

Liquor industry raises a toast to living it up

● Sales driven by consumer tilt toward premium offerings

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Pune/Kochi, March 12

IF IT WERE just a story of numbers, we could say the country's alcohol industry is on the road to recovery from the Covid-induced slump of 2020, looking to touch the 345-million cases pre-Covid sales by the end of this fiscal.

Behind the numbers, how-

IMFL sales

(million cases)



*expected; Source: CIABC



THE HIGHS

- Restaurants, bars returning to business
- Favourable policies by several states
- Delhi reduced number of dry days, cut prices
- Maharashtra allowed sale of wine in supermarkets, walk-in stores
- W Bengal cut prices of IMFL by 20%
- Madhya Pradesh allowed sale of liquor at airports, supermarkets

THE LOWS

- Rising costs could force price hikes
- Ukraine-Russia war likely to impact barley supplies

ever, is a twist of taste — that of a tilt toward innovative offerings and premium products. As the pandemic pushed people to live it up, they were ready to embrace quality and experimentation.

The industry also responded to this sentiment with ready-to-drink beverages, new flavour profiles or even smarter packaging say with mixers or accessories.

Says Ipsita Das, MD, Moët Hennessy India, which sells Dom Pérignon, Moët & Chandon, Veuve Clicquot, Hennessy, Glenmorangie, Ardbeg, Belvedere brands in India, "We rebounded in 2021."

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The regulator had passed the order after following a consultation process the industry and other stakeholders.

Currently, most prepaid tariff packs come with a predefined validity period of 28/56/84 days, but the regulator has received several references and complaints regarding the 28-day validity pack, which is touted as a monthly pack. Customers have highlighted that with 28-day validity pack, which is the most prominent tariff plan, they have to do 13 recharges in a year. If the recharge can be done on a monthly basis, only 12 recharges have to be made in a year.

"Our revenue per unit grew by nearly 33% in 2021 in comparison to 2019, and our operating profit margin surpassed pre-pandemic level. All this has been on the back of premiumisation, innovation, and fuelled by higher disposable income of consumers," she adds. The thought is seconded by Abhishek Shahabadi, VP and portfolio head, scotch & premium whites, Diageo India, which has Johnnie Walker, Black Dog, Black & White and Vat 69 brands in the Indian market.

"Business was at a standstill for a quarter during the national lockdown in 2020. As the first wave ebbed, we saw rapid recovery in sales led by a sentiment of consumption and premiumisation. Business bounced back better after the second and third waves, as consumers learned to live life to the fullest."

Thirvikram Nikam, joint MD of Amrut Distillery, pioneers of the Indian single malt, says new launches gave the brand increased sales by 20% in the two years of the pandemic. "When shops opened after the first lockdown, there was a heightened state of mixed purchases. Gradually, premium products started doing better than expected. Uncertain of the future, people started buying in bulk, fuelling sales."

In October 2020, the company launched two limited editions in Naarangi and Triparva,

followed by the Fusion X. In December 2020, Amrut entered a new category with the Nilgiris Indian dry gin. In September 2021, Amrut experimented again with the launch of Neidhal Indian single malt.

For Moët Hennessy, launch of the new Chandon identity in 2021, and new brand direction for Glenmorangie and Bevèdere fuelled premiumisation. As consumption shifted from restaurants to homes, the brand partnered with Svami for a ready-to-mix range that gave the business a new channel for growth.

Vinod Giri, director general of Confederation of Indian Alcoholic Beverage Companies (India), the representative body of Indian alcohol beverage companies, says premium launches in the ready-to-drink segment are a healthy sign of market progression. "We are witnessing a spate of innovations in the Indian alcoholic beverage market. We saw the emergence of Indian craft gin earlier and now the RTD segment is witnessing brand launches with diversified offerings. Consumers are experimenting with experiences beyond the pure functional benefit of alcohol which, besides adding new consumers to the alcohol category, accelerates social acceptance of alcoholic beverages as a normal consumer product."

Radico Khaitan, which owns 8 PM Whisky, Magic Moments Vodka, and others, is also riding on the home consumption wave. Says chief operating officer Amar Sinha, "People were eager to experiment with their tipples while at home and tried beverages they may not have had previously, such as artisan whiskey, craft rum and craft gin. The change in preference towards premium is also an alteration from the health aspect, as consumers became conscious about quality and did not mind shelling out extra to savour premium tastes. Another factor has been the psychological behaviour of the internet generation, who want to portray themselves on social media as acceptors of experimental consumption." He points out that increased inclination to go premium occurred because people saved money by not going to bars and restaurants and could afford to go a notch up in liquor selection with the same amount.

Siddharth Wadia, general manager India, Middle East and North Africa, Brown-Forman Worldwide, the company that owns Jack Daniel's, says the latter half of the year has seen a strong turnaround, with the most encouraging aspect of the recovery being the accelerated growth in premiumisation.