

Wine and Beer 2021: Pickup after Hiccup

From wines in cans to surging demand for premium brews and liquors, alcohol industry insiders spirit up their predictions for the new year.



While this month is usually celebrated as Dry January as an attempt to spend at least one month in the year sans spirits (of the bottled variety), after 2020 having finally finished, we could all use a drink. Distillers, breweries, vineyards, and the people who run them are inclined to agree, and are more than happy to top off your glass of liquor, beer and/or wine.



Wine Not?

“FY21 is looking very good. We took advantage of the downtime to streamline our operations and conduct our business to put Sula on a much stronger trajectory. Consumers prefer the strongest, most trusted brands in these uncertain times and we have benefited from that with gains in market share across the country,” notes Chaitanya Rathi, COO, Sula Vineyards.

Sonal Holland, India’s only Master of Wine who is the Founder of SoHo Wine Club and Sonal Holland Wine Academy, chimes in: “I see premium wine purchases continuing through 2021, with the wealthy even looking to trade up, and splurge more than usual on their wines and other luxury beverages.”

That being said, vintners are also reaching out to the youth in a bid to shed that rarefied tag that wine holds. “With the recent introduction of wine in cans by Sula and Fratelli, the Indian consumer, who is younger and not as experienced in the world of wines, will have more opportunities to try and enjoy wines in 2021,” points out Holland.

“There is an explosion of ready-to-drink (RTD) beverages, which makes alcohol accessible for any occasion. This bubbly and refreshing drink needs no mixers, corkscrews, or swirling. It is easy to carry and crack open straight from the fridge,” agrees Rathi, while adding, “Wine has also made its way to OTT streaming platforms on popular web series like Mirzapur, and there’s a growing demand in Tier-II and III cities. It also garners support from the government as an agricultural product. Efforts by the PM’s Atmanirbhar Bharat initiative have seen the acceptance of locally made wines.”

Grin and Beer It

Speaking of Made in India, another segment of alcohol, locally-made craft beer, has plenty to cheer about as well. For instance, craft beer start-up Kimaya Himalayan, recently launched two homegrown barley-based brews — BeeYoung and Yavira, which are already selling across India and abroad. Founder & CEO Abhinav Jindal observes that the Indian audience is opening up to more complex flavours in the craft beer market rather than succumbing to the age-old, traditional flavours.

“Due to this change, there has been considerable innovation and experimentation in terms of various brews being concocted with the help of varied ingredients used to meet this new change in attitude and taste,” he reasons. Indeed, the craft beer space has definitely been hopping. Beor360, which was launched after much delay in September last year, under the aegis of Delhi-based BrewKing Beverages, founded by Rishabh Ranjan and Amit Tiwari, is available only in Gurugram and Delhi, but will expand to Uttar Pradesh and other states in the coming weeks.

However, Rohan Khare, Founder & CEO, Bad Monkey Beer, notes that “India is at the bottom in the list of per-capita beer consumption around the globe. Indians drink to get high, and our taxation system makes beer much more expensive as compared to hard liquor available at a lower per-ml-alcohol cost to the consumer.”

There does seem to be some leeway to this with Jindal and Ranjan pointing out that Indian states have become more incentivised to make things easier for alcohol manufacturers as governments' coffers are running dry. Khare agrees, saying "Uttar Pradesh recently announced slashing of excise duty on beer from 280 per cent to 200 per cent for the next financial year, which is a welcome step, and hopefully one that other authorities will also take. State excises should allow some direct interactions with consumers, which might positively impact sales thus government revenue."

Spirited Away

This literal spirit of cooperation between manufacturers and state and national governing bodies is also being seen as vital for the makers of hard liquors, especially given the country's propensity for their particular range of products. "Like other sectors, the liquor industry also suffered hard loss in 2020, and various taxes were imposed by the state governments during the lockdown. However, from October '20 onwards, the liquor industry almost managed to resume its production and sales to the same level of 2019-20," points out Ashu Ratan Khare, Director, Rock & Storm Distilleries.

"To bring customers and sales back to pre-Covid figures, liquor companies were required to focus on the cooperation of the respective state's excise duties, licensing fees and other state tax levies that changed due to Covid-19. Since liquor taxes/duties contributed to the third position (after GST and Sales Tax/VAT) in state exchequer, state governments were very keen to boost liquor sales in their states, which has helped the liquor industry bounce back in 2021."

That's not to say it's all on the government. Industry experts say that companies have also stepped up their game. Holland asserts, "Marketing, especially in the digital space, has been steadily growing in significance over the last few years. Now more than ever, companies in the alcobev space need to embrace the power of digital marketing, and not only rely on in-store visibility.

Khare concludes, "Although the pandemic was challenging, the industry should take it as a motivational factor to apply new innovative ideas and processes. Procedures such as production, packaging, sales and distribution channels, marketing, and duty structures should be considered to let the once-booming industry grow and spread in a diverse country with massive potential."

Chin-Chin!

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