Spirited Revelations:
The Buzz in India's Beverage Scene

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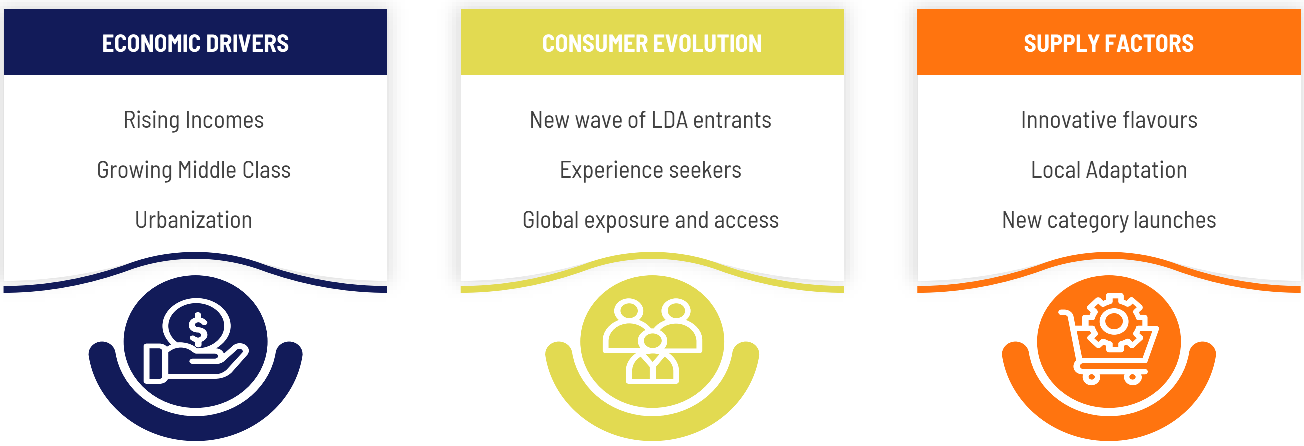
Overview

The Indian alcoholic beverage market is a vibrant and rapidly growing sector and is projected to reach $64 billion by 2028. Total beverage alcohol (TBA) volumes have grown, especially Premium Spirits, with value registering a higher growth to volume.

While whisky continues to dominate with India being the world's largest market for Scotch whisky, the domestic markets for whisky, rum and vodka are expected to grow at a rate of 4.61, 5.7 and 9.34 per cent (CAGR) respectively between 2024 and 2030*.

Figure 1: Factors Impacting Growth



There is a cyclical evolution seen, where consumer need for premiumization and experimentation, and industry innovations and launches spur each other to create a significant shift in consumption behaviour. The global trend of moderation also emerges among Indian consumers.
This report is a compilation on the current landscape based on Ipsos experience and expertise in the category and from organic consumer conversations. Let us explore these trends to understand the consumer perspectives that are that are shaping the industry and implications for the players in the industry.

#1 The Pursuit of Premiumness

Premiumisation is an enduring trend in India, which continues to be a major importer of premium spirits with the share of premium or super-premium alcohol drinks estimated to grow by 13% in 2024, and a 20% increase seen in spend per bottle year-on-year.

Cultural capital and sophistication in consumption are the new currency that define status. Premium is no longer only about price but discernment and indulgence in experiences that are 'not ordinary' and provide sensorial surprise and delight. With increasing global exposure, consumers are adventuring to artisanal products that offer unique flavours and authentic connections. Focus on wellness and moderation and an attitude to 'drink less but drink better' is making them embrace a more meaningful appreciation of the drinking experience, with options beyond traditional whisky, to craft gins, Japanese and American single-malts, small-batch rums and imported wines. Niche liqueurs and aperitifs like Campari, Aperol, and Lillet are gaining popularity in urban areas. Luxury launches like Indri Diwali Collector's Edition, Macallan Harmony Collection and Six Brothers Mahura, and Royal Ranthambore and Arthaus blended Scotch in mid-premium segment cater to this trend across different price segments.

What this means for Marketers: To capitalize on this shift, companies need to interpret what is "premium" and incorporate these new 'benefits' or 'pay offs' in their innovations for different consumer segments. Brands will need to strike a fine balance between being accessible and maintain an aura of privilege, for example via limited editions or unique flavour variants. Packaging and engagements need to align with consumers' aspirational values and evolving codes of quality and exclusivity.

#2 The Alchemy of Taste: Creative Cocktails

Post-COVID, on-premises drinking has revived, with younger consumers returning to bars. Upscale and speciality cocktail bars are flaming the craft-cocktail trend, and with mixologists competing to offer curated experiences using exotic ingredients, flamboyant techniques and presentation. With growing travel and exploration, consumers are exposed to global beverage cultures, and interest is shifting to cocktails that tell an origin story and reflect cultural heritage and authenticity.

"As travel and exploration exploded post-covid, consumers have been open to trying local cuisines and cocktails, and this exposure has developed their appetite for continued experimentation.

They are now interested in the story behind the cocktails they try, its provenance, and ingredients.

CEO , Co- Founder at Sidecar , Cocktails & Dreams Speakeasy etc.

Figure 2: Cocktails are a significant share of on-premise Alco-Bev consumption

Source: On Premise Itemized Bills data - Ipsos Crownit Panel, Apr ‘24 - Mar ‘2

Consumer enchantment with this cocktail culture is extending it into their homes with ready-to-drink (RTD) cocktails. Brands like Absolut, Bartisans, Jimmy's and O'Be offer convenience and elevation for in-home entertainment occasions.

What this means for Marketers: Traditional spirits brands will need to adapt to this trend, and influencer marketing strategies could involve connecting with consumers with tie-ups and events that use signature cocktails route to highlight their brands.

RTDs and mixers have the potential to offer more complexity and variety, to help replicate the bar experience in-home. Capturing this demand involves crafting unique products and staying on the pulse of the latest ingredients of interest through regular tracking of consumer conversations on social media. Manufacturers can also offer customisation to suit different preferences on sweetness, alcohol content, and flavour profiles.

#3 Beyond the Usual: Beer Craft

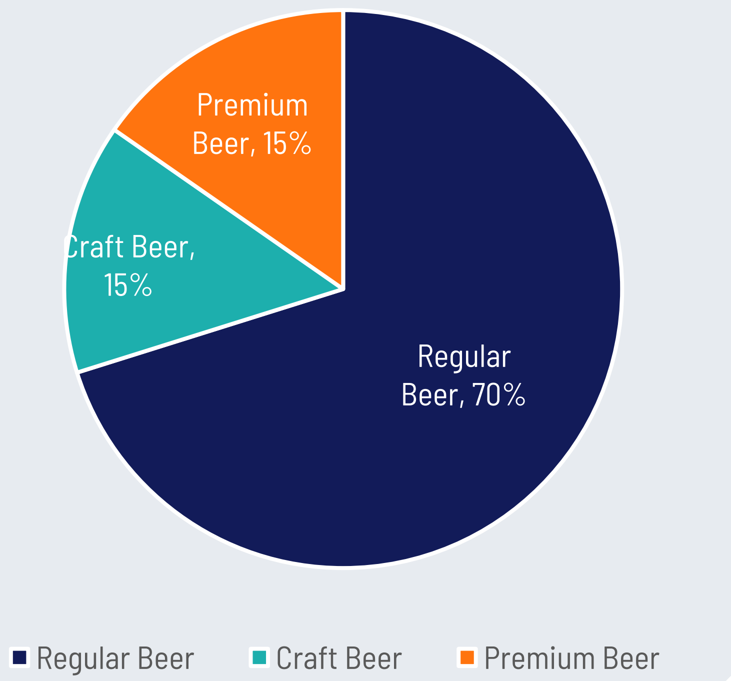
India's craft brewery movement is vibrant and flourishing and the India craft beer market size is projected to exhibit a growth rate (CAGR) of 24.41% during 2024-2032. Brands like White Rhino, Bira 91 and Simba pioneered bottled craft beers and today microbreweries like Toit in Bangalore, and The White Owl in Mumbai offer a diverse variety of stouts, lagers and IPAs to cater to distinctive consumer taste preferences.

In the crowded craft spirit space, while there is no absolute loyalty, there are usually a few brands that become part of the consumer's preferred choice for any occasion.

However, they are also open to trying something new that catches their attention at the outlet, and hence this "consideration set" is likely to evolve.

Gurpreet Singh, Co-Founder & Director of World of Brands

Figure 3: A third of beer consumption On-Premise is Premium and Craft Beers



Source: On Premise Itemized Bills data - Ipsos Crownit Panel, Apr '24 - Mar '2

Craft beers satisfy consumers who seek novelty and appreciate quality products with small-batch and handcrafted brewing techniques that support values of quality, authenticity, connection and support for local businesses which are increasingly important to consumers. Brewers are fuelling this growth with creativity, exploring familiar local ingredients from mango, coconut to traditional spices to cater to Indian palates and evoke nostalgia. Disco Panda's 'Mango Tango' & 'Paan Supari' and Moonshine Meadery Lemon Tea Mead exemplify the bold flavours and stylish presentations manifesting this trend.

Premium beer market shares this trend, evident in new launches such as Amstel Grande, Heineken Silver Draught Beer, MAKA di Oo-Long Blanche and Woodpecker beer.

What this means for Marketers: Manufacturers must innovate in brewing and diversify flavours to meet evolving tastes. Highlighting handcrafting, unique ingredients, and culturally relevant flavours can attract consumers seeking authenticity. Seasonal craft beer events and festivals can refresh brand interest. Eye-catching, sustainable packaging that embodies brand values will drive appeal. Engaging with consumers via social media and educational resources on beer styles and food pairings can strengthen brand impact and loyalty.

#4 The Rise of the Indian Spirits

In recent years, Indian single malts, rums and gins have gained global acclaim, with brands such as Amrut challenging traditional notions on origin. Consumer appreciation of the superior quality, unique ageing processes and ingredients and the appeal of the brand storytelling, which creates connection and immersive experiences, is driving the popularity of Indian craft spirits.

The gin and rum sectors have also seen innovations from brands like the Great Indian Gin, Kumaon & I, and Daku and SĪTÄRĀ rum and offering distinctive flavours that captivate consumers. By using local botanicals and weaving unique narratives, these brands differentiate themselves and resonate with consumers.

Photo courtesy: Conde Nast Traveller

What this means for Marketers: To tap into this growing market, spirits brands must focus on innovations and line extensions differentiated on ingredients as well as process. Leveraging manufacturing and distribution can enhance accessibility and meet the increasing curiosity for local brands. By highlighting unique origin stories and commitments to quality, brands can strengthen their identity and appeal across domestic and international audiences.

Maintaining brand excitement through new variants and limited editions, like Amrut Single Malt Exclusive Edition or Oloroso or Mithuna variants by Paul John, remains essential. Effective storytelling in a media-dark market is crucial, requiring strategic communication to reach broader audiences and sustained interest.

#5 Towards Zero: Demand for Low and No Alcohol

An urban trend towards "sobriety" is driving consumers to choose moderation in consumption or adopt periods of abstinence. While fulfilling their wellness goals, consumers are unwilling to downgrade the fun and bonhomie intrinsic to social drinking occasions. Hence there is an increased interest in non-alcoholic drinks with the complex flavours typically found in alcoholic beverages, with low-calorie, low-alcohol, or no-alcohol options.

Ready-to-drink products aimed at those reducing alcohol, such as lower-ABV cocktail options from Salud Beverages and Carlsberg Lite and Bira 91 Lite beers provide consumers this choice. Coolberg, Hoegaarden 0.0 and 3 Sisters are enhancing variety in the non-alcoholic and sugar-free beer market, while hard seltzer Wild Drum has gluten-free variants. Mocktails by brands like Sober and Sepoy & Co. provide consumers with sophisticated alternatives and their availability on quick com vouches for the demand.

Photo courtesy: IndianRetailer.com

What this means for Marketers: This growing segment presents an opportunity for innovations that meet health needs while enhancing social experiences. Companies should leverage both product and other marketing mix to highlight the sophistication of these alternatives and positioning brands as socially and ethically responsible. Collaborations to pair non-alcoholic beverages with food and educating consumers on the benefits and content of low and non-alcoholic drinks is crucial, helping them find suitable alternatives to traditional alcoholic options.

Implications

1. Continuous investment in innovations is imperative for brands to create excitement for the consumers seeking stimulation of new and unique experiences. Limited and special edition products can be one of the ways for large brands to attract consumers looking for exclusivity and novelty.
2. Embracing craftsmanship focusing on premium ingredients, innovative brewing techniques, and unique flavour profiles is important. Exploring craft products that incorporate regional spices, fruits, and botanicals can help resonate with Indian consumers seeking cultural authenticity.
3. Large, established brands need to explore ways to stay relevant to the younger demographic, by embracing fun personas and associating themselves with new consumption rituals, such as creating signature cocktails. Gin and Rum which were once old-school have re-invented themselves. Compelling brand-stories and immersive experiences through pop-up events, masterclasses, and collaborations with artists and chefs and highlighting the heritage, craftsmanship, and unique origins of the products can establish credibility and appeal for products, both locally and internationally.
4. There is a need for marketers to identify and address relevant consumer segments and tailor their offerings to their preferences, as with the current consumer evolution, niche appeal is likely to be more effective.
5. With the plethora of new launches and a dark media market, it becomes critical for brands to stand-out on retail shelves by creating a distinct brand identity that extends through its packaging. Smaller packs for trial-generation, that enables experimentation, and individual consumption could also be a growth driver.
6. Diversifying the existing portfolio with options that cater to health-conscious consumers and developing low-calorie or non-alcoholic products to remain attractive to this segment and align with their wellness goals.

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