



Consumers' Preference on Consumption of Brandy among Other Alcoholic Beverages in Kathmandu Valley, Nepal

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Abstract

Design/Methodology/Approach: This cross-sectional study obtained data from 269 respondents using purposive sampling. We use self-administrative survey technique to collect the data and applied structured questionnaire. Binary logistic regression is applied for analyzing the factors determining the brandy consumption in Kathmandu valley, Nepal.

Objective: This study analyzes the consumers' preferences for brandy among other alcoholic beverages.

Result: People in Kathmandu valley were found to have low preference for brandy compared to whisky and wine. The socio-demographic study towards brandy preference showed that the people lack adequate information about brandy like brand name, raw materials used and also the alcohol content in brandy. The statistically significant positive relationship has been observed between knowing of alcohol content and the preference for brandy as well as the level of education and the brandy consumption behavior among people.

Research limitations/implications: These research findings may have managerial implications, especially in hospitality industry and implications for brandy product marketing.

Originality/Value: Further, the findings can help producers to produce brandy products and develop strategy for substituting whisky and wine, and help individuals make informed decisions about drinking.

Keywords: Alcohol, Liquor, Brandy, Preference, Consumers' behavior, Binary logit model, Kathmandu Valley-Nepal

Paper Type: Research Paper

JEL Classification: L11, M31

Introduction

The socio-eco-religious and conventional factors, including many others, influence the utilization of alcoholic beverages in many locations of the world; consequently, there are significant differences in the amount and type of temporal trends in alcohol consumption and consumption across countries. The alcoholic beverage utilization is progressively becoming usual among the global population as a measure of socialization, especially among young people (Alcoholic Beverages Market Research Report, 2019). The culture of alcohol consumption has started thousands of years ago in different parts of world for various psychological and social functions like joy and pleasure and due to being influenced by the many economic, social, religious and traditional forces (Rozhko, 2014) and the consumption was expressed in multiple forms like beer, wine and spirit, which have become the integral part of many culture (Nayak & Prabhu, 2013; Harrison, 1971). Further, alcohol beverages are the part of improving social gathering that include culture of eating and a range of rituals in relation to different associations of various alcoholic activities (Smith & Skalnik, 1995). Gradually, the use of alcohol has been more popular in the nations like: India, China, Indonesia and Singapore World Health Organization [WHO (2018)].

WHO (2018) further revealed that there have only occurred the minor changes in the alcoholic beverage preferences in the world where 44.8% of total recorded alcohol is consumed in the form of spirits, followed by beer 34.3% and the wine only by 11.7%. It further states about the total alcohol consumption in the world population over 15 years rising from 5.5 liters of pure alcohol in 2005 followed by 6.4 litres in 2010 and by 6.4 liter in 2016. Moreover, drinking alcohol in a large quantity has affected in employment, productivity and wages too (OECD, 2017).

The study by Salanta et al. (2016) among university students in Romania on the alcohol preferences suggested that beer and wine were the favorite alcoholic beverages among students. Similarly, Osei-Bonsu et al. (2017) reported that male consumes more alcohol than the female in Ghana and alcohol consumption was highest among 20-25 years where the major reason for alcohol consumption was peer pressure, advertisement. Now, What factors are responsible for determining the buying behavior of consumers was asserted by Armira et al. (2016) and Zadarko et al. (2018) that the consumers' purchasing decision on the alcoholic beverages were highly depended on the social, economic and demographic variables. Such behavior is evidenced by Pettigrew and Charters (2010) who mentioned that the people in Hongkong primarily consumes alcohol for conveying their desired image and beer is symbolized with taste but varies in wine. Additionally, alcohol is used for different purposes like for fun, assimilating to peers, in the name of increasing confidence and for togetherness in the similar drinking habit ones (Nayak & Prabhu, 2018).

The substantial changes in the alcohol consumption pattern have been observed over the past two centuries due to the factors like increased health concern, availability of alternatives, per capita income growth, and government regulations (Anderson et al., 2017). It will be more illustrative to make Barber et al.'s (2009) argument which suggested that the consumer's characteristics, the place chosen for wine purchase, the moment of purchase, brand, and lifestyle choices affect the consumers purchase decision on wine. More significantly, the literatures suggest that alcohol consumption has got the moderate effect on the promotion of health and result in low mortality risk as well as the alcohol consumption symbolize for the good fellowship and companionship (Elkind, 2006; Golding et al., 1992).

In Nepalese context, the study conducted by Thapa et al. (2016) found that 60 percent of the population have experienced alcohol where 38 percent are found to be using it regularly and 10 percent uses it daily and out of total reproductive age women in Nepal, 24.7 percent of them consume alcohol. Manandhar et al. (2017) in Sindhupalchok district found that the knowledge on impact of alcohol consumption varied on education level and male consume more alcohol than female. Similarly, Thapa et al. (2016) have suggested that the urban poor's alcohol consumption in Kathmandu valley has sharply grown in

past decades in Nepal with one out of ten drinkers drink daily, a third of all current drinkers drink more than one type of alcohol and nearly 47.60 percent people drink during social gathering and nearly one fifth of the drinkers' drink at home. In addition, in 2016, there was 20 billion investment in domestic liquor industry employing 30000 individuals directly and is the largest industry segment of Nepal (Maharjan, 2019).

Though there are many literatures found on alcoholic beverages and consumer's preferences to one above other, the literatures specially focused on brandy products are scarce, for instance, no studies are found in Nepal and in the Asian context. Stemming up in this ground, many questions have come in the scenes of brandy consumption preferences that require to be solved: What are the consumers' preferences on brandy consumption? Which factors are responsible to determine brandy consumption? What would be the managerial roles to promote brandy? Understanding these questions will give a clear picture on the preference of brandy consumption and managerial roles to promote brandy in Kathmandu valley and elsewhere in Nepal. In this sense, this paper aims to explore the consumer's preference for brandy in Kathmandu valley.

As the study explores the factors determining consumer's preference on consumption of brandy in Kathmandu valley, they can be used on the product innovation in liquor industry and for subsequent marketing strategies. Further, this study will contribute for the researchers, academics, producers and other aspirants to understand the brandy and its consumerism market in its broader way.

Regarding the remaining parts, literature review is in section 2, materials, methods and data collection techniques are in 3, results and discussions are in section 4 followed by conclusion as section 5.

Review of Literature

With a rich repertoire of customs and practices, Nepal is a multi-ethnic, multi-cultural, multi-religious and multi-linguistic community. It is also a country that is geographically diverse and a culture bound by castes. A total of 125 caste/ethnic groups in the nation were defined by the population census of 2011. Nepal has been a popular ground for people from both the Indo-Aryan and Tibeto-Mangoloid races since ancient times. A remarkable compromise between Hinduism and Buddhism with a scheme of divergent principles has also been achieved. In governing Nepali society over various periods of history, social, religious, cultural principles governing food habits, customs and beliefs of people have been central (Subedi, 1999). All societies have a collection of ideal attitudes towards drinking or abstaining from alcoholic drinks and describe the conduct that is expected and forbidden while drinking (Mohan and Sharma, 1995).

In relation to alcohol consumption, four cultural settings have been conceptualized. First, abstinent cultures that reject, such as Muslims and ascetic Protestants, the use of alcoholic drinks in some form. Second, ambivalent societies in which, as in the English-speaking and Scandinavian countries, sternly negative and prohibitive views co-exist and idealize intoxication. Third, permissive societies that allow moderate consumption but oppose heavy drinking, including Jews and Italians. Finally, excessively permissive societies, in which the dominant attitude towards drinking alcohol is permissive, and drunkenness, as with the French and the Japanese, is commonly tolerated in certain cases. The drinking culture in Nepal possibly fits into the second paradigm in which abstinence and permissiveness to drink co-exists and is closely connected to the caste system in Nepal (Dhital et al., 2001). In particular, urban communities living in squatters are more vulnerable to alcohol use, largely due to stressful life conditions (Thapa et. al., 2016).

Nepal's alcohol and beer industry was the greatest success story of the 1990s in terms of investment and contribution to the economy. Over the past 10 years, the production of both beer and alcohol has doubled, and because there is still unused room, there is immense potential for growth. Compared to the international trend of grain-based (rice, wheat, millet, barley, corn and oat) alcohol, most distilleries

in Nepal produce alcohol from sugar cane molasses. Since alcohol is mainly produced from sugarcane molasses, the industry is cyclical in nature, as the production of sugarcane itself is affected every 3-4 years by monsoon and other factors, resulting in low molasses availability. One of the biggest contributors to national revenue is the alcohol industry. In 2016, alcohol (liquor and beer) accounted for 63% of Nepal's overall excise duty (Inland Revenue Department, 2016).

The World Health Organization (WHO: Global Status Survey, 2004) reports that alcohol is consumed by two billion people worldwide. Among college students, drinking alcohol is a big activity. Much of the research on this issue has centered on student reasons for binge drinking, little research has explored the recreational sense in which the alcohol drinking habits of the student and their alcohol over wine preference. Nayak and Prabhu (2013) stated that external factors influence Indian youth and have begun to drink alcohol at a much higher rate and from a smaller generation.

Development techniques are relevant in the wine context in order to determine the factors affecting wine brand preferences, where factors such as brand name, consumer profession, consumer marital status, and consumer gender and consumer income are more relevant (Guris et al., 2007). Dey et al. (2013) suggest that the preference for wine is low-risk alcohol intake and decreases the probability of having at least four harmful effects associated with alcohol. The price listed by Mkosi et al. (2016) is the key factor that reflects the perceived quality among individuals and the other is the participation of the product category as well as the consumption of alcohol during leisure time and is especially sensitive to special promotions, discounts and loyalty to specific brands. Advertising plays a major role in shaping young people's consumption of alcohol, as well as friends, family and advertising, but its effect on the age of the audience and brand recall differs (Sancho, Migual and Aldas, 2011). The customer purchasing decision described by Sawagvudcharee et al. (2018) is positively relevant for the brand association, brand recognition and perceived quality.

A learned behavior is consuming alcohol (Newman et al., 2006). To understand this action, there are numerous variables / determinants. Individuals drink for taste, celebration, relaxation and mood adjustment. Additional reasons people offer for drinking alcohol are hospitality, sociability, health and food change, faith, culture and medicine. These different variables and their relationships contribute to the difficulty of explaining alcohol use.

Alcoholic drinks are graded according to their raw material and operation. Mandara (2018) suggested that the rise in ABV reflects the high alcohol content of the product and can be categorized as follows: Wine is produced through the fermentation of grapes and aging process and contains less than 9% ABV to more than 16% ABV and can be categorized as red white, rose, sparkling and fortified, While brandy is an alcoholic beverage created by distilling wine and contains around 35-60 percent ABV and can be classified as grape brandy, fruit brandy and pomace brandy, it can also be classified as spirit, gin, vodka, whiskey, and so on with various compositions inherent in them. Brandy can be categorized into nine forms: Cognace Brandy, Armagnac Brandy, Calvados, Spanish Brandy, Brandy de Jerez, Obstler Brandy, Pisco Brandy, Armenian Brandy, South African Brandy, Cypriot Brandy and Pomace Brandy (Bougas, 2014; Jacki, 2019), depending on the raw materials used, process and aging.

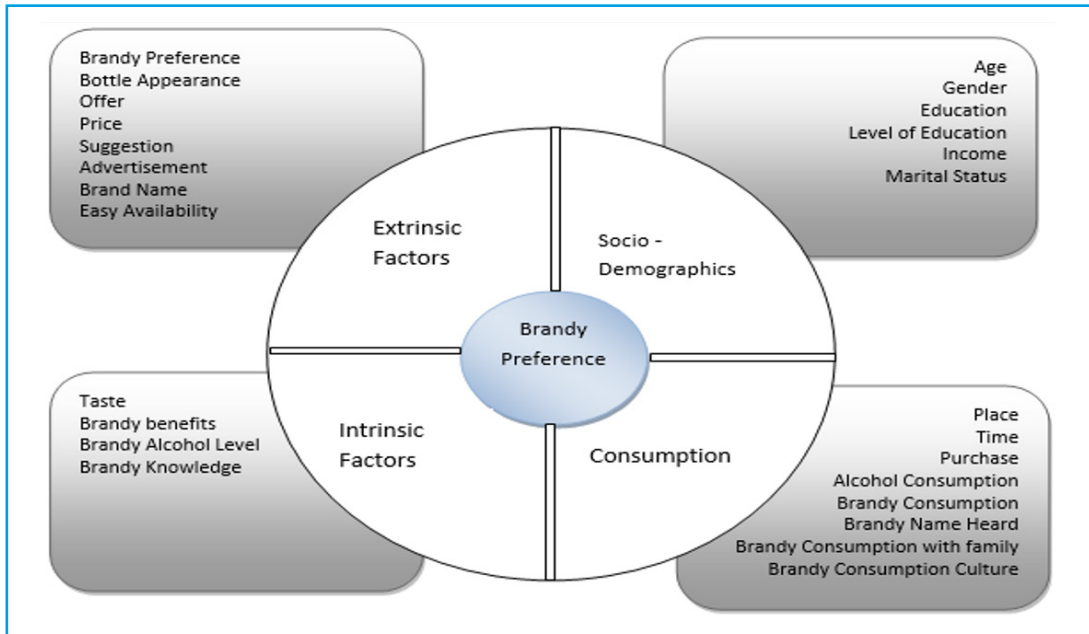
With the alcoholic beverage being brandy, few studies have been carried out on the customer preference for brandy (Maharjan, 2019). The study of consumer preference for liquors in the Nepalese context is minimal. The non-profit organization has carried out a substantial research on the effects of alcohol use among Nepalese individuals, such as married women, young people, and alcohol dependency among Nepalese individuals. Compared to other drinks, such as whisky and wine, the market preference for brandy is restricted. Many researchers have pointed to the need for consumer preference for wine and Scotch whisky, but there is still a lack of detailed research on gender gaps in the dynamics of consumer behavior and the factors affecting consumer preference for brandy. In its investigative approach, this study followed the hypothesis and expanded the spectrum to define the factors affecting brandy preference.

Research Methods

3.1 Conceptual Framework

We assume the affirmative effect towards the health on moderate alcohol consumption and the liquor distilled from the fruits are more preferred by people than other beverages. The conceptual framework illustrates the attributes that are generally considered by people during the beverage selection.

Figure 1: Conceptual Framework



Source: Hussain (2017) and Maharjan (2019)

The figure 1 shows the different dynamics that determine consumers' preference on choosing any product. The exogenous variables for the study are developed considering the socio demographics, intrinsic and extrinsic features of the product, and the consumption of alcohol. The model explains about the independent variables that can have the impact on the consumer's preference for the brandy. It shows that the brandy preference is the dependent variable and the extrinsic factors, intrinsic factors, consumption and the socio demographics are the independent variables that can have the impact on the consumer preference for brandy.

3.2 Binary Logistic Model

Binary logit model has been used in our study to determine the significant variables that guide the consumer preference for brandy in study area. As Devkota, Phuyal and Shrestha (2018) by using binary logit model, the effect of exogenous variables (X) on the response probabilities, P (y = j/x) can be estimated as:

$$\begin{aligned}
 P(Y^i, X) &= F(Z_i) = \frac{e^{z_i}}{1 + e^{z_i}} = \frac{1}{1 + e^{-z_i}} \\
 P(Y_i = J/X_i) &= F(Z_i) = \frac{e^{z_i}}{1 + e^{z_i}} = \frac{1}{1 + e^{-z_i}} \\
 Z_i &= \beta_0 + \beta_1 X_{1i} + \dots + \beta_n X_{ni} + \mu_i \dots \dots \dots (4)
 \end{aligned}$$

The Final equation is:

$$Y = \beta_0 + \beta_1 \text{ Age} + \beta_2 \text{ Sex} + \beta_3 \text{ Education} + \beta_4 \text{ Level of Education} + \beta_5 \text{ Income} + \beta_6 \text{ Marital Status} + \beta_7 \text{ Brandy Consumption With Family} + \beta_8 \text{ Brandy consumption culture} + \beta_9 \text{ Brandy Name Heard} + \beta_{10} \text{ Place} + \beta_{11} \text{ Time} + \beta_{12} \text{ Taste} + \beta_{13} \text{ Brandy Benefits} + \beta_{14} \text{ Brandy Alcohol Label} + \beta_{15} \text{ Brandy Knowledge} + \beta_{16} \text{ Brandy Preference} + \beta_{17} \text{ Bottle Appearance} + \beta_{18} \text{ Offer} + \beta_{19} \text{ Price} + \beta_{20} \text{ Advertisement} + \beta_{21} \text{ Brand Name} + \beta_{22} \text{ Easy availability} + e \dots\dots\dots(5)$$

Where, Y is dependent variable followed by β_0 as constant coefficient; $\beta_1 - \beta_{22}$ as coefficient of independent variables. Heree represents error term.

To understand the preference of customers on brandy consumption in Kathmandu, this study sets 3 different hypotheses (i) H_{01} : no relationship between alcohol consumption and the undertaken explanatory variables (ii) H_{02} : no relationship between brandy consumption and the undertaken explanatory variables and (iii) H_{03} : no relationship between the purchase of brandy and the undertaken explanatory variables. Based on these variables the study analyzes the factors responsible for consumer's preference on brandy consumption in Kathmandu valley. The variables were determined significantly in the study after the literature review with their congenital relevancy to the study.

3.3 Study Area

Kathmandu valley is considered as the study area in making our research work. Kathmandu valley is located between 27°36' and 27°48' N, between 85°12' and 85°31' E at 13000 meters above sea level with area expanding of 899 square kilometer comprising of three districts Kathmandu, Lalitpur and Bhaktapur (Ishtiaque et al., 2017; Pant & Dangol, 2009). Being the capital city of Nepal and one of the only regions which accumulates highest concentration of population, conducting a research on brandy preference among the people in Kathmandu gives better and more factual results. Kathmandu accounts for 1/12 population and is the main gateway to the country's tourism and has a population of 985000 in 2019 and taking the Kathmandu as study area can reduce the error in our study due to the inclusion of sample from diverse ethnicity, age gender and different class of people. The article published on Himalayan times, June 18, 2009 (UB group study, 2008) mentioned that liquor market of Nepal is of RS 6.5 billion in 2008 and is growing by 18- 20 percent where Kathmandu alone consumes 9100 liters of imported scotch to local brands and beer worth RS 2.34 million every day. The present study identifies the people's consumption pattern of the resident in Kathmandu valley and their preference towards brandy. Business institutions have the target customers in Kathmandu valley and this study will help the liquor manufacturing companies and as well as distributors to know the taste and preference towards liquor beverages.

3.4 Data Collection and Analysis

The total population of this study is based on the consumer's preference for brandy consumption in Kathmandu valley. The study has used purposive sampling. The data has been collected through primary and secondary sources for achieving the objective of this study. The primary data has been collected through the structured questionnaire. The secondary data has been used for strengthening research and its findings. The structured questionnaire were prepared and used to obtain required information. To clarify on the study coverage and understand the overall current issues on the consumer's preference on alcohol beverages KII has been made with the expert in the field of liquor beverages before developing the research methodology. Bar manager and Waiter in restaurants, and distributor and retailer of liquor stores were consulted for understanding the consumer beverage preference at their restaurants, hotels and stores. The structured questionnaire was prepared for the collection of the data. A total of 269 respondents were interviewed from the study area. The final questionnaire had a total 26 questions of which most were close ended. Initial data were entered in Excel and then STATA version 14 has been used for statistical purposes. Both descriptive and inferential statistics were performed for data analysis.

Data Analysis and Result

Socio-demographic Characteristic of Respondents

The study has been conducted among 269 residents in Kathmandu valley where 155 are male (57%) and 144 are female respondents (43%). Among the total respondents 205 respondents, majority of them (77 %) are alcohol consumers. This study shows the gender differences in alcohol consumption because the total number of men consuming alcohol is higher than total number of women having it. The reason behind the male proportion being high alcohol consumers can be the male dominated society in Nepalese society. Total 267 respondents have specified their occupation classified into agriculture, industry, service, business and students where majority are service holders (127 respondents) followed by businessperson (69 respondents), students (53 respondents), farmers (15 respondents) and employees engaged in industry (3 respondents). In addition, for studying the alcohol consumption differences on the basis of income, the respondents have been divided into different income categories because the alcohol consumption is also highly influenced by the income of the person and age of the respondent. Total of 103 respondent's income ranges from RS. 10,001 to RS 20,000, whereas 58 respondents' income goes from Rs. 20,001 to Rs. 30,000. This study shows that the maximum business holders (91%) consume alcohol rather than the service holders and farmers. This result supports the study by Zadarko et al. (2018) that the consumption of alcoholic beverages were highly depended on the social, economic and demographic variables.

This study shows that the age group 20-30 include 3/4 (77%) of the alcohol consumers and are more vulnerable to the uses. While considering the alcohol consumption and the marital status, unmarried and bachelors (126) consume higher alcohol than the married personnel (71). In 21-30 age group there is 133 unmarried and 57 married respondents. Maximum of respondents consume alcohol neutrally (26%) and consume very less frequently (25%). This study conclude that male consume alcohol frequently than the female respondent's because the ratio of male and female consumption on frequently consumption and very less frequently consumption vary widely i.e. (neutrally= 28%:21%, frequently= 24%: 9%, very less frequently= 6%:41%). Our study supports the results found by Osei-Bonsu et al. (2017) suggesting that male consumes more alcohol than the female in Ghana and alcohol consumption was highest among youth, age in between 20-25 years. It also supports the results in Nepalese context conducted by Manandhar et al. (2017) in Sindhupalchok district who found that male consume more alcohol than female.

Consumers Preference for Brandy in Kathmandu Valley

Out of the total 269 respondents, 262 have responded for their choice of alcoholic beverages when they are provided the choice. This study shows that the respondents highly prefer for whisky (29%) and wine (27%) when they are provided the choice and very less preference for scotch (5%) and rum (7%). Brandy is preferred by only 16% of the respondent. In context of total 171 male respondent whisky (38%), vodka (17%) and wine (15%) are the most preferred alcoholic beverage. But among 91 female respondents, above half of the respondents (51%) prefer for wine as the most preferred alcoholic beverage followed by whisky (21%) and vodka by only 11%. This study concludes that whisky is mostly preferred by male respondents but wine is more preferred among female respondents.

The study shows that the brandy preference among both male and female respondents is very low because only 18% (24 respondent) of the male alcohol consumers prefer for brandy and only 17% of the female alcohol consumers prefer for brandy if they are given the choice but the brandy consumption for at least once among both male and female is higher than the respondents preference for brandy (69% of the respondents have consumed brandy for at least once) (Table 1). The study also shows that the brandy purchases by male in past six month is higher than the purchase by female respondents. (29% male have purchased brandy in past six month and only 8% of female have purchased brandy in past six month).

There are the various brands of bandy available in the market and for making the study on the most familiar brands in the Nepalese market.

Table 1: Respondents Brandy Preference

Sex	Alcohol consumption	Brandy preference	Brandy consumption	Brandy purchased in past six month
Male	133	24	97	38
Female	72	17	45	6

The study show that Marpha is the maximum heard and consumed brandy by the respondent than the other brands of brandy (192 respondents have only heard and 89 respondents have heard consumed). There is found the high difference among the brands of brandy heard and consumed i.e. the consumption ratio is only 46% of the brands of brandy heard. The other highly familiar product after Marpha is The Himalayan Reserve heard by 54 respondents but consumed by only 15 respondents (consumption ratio: 27%), Courvoisier by 39 respondents but consumed by only 16 respondents (consumption ratio: 41%) and Martel VS by 32 respondents but consumed by only 10 respondents (consumption ratio: 31%). This study concludes that Marpha is the most familiar brandy in the Nepalese market.

Out of the total 269 respondents, 129 (48%) know that brandy consumption helps to induce healthy and restful sleep and 111(41%) know that it helps to boost immune system. Very less respondents know about the other benefits like brandy consumption aids in weight management, reduces premature aging symptoms such as wrinkles and aids in preventing from atherosclerosis. Among 269 respondents, 98 (36%) have ranked taste at first priority, after taste and price it is found that maximum of people considered for brand name and easily availability of the brandy. Only 28 (10%) people have ranked brand name in the first priority and 42 (15%) people have ranked easy availability in the first priority. The survey result reveals that bulk of the consumers (65%) change the brand while purchasing the brandy and the major reason for changing the brand is for having new taste and the other is the rise in price of the product that they previously consume.

There is equality (50%) between the respondent's preference for domestic brand and the foreign brand. According to the responses, the reason behind the preference for the foreign brand brandy is brand name of the product, advanced technology and packaging, long aging period, foreign brandy considered as premium product and limited number of Nepali brandy. Similarly, the reason behind the preference for Nepali brandy are quality apple at the Himalayan region, use of locally available raw material, cheaper price and better taste and Nepali brandy signify for being organic.

Managerial Implication for Promoting Brandy in Kathmandu Valley

Around half (56%) of the respondents consider that brandy market is good in Nepal and 2/3 of respondents (71%) consider positive scope of brandy in Nepal. But the respondents who have responded with the negative scope of brandy in Nepal have responded the problem behind the unfavorable market for brandy. The major reasons behind the unfavorable market for brandy in Nepal are the lack of advertisement. In Nepal, there is not allowed the promotion of alcoholic beverages through the print and visual forms like in television and radios which have lacked the knowledge of brandy among the Nepalese. The other reason is Nepalese is multi-ethnic country and different ethnicity of people have got their own alcoholic beverages like newars have "aaila", which has been awarded by CNN as the quality alcohol, Brahmins do not consume alcohol due to the restriction provided by their culture. Nepalese alcoholic beverage market is capitalized by whisky, and maximum of Nepalese consider whisky as only the alcoholic beverage and do not know other forms of alcoholic beverage like brandy, rum and gin. This study shows that 78% of respondents consider brandy as a premium product and consider brandy as a premium product and this perception has created the hindrance for brandy in Nepal.

Various promotional strategies like advertisement, easy distribution channel and low pricing of the product that can be applied for the promotion of the brandy. Maximum of the people (21%) have responded that advertisement through the print media like in magazines and pamphlets of brandy must

be published so that people get information about the brandy as the alcohol drink like the whisky and wine. Similarly, 21% of the respondents have considered the promotion of brandy through the activities like sponsorship programs, donation, musical fest and concerts for promoting brandy. Utilization of local resources (17%) like fruits produced in the remote areas of Nepal and publicity of it can be the new promotional strategy in the alcoholic beverage industry. People have also considered for the low pricing strategy (12%) and discount on purchase (10%) for attracting the new customers. Very limited number i.e. 2% have considered that the brandy must follow the high pricing strategy being brandy as a premium product and consumers consider price as the reflection of quality and value.

50% of the respondents believe that government can create the favorable market for brandy and manufactures should carry out the activities like the brandy manufacturing the locally available resources and there should be pressurized the government in making restriction on the import of the rectified spirit for manufacturing the other alcoholic beverages like whisky. The other suggestion provided is to maintain the quality and production in different size of brandy because at present brandy is found in a single quantity in Nepalese market. Government plays vital role in promoting the brandy market and should encourage FDI in manufacturing brandy in Nepal. The major reason for brandy being unfavorable in Nepalese market is the lack of advertisement as well as the restriction by government for the promotion of brandy. People have no idea about brandy compared to the knowledge on the other beverages like whisky, beer and wine. For the promotion of brandy, there must be encouraged for the local production of brandy through the locally available resources as well as people have also considered the low pricing of the brandy as well as easy availability for promotion of the brandy. As well as the other promotional strategy if the production of brandy in different sizes. For the success of any industry, there requires the favorable external environment like good political and economic situation. Therefore, government should make the favorable environment so that the foreign direct investment in the liquor industry can be attracted.

Awareness Level on Consumer's Preference on Brandy

Among the total respondent only 25% of the people have got the preference for brandy among the alcoholic beverages (Table 2). The preference for brandy on the basis of age is also very low. The preference for brandy is found to be very low among the people between the age group 20-30 years. Among the total respondents categorized on the basis of age group, brandy is preferred by only 1/3 of the people. There is also found to be very low level of alcohol awareness among the educated people because below 50 % of the people fall under the category of having the low level of awareness in the brandy. Compared to the students studying in primary and intermediate level, the preference for brandy is higher among the consumers having the bachelors and master education. The brandy preference is very lower (79%) on the basis of the monthly income. Therefore, the brandy preference is found to be very lower among the people from different income groups. The brandy preference is also very less on the basis of the monthly status. Only 25% of the respondents have the moderate level of awareness on the preference for brandy. In overall, analysis of the data from among the respondents shows there is the very low awareness level of the product. It shows that the market share for the other alcoholic beverages is higher compared to the brandy.

Table 2: Overall Awareness level of Consumers

	Brandy consumption level of awareness	Intrinsic factors level of awareness	Extrinsic factors level of awareness	Overall level of awareness
Less aware	107	57	268	199
Moderate aware	156	188	0	68
High aware	6	24	1	2
Total	269	269	269	269

Binary Logistic Regression

In this study the binary logistic regression is performed to predict the consumer's preference for brandy and to analyze the intrinsic and extrinsic factors considered while purchasing brandy by people. The Binary Logistic Regression in table 3 shows the significance between the dependent variables alcohol consumption, consumption of brandy, purchase of brandy and reference for purchase of brandy with the various independent variables like socio demographics, consumption by the people, intrinsic and extrinsic factors of the alcoholic beverages considered while purchasing the alcoholic beverage.

The first model of this study is related to the alcohol consumption in the various forms like beer, wine, brandy, whisky or any other alcoholic beverage products by the respondent. The result presented in table 18 signify that age, education, family consumption, brandy name heard and brandy content are significantly related to consumption of alcohol. In other way it can be said that the probability of alcohol consumption increases with the education status, family consumption of brandy, brandy name heard and brandy content. The 1st model reveals the consumers' odds ratio with alcohol consumption increases by 11 times when the respondent is educated, 2.5 times when the respondent is male, 5 times when the family consume brandy, 6 times when the name of the brandy is heard and 5 times when the alcohol content in brandy is known.

There is found that the majority of the subjects have the education. Age, education status and brandy name heard shows significance at 1% level of significance and family consumption of brandy and brandy content reveals significance at significant level of 5%. The study made by Salanta et al. (2016) have stated that the alcoholic beverage preference is similar among male and female and most people are attracted by the flavor and aroma of their favorite alcohol. This model shows that the increase in age decreases the alcohol consumption which can be due to the consumer awareness for negative impacts of the alcohol consumption but the probability for respondent's alcohol consumption increase with the respondent's family alcohol consumption and Brandy name heard. Therefore, the first hypothesis is rejected of not having relationship between alcohol consumption with the given explanatory variables. It is concluded that age has got the inverse relationship with the alcohol consumption but the sex, family consumption of alcohol and the name of the brandy product heard have got the positive impact with the alcohol consumption.

Table 3: Binary Logistic Regression

VARIABLES	(1)	(2)	(3)	(4)
	con_alcohol	con_brandy	spurchase_brandy	ref_brandy
Age	-1.726*** (0.508)	0.116 (0.375)	0.994 (0.607)	0.509 (0.483)
Sex	0.944 (0.584)	0.495 (0.384)	0.726 (0.514)	-0.461 (0.416)
Edu	2.430** (0.998)	-1.799** (0.777)	-1.529* (0.920)	-0.516 (0.803)
edu_level	-0.119 (0.271)	0.380 (0.252)	-0.732** (0.320)	0.494* (0.253)
monthly_income	0.720 (0.646)	0.764** (0.328)	0.439 (0.417)	-0.876** (0.401)
maritial_status	0.329 (0.650)	-0.888* (0.501)	-2.286** (0.945)	-0.420 (0.525)
family_con	1.622** (0.690)	0.296 (0.380)	-0.209 (0.544)	-0.981* (0.510)
culture_brandy	-0.425	-0.749*	-0.0797	0.287

VARIABLES	(1)	(2)	(3)	(4)
	con_alcohol	con_brandy	spurchase_brandy	ref_brandy
	(0.570)	(0.419)	(0.495)	(0.479)
Heard	1.759***	1.388***	0.369	0.110
	(0.619)	(0.457)	(0.650)	(0.552)
prefer_brandy	-0.583	-1.025**	0.343	0.681
	(0.696)	(0.401)	(0.532)	(0.443)
pc_brandy	-0.655	0.279	-1.064	-0.657
	(0.734)	(0.459)	(0.830)	(0.533)
Taste	-0.000272	1.275	-1.088	-0.361
	(0.861)	(0.947)	(0.844)	(0.916)
brandy_benefits	-0.0552	0.543	0.466	1.013*
	(0.819)	(0.531)	(0.729)	(0.526)
b_content	1.633*	0.750*	2.226***	2.517***
	(0.927)	(0.422)	(0.515)	(0.514)
f_terms	0.483	0.482	0.126	-0.198
	(0.608)	(0.453)	(0.585)	(0.451)
Design	-1.460	-0.672	NA	-0.522
	(1.067)	(0.949)	NA	(1.601)
dis	-0.756	2.247*	1.128	0.646
	(2.097)	(1.244)	(0.996)	(1.243)
price	1.175	1.402	-1.344	-0.563
	(0.955)	(0.925)	(0.897)	(0.905)
b_name	-1.745	1.208	-1.156	0.768
	(1.146)	(1.308)	(1.095)	(1.274)
e_avab	-1.254	0.788	-2.793**	-0.00568
	(0.958)	(1.048)	(1.280)	(1.008)
Constant	0.293	-3.601**	-0.915	-2.101
	(2.041)	(1.619)	(1.863)	(1.775)
Observations	179	179	173	179

Robust standard errors are in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Study's second model explains the nexus of brandy consumption among the various alcohol beverages with factors influencing for brandy consumption. The result presented in model 2 of table 19 shows the significance of brandy consumption with education status, monthly income, marital status, brandy name heard and preference for brandy. In other way it can be explained that the probability for brandy consumption decrease by education status, marital status and preference for brandy but increases with the monthly income and the brandy name heard studied at least at 10 % level of significance. The second model shows that the 1 unit change in monthly income increases the probability of brandy consumption by 2.15 times and 1 unit of brandy name heard increases the probability of brandy consumption by 4 times. Therefore, the hypothesis of no any relationship of brandy consumption with the given explanatory variables is rejected and concluded that the increase in respondent's monthly income and name of the brandy product heard can increase the probability of brandy consumption by the respondent.

The third model in the table above explains the relationship between the brandy purchase and the explanatory variables influencing the consumer purchase decision for brandy. The above table signifies that the respondents brandy purchase in the past six month is significant with the age of the respondent, marital status of the respondent, knowing of alcohol content in brandy and the easy availability of the brandy. The odds ratio in model 3 state that the purchase of brandy in the past six months is increased by 9 times when the respondent knows about the alcohol content in brandy and the brandy purchase increase by 0.99 times with the increase in age of the people. The probability of the brandy purchase increase by the knowing of alcohol content in brandy and the easy availability of brandy in the store has got the inverse relationship with the purchase of brandy in past six month. Hence the third hypothesis is rejected.

The fourth model of this study shows the relationship of the reference for the purchase of brandy and the other explanatory variables. The result presented show that the education level, monthly income of the person, family consumption and knowledge of alcohol content in brandy are significant with the reference for brandy while purchasing alcohol beverages. In other way, it can be said that the probability for providing the reference for brandy is higher among the people who are educated and the people who have got the knowledge about the brandy. The fourth model of this study shows that the odds ratio of reference for brandy increases by 1.63 times when a person is educated and 12.39 times when the person have got the knowledge about the alcohol content in brandy. at the 10% level of significance education level, monthly income family consumption and brandy content are significant. Therefore, the fourth hypothesis of not being reference for brandy significant with other explanatory variables is rejected and it is concluded that the education level, monthly income of the consumer and the knowledge about the alcohol content in brandy have got the significant impact in reference for purchasing brandy at the time of alcohol selection.

From the regression results it can be concluded that there is no any difference between the alcohol consumption among the educated and uneducated person but the probability of brandy consumption and purchase of brandy is decreased among the educated person. The brandy name heard have the positive significance with both alcohol consumption and brandy consumption by the respondent. Therefore, for increasing the brandy consumption among the respondent, the brandy name must be advertised and made familiar among the respondent. The knowing of brandy content has the significant relationship with the reference for brandy and purchase of brandy. The study showed the knowing of alcohol content in brandy can increase the consumer preference for brandy.

Discussion

The paper aims to explore the preference shown by the consumers for brandy. Nayak and Prabhu (2013) stated that youths generally started consuming alcohol with the intention of trying it for the first time, being socialized and for relaxation rather than of peer pressure. Youths of age group 21 were highly appealed by alcohol. Similar to this result in case of Nepal as well most of the consumers (77%) inclined towards consumption of alcohol lies in between age of 20-30. Mkosi et al. (2016); Kelley et al. (2017) urged that price is one of the major factors that affect purchase of alcohol products and people drinking alcohol during leisure time are more concerned towards price, discount and are loyal to specific brand. Mehta and Bhanja (2018) mentioned that red wines are mostly preferred by Indian customers and they consider price followed by taste while selecting an alcoholic beverage. On contrary in case of Nepal it was found that people consider taste of the product followed by price while purchasing alcohols.

There have been various literature reviews made in Nepal regarding the perception of people towards alcohol consumption. The study has identified the reason for alcohol consumption on the basis of caste and culture. Also, the identification of the factors that increase the preference of brandy among the people is made. For identification of the factors there is conducted the inferential analysis. It found that the preference for brandy among people can be increased through providing the information on the

alcohol content in brandy and promoting brandy among the educated people. This study has applied the random utility theory which states that people make choice of the product providing the maximum utility. It is the first application of random utility theory in understanding the consumer preference for brandy in Nepalese society. The other contribution is the development of conceptual framework for understanding the brandy preference among people.

Nepalese is multi-ethnic country and different ethnicity of people has got their own alcoholic beverages like newars have "aaila", which has been awarded by CNN as the quality alcohol. Nepalese alcoholic beverage market is capitalized by whisky, and maximum of Nepalese consider whisky as only the alcoholic beverage and do not know other forms of alcoholic beverage like brandy, rum and gin. Respondents have considered the various promotional strategies like advertisement, easy distribution channel and low pricing of the product that can be applied for the promotion of the brandy. 50% of the respondents believe that government can create the favorable market for brandy and manufactures should carry out the activities like brandy manufacturing from locally available resources and government should be pressurized for making restriction on the import of the rectified and other alcoholic beverages like whisky.

The major limitation of this study is that the research has been conducted in Nepal. The research has revealed some important findings but the collection of the data has been made from a particular geographical location and from a small sample of a particular population. Although research can be carried out in other area and with other population on a larger scale, data collected by this study has covered only limited methodological approach. As for example, in respect to the respondents' preferences over flavor, respondents lacked real brandy tasting and brandy knowledge. This situation may blur the validity of the taste.

Conclusion

The study show that the whisky and wine are most preferred alcoholic beverage among male and female respectively but brandy is preferred very less among both gender. In context of brandy, brandy purchase is higher among the male than the female though they do not have the information and knowledge on brandy. These show that the male consumer prefer the drinks with the high alcohol content compared to female. The general questionnaire on brandy brands show that people are aware about Marpha (brandy produced at Mustang). The study concluded that the age groups 20-30 are the higher alcohol consumers and the youth consume high volume of alcohol compared to old age people. The reason behind young consumer's alcohol consumption can be the alcohol taking as a tool for socialization, influenced by peer partner for alcohol consumption. People do not remain consistent to only single brand due to the major reasons like for having new taste and the rise in price. It shows that people are price conscious and want to have the better taste at the lower price.

The main findings of this study is that brandy consumption is significant with the monthly income, brandy name heard, preference for brandy, taste, brandy benefits, familiarity terms but have negative relation with the preference for brandy and the brandy consumption showing the less consumption of brandy compared to other alcoholic beverages though they prefer for brandy. The knowledge on health benefits of brandy, raw materials used and information on brandy lead to the higher brandy consumption. The positive relationship between the discount provided on brandy and the purchase of brandy reveal the price sensitivity among the people and prefer for low price alcohol at the better taste. People consider for brandy not having the favorable market but have seen the scope of brandy. It means that people consider the other factors like the raw materials, preparation procedure and economic condition of the nation for not having the favorable market for the brandy but if there will be made people aware about the benefits of brandy then can be the positive scope of brandy. Based on the findings, we recommend producers and marketers to focus on the alcohol consumers as target market, promote the awareness on competitive qualities of brandy products and produce the product using locally available resources for substituting whisky and wine.

Conflict of Interest

Author(s) declares no conflict of interest while preparing this article.

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