducing its brand to the Indian market. In fact, its R&D is further testimony to the fact that data-driven science and products work and have been more welcomed by smart consumers.

(Q-3) What sort of pricing strategies are available to Morning Fresh, given its position as the industry leader in the food and beverage industry market?

Pricing is one of the most important aspects of successfully placing any product on the market since it not only affects the capacity of the company to earn a profit, but also conveys a sense of how consumers perceive the business. Let us remember that Morning Fresh is in competition with another anti-hangover shot product by ARMR (pronounced as “armour”). ARMR detox drinks have much cheaper prices than Morning Fresh. Both companies claim science-backed R&D to entice customers to purchase and trust their products.

An example price would be that for a pack of 8, 60ml bottles of Morning Fresh's Hangover Drink costs INR 850, while ARMR has a packaging of 10 60ml, which costs only INR 500 (Figure 4(a)). With many marketing and external partners, we can assume that Morning Fresh is taking value-based pricing. This pricing brings more profit to the company as it allows acquiring more resources and connections to grow the business. It is also important to note that Morning Fresh is not limited to e-commerce.

Its pricing is elastic and could respond to new competitive entrants, given its reputation as the first detox drink to reduce hangovers. We can assume that there is consensus among its sales, marketing operations, and finance for the set price that does not compromise the value of the company and its overall operations.

(Q-4) The company wants to move abroad in the coming years and successfully market the product beyond the borders. Would this be the right move, seeing the stringent quality checks in Europe and the US market?

As optimistic as it may sound, Morning Fresh is yet to capture its 5% target for liquor drinkers in India. Expanding abroad will have to come in much later years. It would be best for Morning Fresh to focus on reaching its domestic target first to have a more healthy financial and operational standing once they go offshore.

We have to take into account that Morning Fresh has been seeing a decline in revenue for the past few years. Should they push forward with the international market? This decline can be attributed to Morning Fresh's lack of focus on its domestic market, which accounts for most of its sales. Morning Fresh needs to focus on their domestic market first to avoid losing more money in its present sales share.

Suggestions for Further Reading

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