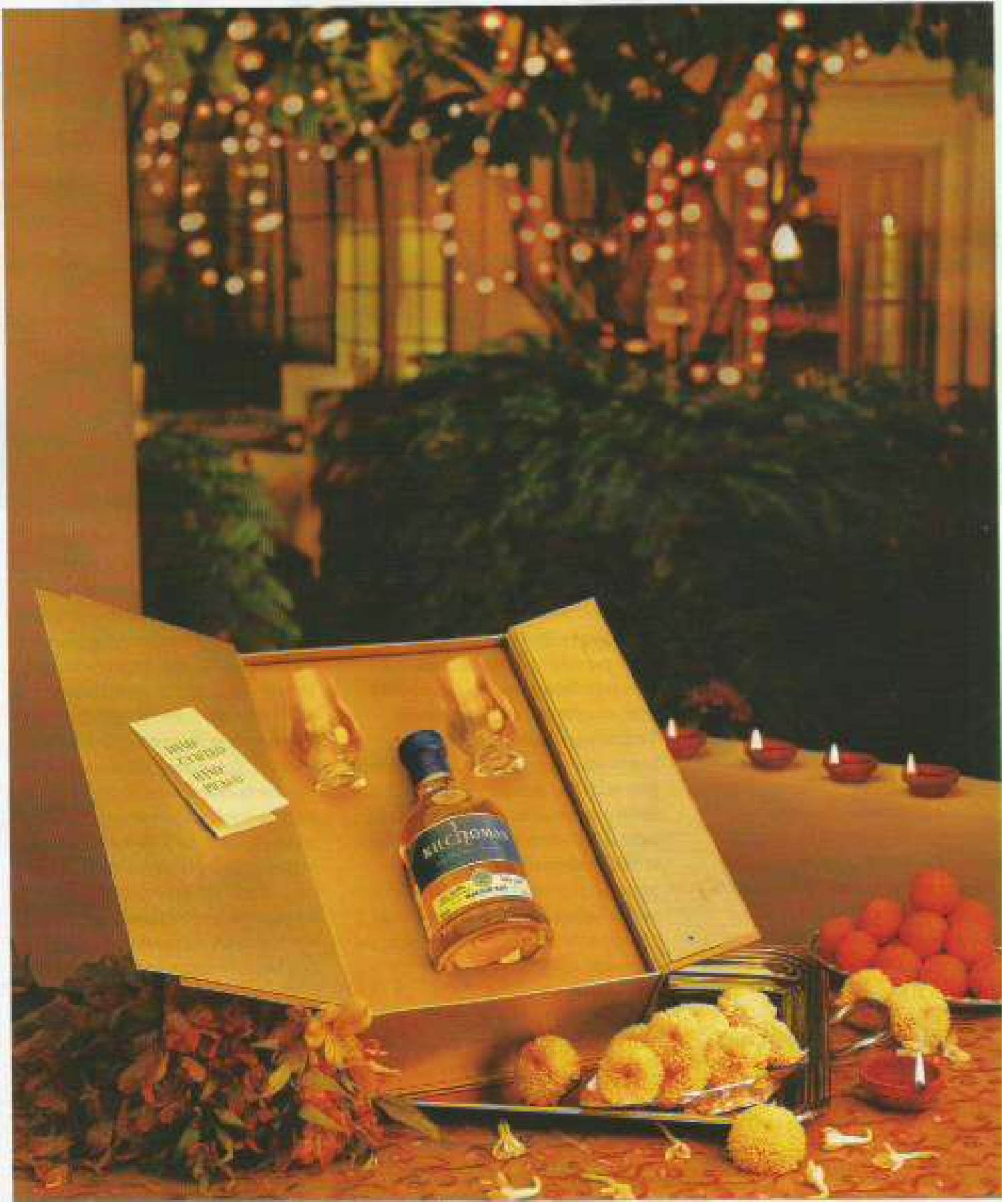


ON A HIGH

The Indian market for luxury spirits and wines is evolving fast

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high growth, with it having grown over ten times in the last 15 years.

Confirms Bruno Yvon, the CEO of Moët Hennessy India, "The Indian luxury spirits consumers are sophisticated and discerning, especially as far as whiskies are concerned. We see a steady increase in the interest in our single malts Glenmorangie and Ardbeg. Looking at the success of Belvedere, this interest for high-quality spirits is extending to luxury vodka as well."

Prakash, however, feels that in the case of spirits, brand awareness is very shallow, "We haven't even scratched the surface of what is available in each category. In spirits, luxury is knowledge-driven and that's very shallow at the moment." What has really worked for companies like his is the way that luxury hotels have taken to their range of spirits, with The Vault also investing significantly in staff training to facilitate the last mile connect with the end consumer.

Looking into the future, marketers definitely feel that the top end of all categories will continue to witness significant growth and categories like wine will also get more traction. As Moët Hennessy's Yvon says, "As far as the young wine market is concerned, we know that India can produce international quality wines. There is certainly a strong expectation from Indian consumers for well-crafted wines, as we have seen from the success of Chandon since its launch last year."

Perhaps a trend in the making is the growth of 'made in India' high-end wines and spirits, with brands like Bangalore's Amrut already showing the way with its world class single malt whisky. Wine, as we've seen from Chandon's success, is possibly next in line.

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“**T** rue luxury is enjoying what you like the most when you want it, like samosas in the Alps,” says Keshav Prakash, Director of The Vault, which exclusively represents a few fine spirits producers from around the world in India. Given the impressive set of tariff and non-tariff barriers the Indian state has come up with, the last but not the least being everybody’s favourite whipping horse, the new Food Safety and Standards Act, it’s safe to say that the alcoholic parallel in India of “samosas in the Alps”—say, a ‘rare rum from a now-shut distillery’—is unlikely to be a reality in the new future.

Most industry experts you speak to, however, do agree that the luxury consumer is in place and the market for luxury spirits (and wines) is evolving fast. The million or so consumers that the top luxury brands target are what you might call ‘global citizens’

who are affluent and discerning. This makes the marketer’s job easier, as then it becomes a question of figuring out the route to market, which is what more often than not becomes the stumbling block.

Luxury needs more than just the availability of the product; it also refers to the availability of an environment in which to purchase, consume and enjoy the same. The ‘enjoyment’ aspect has been addressed with the emerging number of five-star hotels, for many of whom food and beverages is an important revenue source, leading to substantial investment in bars and restaurants.

In the last few years, hundreds of high-quality independent bars and restaurants have sprung up across the country. And some of these bars, like Ellipsis in Mumbai, the High in Bangalore and the National Capital Region’s PCO and Cocktails & Dreams, are quite literally raising the bar, both

in terms of their product assortment and cocktail quality as well as in terms of the high standards of bartending. Several of these bars also offer a luxury cocktail menu; Bangalore’s the High, for instance, has a special menu with three cocktails, Guru’s Love Potion, Inception and Unfinished Business, priced at Rs 1,000 and above.

The paucity of luxury retail space in India is an issue for all luxury goods and not just for high-end wines and spirits. However, premium wines and spirits have benefited from markedly improved retail environments, with supermarkets in select states stocking wines and/or spirits, the presence of liquor stores in upmarket malls like Delhi’s Select City Walk and amazing growth in the travel retail sector.

Exclusivity is another dimension which defines luxury, and alcoholic beverages is one such category in which marketers have taken full advantage of the nature of the product and/or the process to periodically release one-off products, which are of great value to connoisseurs and collectors both. The seriousness with which luxury marketers are now taking India was seen when luxury wines and spirits company Remy Cointreau chose India last year for the global launch of Remy Martin Louis XIII Rare Cask 42,6, a limited edition of the regular Louis XIII Cognac, with only 738 bottles available globally.

With the Indian economy on an upswing and the stock market in the middle of a bull run, the market for luxury wines and spirits appears to be definitely headed for a high. Overall, luxury is insulated from the economy. However, when things go seriously wrong, it does take a beating. When it is promising as it is now, luxury is fairly insulated from the day-to-day economy. Says The Vault’s Prakash, “Our highest value stocks, like our 21-year-old malts, are all sold.” Single malt whisky is a great example of a category which has witnessed very

