

# Preference for premium spirits drives up sales of high-priced liquor

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Expensive spirits which retail upwards of ₹2,000 per bottle are seeing rising demand in many big cities, pointing to increasing premiumization of India's spirit consumption habits. Industry experts say a continued rise in drinking better (upgrading your choice of drink or brand) at home has contributed to this premium shift, among other things such as rising cost of drinking out, and a younger set of consumers preferring to drink less, but better.

Data from the Confederation of Indian Alcoholic Beverage

Companies (CIABC) shows that spirits priced above ₹1,000 have grown at a pace of 48% year-on-year (y-o-y) in 2022-23, compared to just 12% for the less-than-₹500 segment of spirits. And within the above-₹1,000 category, Indian offerings' share has jumped from 18% in 2021-22 to 20% in 2022-23, showing a significant growth of preference for Indian premium brands.

"The way we see it, the premiumization story is happening in two parts," Siddharth Banerji, the managing director of Kyndal Group, said. According to Banerji, one part is that the number of brands that have premium prices has gone up. And the second part is that

companies are introducing newer products with good packaging and innovation, creating "word of mouth and chatter around these types of categories like gin". Banerji's company produces spirits such as Cutty Sark Blended Scotch Whisky and Bols Premier X.O.

The premiumization story has prompted several spirit makers and importers to build on the premium part of their portfolios. For instance, Tilaknagar Industries-backed Spaceman Spirits Lab Pvt. Ltd (SSLPL), maker of premium Indian craft gin Samsara, launched its SITARA rum this month, which will retail at ₹1,350-2,000 a bottle (across



states). Diageo (or United Spirits Ltd, USL) brought to India its super premium Don Julio tequila variants, which sell upwards of ₹9,300. Tandon

Enterprises will begin to sell super premium vodka Alpha, from Uzbekistan, in the portfolio, as well as a Garam Masala gin from the UK, both upwards

of ₹2,000. Similarly, last month, Piccadilly Distilleries launched a cane juice rum, Camikara 3 Years Old, for ₹1,400-2,400 a bottle (across different states).

Radico Khaitan, which manufactures spirits like Rampur Indian Single Malt, saw growth of nearly 22% on sales of its prestige and above portfolio in the second quarter of 2023-24. It sold 2.8 million cases in the category, outpacing its other categories. Diageo India in its second-quarter earnings call said while it otherwise saw a slowdown in the pre-

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mium and prestige segments, it saw increase in its bottled-in-origin and bottled-in-India imported spirits' segment. The demand on the luxury side remained robust and overall, its prestige and above segment clocked 12.8% year-on-year growth.

Drinking better at home is a major driver of this new trend, experts say,

along with rising prices of drinks and cocktails in bars across major cities. This consumer behavior first showed up during the pandemic, when bars were closed, but it appears

to have established itself as a long-term pattern.

"This is no longer a trend. It's essentially here to stay and has become a behaviour. This is primarily being represented by the bottled-in-India and bottled-in-origin categories (international spirits)," said Nita Kapoor, the CEO of International Spirits and Wines Association of India.

What is contributing is also a rise in prices of drinks and cocktails in bars and night-clubs, resulting in people preferring to entertain at home.

In most specialty restaurants across the big metros, cocktails cost anywhere between ₹600 and ₹1,000, sometimes even more. That is easily a 30% premium over the prices of 2019.

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