



United Breweries Limited (UBL) occupies the number one position in the Indian beer market. Three months ago, UBL launched Heineken, the global beer brand founded in 1873. **Liquid** spoke to Samar Singh Shekhawat, Senior Vice President Marketing, UBL, on Heineken, its reception in India, and more.

Interviewed by Nisha Samson

Ale that matters



but the beer soon became an international favourite. This beer is exactly the same Heineken that is brewed and bottled everywhere else in the world. India is the 48th country where the brand will get brewed. So far, it's brewed in about 65 breweries across these 48 countries. Globally, it is the world's number one super-premium mild beer brand. And this iconic brand is now bottled and brewed in Mumbai, and will be available in India through the United Breweries network.

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Samar Singh Shekhawat joined the UB Group two years ago and has seen the launch of a few new products in various states in that time. With the launch of Heineken in August this year, UBL has added another brand to its ever-increasing bouquet.

The company already has Kingfisher Strong, which is the single largest beer brand in the country, and their single largest selling product, Kingfisher Red, which is a strong beer and, Kingfisher Premium, Kingfisher Ultra and Kingfisher blue, which are mild beer. Additionally, the company has Kingfisher Bohemia wines and a host of 10-15 smaller support beer brands, which contribute to 25% of their volumes.

Can you give us details about the launch of Heineken, the super-premium beer brand?

Heineken is a super-premium mild beer, which is an iconic brand available in 170 countries. Originally, it was born in Amsterdam



Would it then be safe to say that this is an aspirational drink?

Please give us details regarding the positioning of Heineken.

Well, it's aspirational to the extent of it being the best beer that money can buy from an international beer perspective. It's not a luxury beer brand, it's not out of the reach of well educated, affluent, young consumers, but yes, it is certainly an aspirational and lifestyle brand.

Please tell us how you perceive its reception.

We've currently launched in Mumbai, Pune and Thane. We're launching in Bangalore, Delhi, Goa and Kolkata later this month. Going ahead, we'll launch it in Uttar Pradesh, Gurgaon, Rajasthan, Pondicherry, among other places, through December 2011 and January 2012. By the end of January 2012, we will have launched in the top 10-12 markets of the country. The overall response has been encouraging. In the markets where it has been launched and in the months that

it has been available, we have got about 4% - 5% of the market share of the premium mild beer industry.

What can India expect out of this beer?

India can expect the world's number one international super premium mild beer now being much more viably available than it earlier was. Initially, we were selling it as BIO, which is bottled in origin, which means that it was the imported Heineken that was

available at a certain price point, and it was available only in a limited number of Indian markets in limited stores. Now that we're brewing it in India — what we call BII — bottled in India, it will be available much more widely than it was initially available, and secondly, it will now be available at a price point that is close to 30% - 40% lower than what it was when it was an imported product. India can look forward to a much more widely



available product at a much more economical price.

Beer has come a long way, from being a common drink to something for everyone; please give us details regarding its evolution.

The beer industry is witnessing a "Compound Annual Growth Rate" (CAGR) of about 15% over the last five years. This means that the beer market is nearly doubling every five years. I think there are several enablers on this front. The number one enabler is that 80% of the country for eight months of the year is warm and hot. I think the climate is obviously an enabler. Then, we have 600 – 700 million

consumers below the age of 35 in this country, which is a statistic that no other country has, additionally, it is getting socially acceptable to drink in urban areas, metros etc. and finally, beer is not even seen as serious alcohol. If you ask a lot of people if they drink, most will say, "No, I just have a beer." It's seen as a light, refreshing drink. I think these are some of the enablers to the growth of beer. We're expecting the market to grow at a CAGR of 15% a year for the next five years.

Can you elaborate on your marketing programmes and the strength of your nationwide distribution network, please?

Heineken has a few marketing platforms across the world. Sports is one of our most important platforms. Within sports, we have the UEFA Champions League — we've been associated with them for several years now, and we've just renewed our global association with them for three years more. We're also associated with the rugby world cup, which just finished in New Zealand last month. Besides sports, we've been associated with the James Bond movie franchise for about 15 years now. The new Bond film being released in the near future is called *Skyfall* — we will have in-film placement, contests, promotional activities, etc. James Bond has a very long and successful association with Heineken. And finally, there is the music platform, we are the sponsors to the Star World music tour. This tour has 30 of the most famous and biggest rock shows in the world, from "Rock in Rio", which is a series of music festivals held in Rio De Janeiro, Lisbon and Madrid, to the "Ultra Music Festival" in Miami, Florida — some of the

biggest rock concerts in the world are associated with Heineken in terms of sponsorship. Going ahead, music is going to be the lead promotional activity platform as far as India is concerned.

Additionally, in India, we've already started leveraging the Champions League. We have syndicated columns in newspapers, and we're publishing stories written by players and eminent personalities in football. We're looking at radio, the music platform, barbeque nights under a programme called "Star Grill", and a premium on-premise pub and bar night called "Heineken Tonight", where there'll be special promotions on Heineken. The digital platform is going to be a key element — we have about 100,000 fans on Heineken Facebook already. Heineken, incidentally, is the number one brand in the world on Facebook; we will probably run



contests around the Champions League, where one can win tickets to the semi-finals, quarter-finals, etc. Obviously, we'll work around the James Bond movie when it releases next year; there'll be contests, etc. and we could have

people doing a meet and greet with Daniel Craig, spend a day on the sets with him and more. These will be some of the marketing programmes across the country. Obviously, there'll be a lot of outdoor visibility with hoardings,

print ad's, etc. already on, we have a television commercial that is being viewed, and several other thousand fans on YouTube.

As far as our distribution network is concerned, United Breweries has the strongest distribution network in the alcobev space in India. We have our products sold in close to 70,000 outlets across the country, and obviously this network will be the key enabler as far as the success of Heineken is concerned in India.

Is India conservative when it comes to drinking?

Yes, India is certainly conservative when it comes to drinking. We have to understand that prohibition is enshrined in our constitution. The constitution of India talks about prohibition in terms of medicinal use. But at the same time, alcohol is a state subject in India, which means that every state has its own rules and laws on taxation, excise and all that — and each state is free to interpret it the way they want to, which is why we have so many breweries in different states. We now have 30 breweries in across 28 states, and despite that, the per capita consumption of beer is very, very low in the country. It's only 1.3 litres per person per year. For the size of our population, it's certainly a very nascent market and therefore, we're expecting fairly robust growth in the coming years. So, yes, India is extremely conservative — the urban areas, metros, etc. are obviously different but the vast majority of India

who don't live in cities is fairly conservative when it comes to drinking in mass numbers.

The tier-one cities have been up to speed with what's new, but please tell us how the tier-two cities are faring.

I think tier-two cities are showing very good growth in terms of percentage. A lot of them are going-up faster, when compared to metros and tier-one towns. Typically, they don't have as many entertainment options, they have disposable income, there is a lot of agricultural income, there's a lot of manufacturing services income, and they don't have outlets to spend that income. Thus, we're seeing robust growth in the tier-two cities as well.

Do you think tier-two cities will accept new drinks?

Absolutely, we've had a fair amount of success ourselves with Kingfisher Blue and Kingfisher Ultra in tier-two towns, and of course, we'll be taking Heineken too into the smaller towns. So yes, so far there's very little excitement in

terms of new product launches in small towns.

Fortunately for us, beer is an every man's drink regardless of age — from the youth to middle age to older people as well, beer is drunk. Unfortunately, women in India don't drink beer, unlike overseas. I would say that 99% of the beer that is consumed in India is consumed by males. Women in India dislike beer for various reasons, some of which include the taste, then they believe that it makes them fat, they don't like the carbonation which gives them a feeling of gaseousness, etc. A lot of young women are drinking alcohol, but not necessarily drinking beer. They seem to prefer vodka and wine, while a lot of young men are starting to drink strong beer which was not the case earlier on. In the earlier days, they would drink mild beer.

Is there a major change in Indian drinking habits over the last five years?

I would say that there has been a major change in India's drinking habits in the last 10 years. In the

“THE BEER INDUSTRY IS WITNESSING A ‘CAGR’ OF ABOUT 15% OVER THE LAST FIVE YEARS — IT IS NEARLY DOUBLING EVERY FIVE YEARS.



last decade, strong beer drinking has really gone up. Ten years ago, the beer market was divided equally — 50% to strong beer, 50% to mild beer, while today it is 80% strong beer and 20% mild beer. That's one change. Then, a lot of new mild beer brands have been launched. A lot of international brands that have come in have mostly come into the mild beer space, and the third change is that initially, people used to first drink mild beer and then graduate to strong beer, but today we're increasingly seeing that people are going straight to strong beer. And obviously, like I said, a lot of women are drinking vodka as a mixer basically and wine. Those are some of the drinking habit changes that are happening in India.

How do you see India positioned on the international map?

I think India is a very nascent market as far as alcohol consumption is concerned. You see, the need state for drinking in India is not necessarily refreshment. Overseas, people drink beer for refreshments, quite like we drink

water or soft drinks. Here, people drink alcohol to get a high. So anything that gives them a high is a preferred drink of choice. This is why spirits such as whisky, brandy, rum, vodka, etc. that have a higher alcohol content as compared to beer, are preferred. This is another reason why 70% of the Indian alcohol market is enjoyed by spirits, while beer has just 30% of the total market share. Conversely, it's the other way around overseas. And because they drink larger quantities over a longer period of time, mild beer is much more in demand abroad than it is in India. In terms of accepting new drinks, there have been a lot of new brands that have been launched in the beer space — Carlsberg has come in with a mild and a strong beer brand, so has Tuborg. Miller has launched Miller High Life, and we've launched Kingfisher Ultra Blue — at least in urban India and the metros, there has been a fair amount of encouragement and acceptance of new drinks.



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There have been several new launches over the last few years, do you see this increasing?

I think we'll see continued action in both the mild and strong beer space. I don't see the rate of new launches increasing. The new launches that have happened so far, that's the rate at which new launches will happen, so I don't see it increasing, but I don't see it slowing down either. And, I would say that it's probably two-three launches per year, as far as this industry is concerned. Mostly, I would say that it will be in the mild and strong beer sections.

Are Indian mindsets regarding alcohol and drinking habits changing?

Yes and no. As far as urban India is concerned, I see that changing. As far as rural India and the smaller towns are concerned I see that they'll be dominated by strong beer — I don't see those habits changing in the near future. It's different for urban India and tier-one towns and different for semi-rural India and tier-two towns. 🍺

