

BENIGN TAXATION AND PRICING CORRECTION ARE SEEN AS MAJOR POSITIVES THAT COULD DRIVE STRONG GROWTH FOR THE BEER SEGMENT ONCE THE ECONOMY OPENS

Beer makers cheer lockdown easing, chilled fizz hots up

MUMBAI: The easing of lockdown restrictions that were imposed to curb the spread of Covid infections has brought cheer to the subdued liquor industry, especially to beer makers, the sector's worst hit segment.

Beer drinkers typically do not stock up much. The casual alcoholic beverage is a bulky product to transport, has a relatively shorter shelf life than other spirits, and takes up a lot of space in refrigerators.

On the other hand, a bottle of whiskey, vodka, or rum is easy to



carry, lasts longer, and does not need refrigeration.

"The lockdowns led to people buying less beer since it is tougher to store it at home as opposed to liquor," said Delhi-based

expert Magandeep Singh.

"Hence, we saw the switch in drinking patterns."

While the sales data from lockdown period in 2021 is yet to be released, figures from 2020 confirm the view that the beer industry was the worst hit segment in the liquor industry during the lockdown period.

Also, both last year and this year, the stiff lockdowns coincided with the peak season for beer consumption. In India, about 40% of beer sells in the June quarter, said Confederation of Indian Al-

coholic Beverage Companies Director General Vinod Giri. Moreover, on-trade sales--sales via hotels, bars and restaurants--make up for 35-40% of the country's total beer sales, said Giri.

Hotels and bars were closed for most of the lockdowns. If not for the second wave of COVID-19, beer manufacturers were on track to return to normalcy by now. In a note on United Breweries in March, Motilal Oswal Financial Services had said, "While beer did lose share to spirits in the early part of the COVID dis-

ruption, the former is clawing its way back as markets gradually reopen." The brokerage believes the beer segment in India is under-penetrated, even when compared with other emerging markets. It expects the trend for preference towards low-alcohol beverages to gain momentum in India, which has always been a country of whiskey lovers. Benign taxation and pricing correction are seen as major positives that could drive strong growth for the beer segment once the economy completely reopens, analysts said.