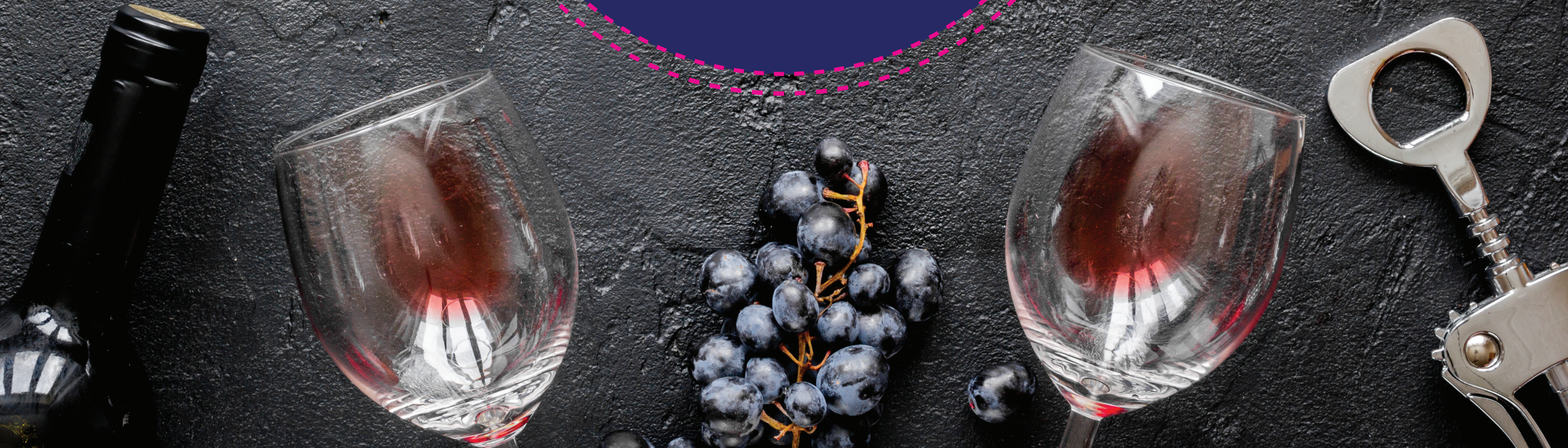
INDIA WINE INSIDER 2017

The Consumer Outlook



India is emerging as an important wine market

Second most populous country in the world with the world's largest youth population

808 mn

people under 35 years

485 mn

people above legal drinking age of 25 years

- Penetration of wine is low: 2-3 million consumers consume total 24 million litres
- Alcohol sales are rising (9% CAGR 09-14); wine (12%) is growing faster than spirits (7%) and beer (10%)
- Consumers' interest in wine is growing significantly
  –Rapid urbanization, exposure to western lifestyles, rising disposable incomes
  –Increased availability of locally produced and imported wines
- Urban areas predominate - Mumbai, Delhi, Goa, Bangalore and Pune record highest wine consumption - 80%

Why the need for a wine consumer research?

Global research on wine consumer is rampant, however, research-backed data on the Indian wine consumer is negligible

Current India-specific reports (IWSR, Euromonitor) are trade-focused; they lack the backing of a consumer study

Limited research across Indian consumer age groups, gender and geography, leading to a significant knowledge gap on the Indian wine consumer

India Wine Insider 2017

India Wine Insider (IWI) 2017 is India's first urban consumer research report across five major consumption centres in India

IWI aims to uncover consumer realities and identify future opportunities for growth

Marketers benefit from direct consumer insights for enabling better marketing strategies

Producers learn areas of interest and focus. Importers better advised on import portfolio decisions

Retailers understand the consumer purchasing and occasion context

Hoteliers advised on pricing and effective use of sommeliers

METHODOLOGY

Personal interviews (with interviewers trained on wine terminology by Sonal Holland MW, were conducted in both phases)

Criteria for selection of wine drinking consumers:

- 25 + years, adult drinking age within India
- SEC A
- Permanent resident of India and of the city being surveyed
- Drinks wine at least once in six months

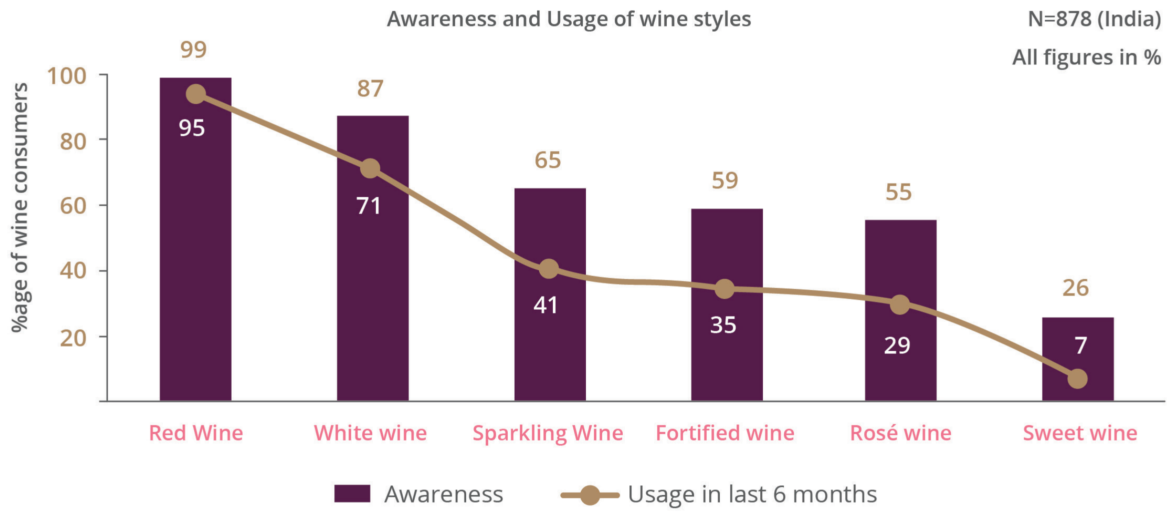
Consumer data referenced in this report was collected through Drshti Strategic Research Services Pvt Ltd. Target was to meet an equal number across gender and age groups.

		STAGE 1	STAGE 2
		Sample Size: Qualitative Phase + Pilot Survey	Quantitative Phase
GENDER	Male	11	473 (54%)
	Female	11	405 (46%)
AGE	25-34	3+3	239 (27%)
	35-44	3+3	220 (25%)
	45-54	3+2	217 (25%)
	55+	3+2	202 (23%)
CENTRES	Mumbai	8	229
	Delhi	8	203
	Bangalore	6	175
	Pune		146
	Goa		125
TOTAL NO. OF CONSUMERS MET		22	878

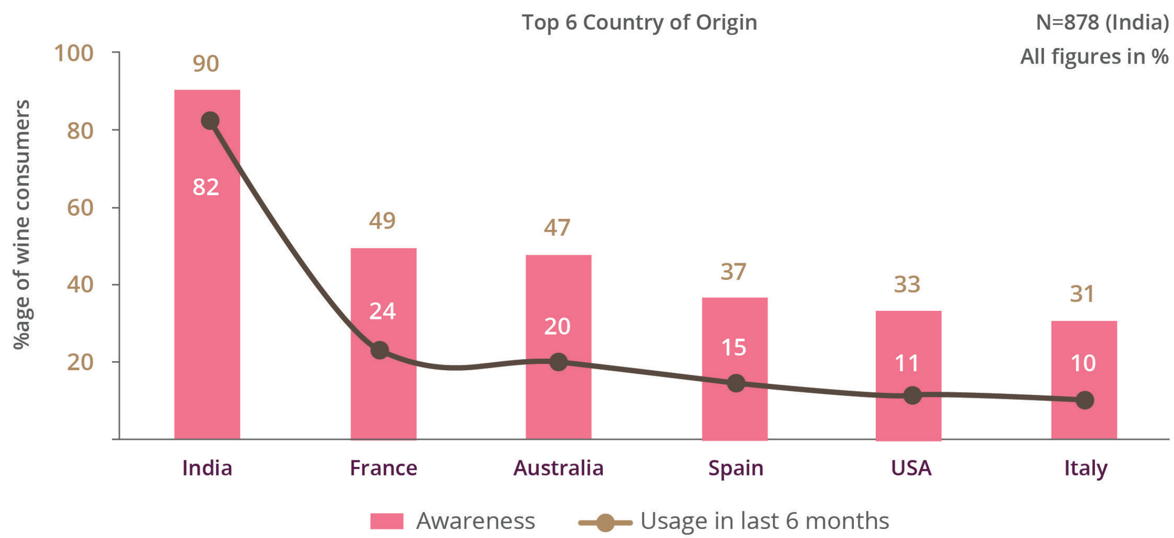
Survey Highlights

What do consumers know about wine?
How do consumers perceive wine?
Why do consumers drink wine?
When and where do consumers drink wine?

1 Consumers' understanding of wine is limited: awareness and consumption are positively related



Red wines led awareness and consumption due to perceived health benefits and preferred taste among consumers.

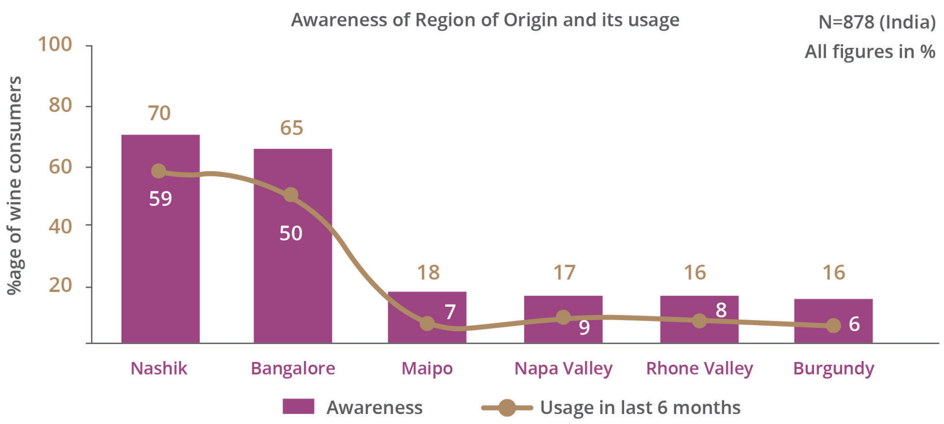


Indian wine market is dominated by domestic wine, favoured by lower prices and wider availability. High taxes and trade barriers impediments for international wine consumption.

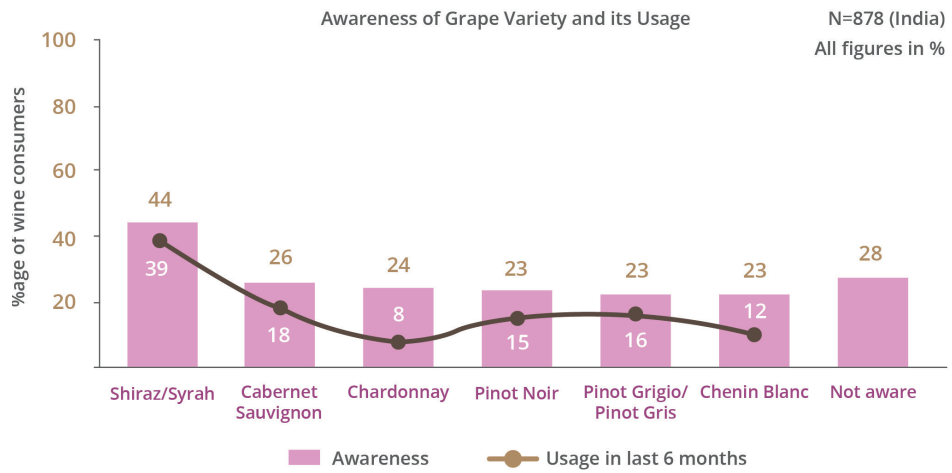
Despite Italy being the third largest supplier of international wines to India, it ranked 6th on the awareness levels.

Grape variety and region of origin are underdeveloped cues

Awareness and consumption are positively related:



Less than 20% consumers seemed aware of any region of origin other than Nashik and Bangalore.

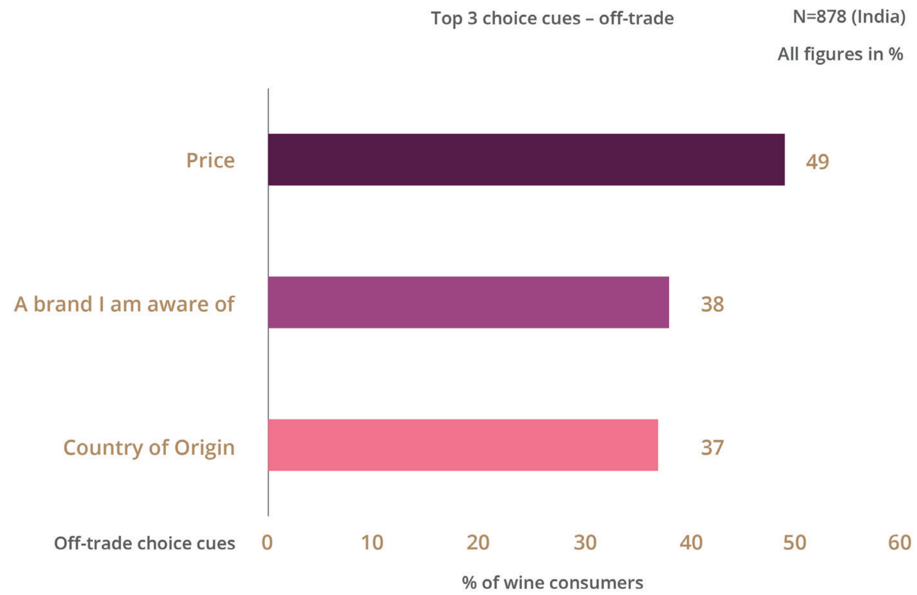


28% of the consumers were not aware of a single grape variety. Shiraz and Cabernet among red, Chardonnay and Pinot Grigio among whites were the most popular varieties.

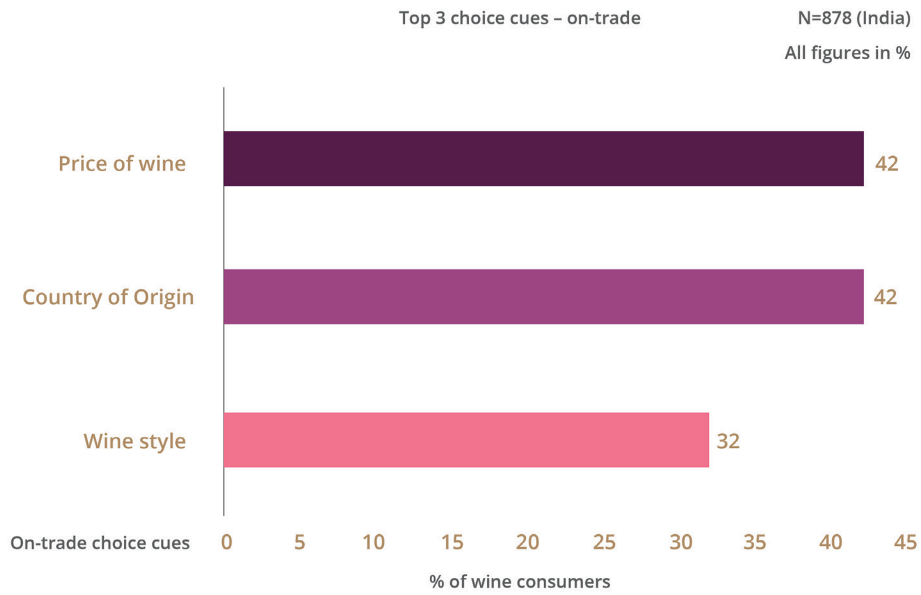
"I don't know much about these names of grape varieties or regions. I only look at colour and price."

2 Consumer Choice Cues – price, brand familiarity, country of origin and wine styles

Price is most important when selecting wine (off-trade). Fewer than 20% rely on shopkeeper recommendations. Reserve, Chateau, Superieur on labels have lesser influence than familiarity of brand name.



There is an opportunity to develop on-trade sales by enabling greater interaction with customers through sommelier training.

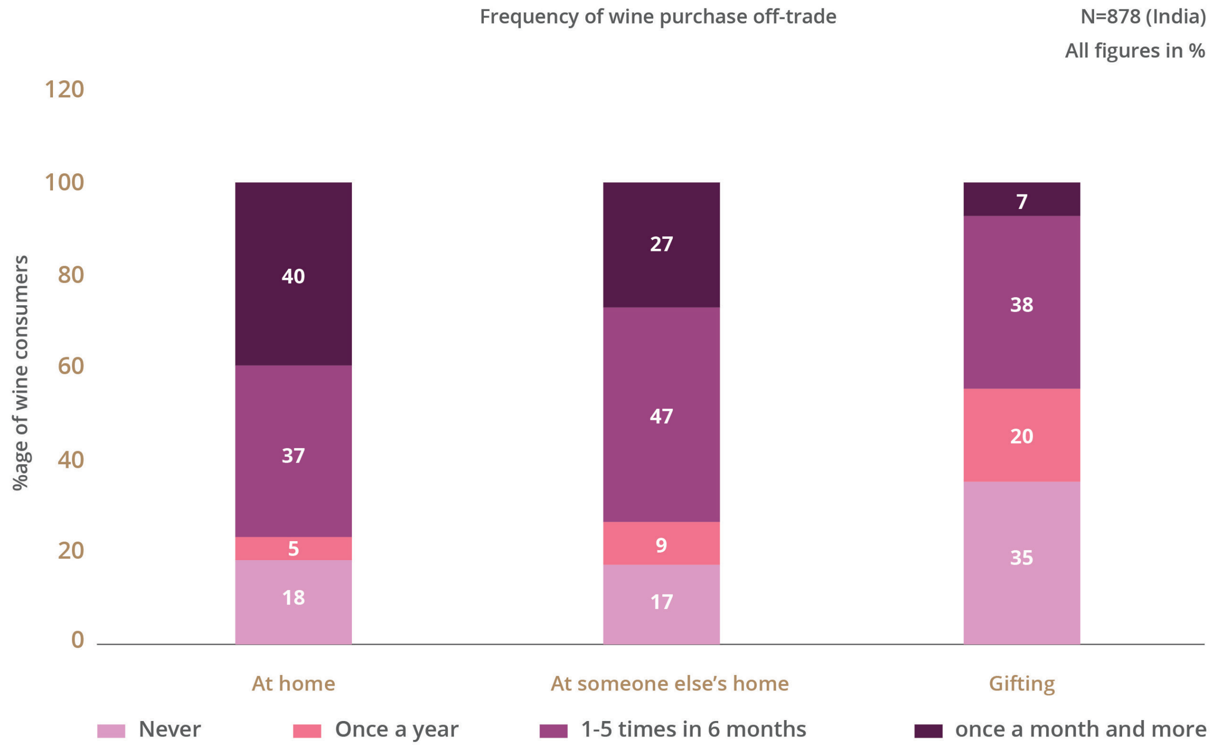


"Price, country and type of wine are most important when I buy wines...
I don't trust the shopkeeper or the restaurant's recommendations"

3 Wine is increasingly a mainstream drink

‘At home’ consumption most frequent; gifting wines common practice.

Wine enjoys cultural acceptance; being perceived as a ‘family drink’ to be consumed at home.
Majority have gifted wine at least once, suggesting a growing opportunity for gifting wines.

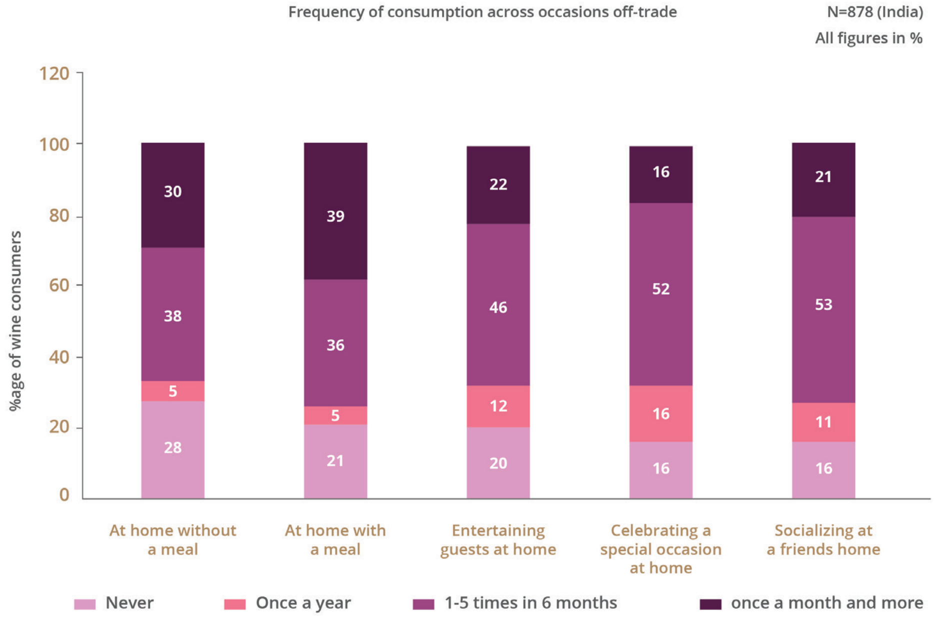


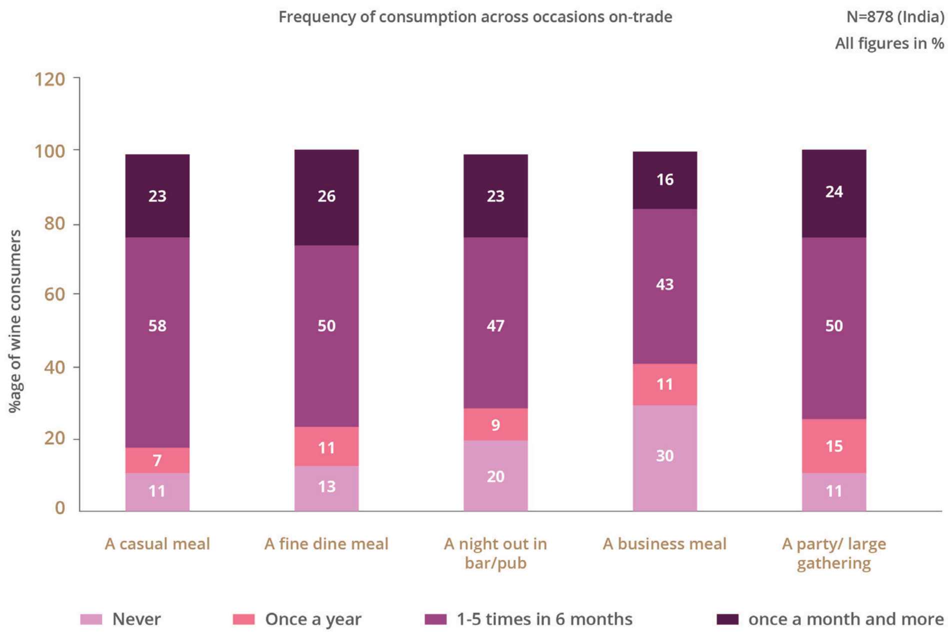
“I enjoy drinking wine at home as it is the best drink to have with food.”

“I prefer drinking wine at home with my family members; wine is a family drink.”

“I prefer having a glass or two of wine at home after work, as it relaxes me.”

Wine is consumed across a range of occasions

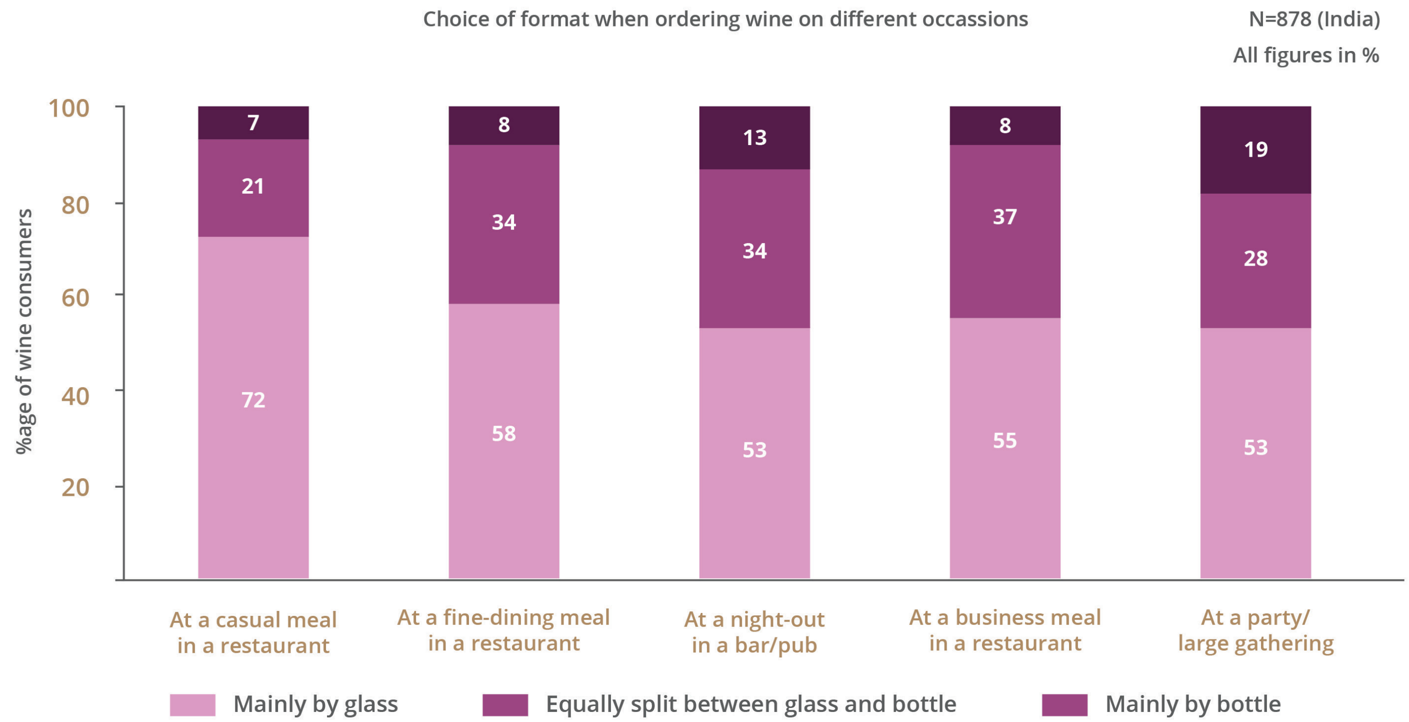




Wine is increasingly being viewed as a drink for Indian families for home consumption across occasions, at home with or without a meal being most frequently consumed wine.

Across on-trade consumption, wine consumed at a casual meal, a party and fine-dine meal is most frequent.

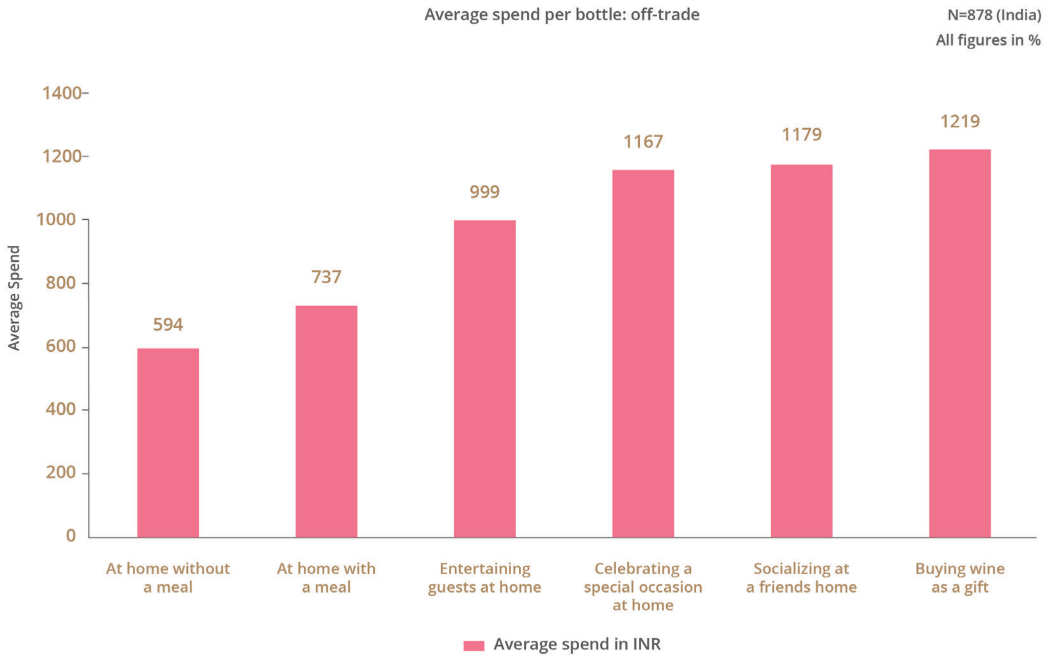
4 More than 50% of consumers order wines by the glass

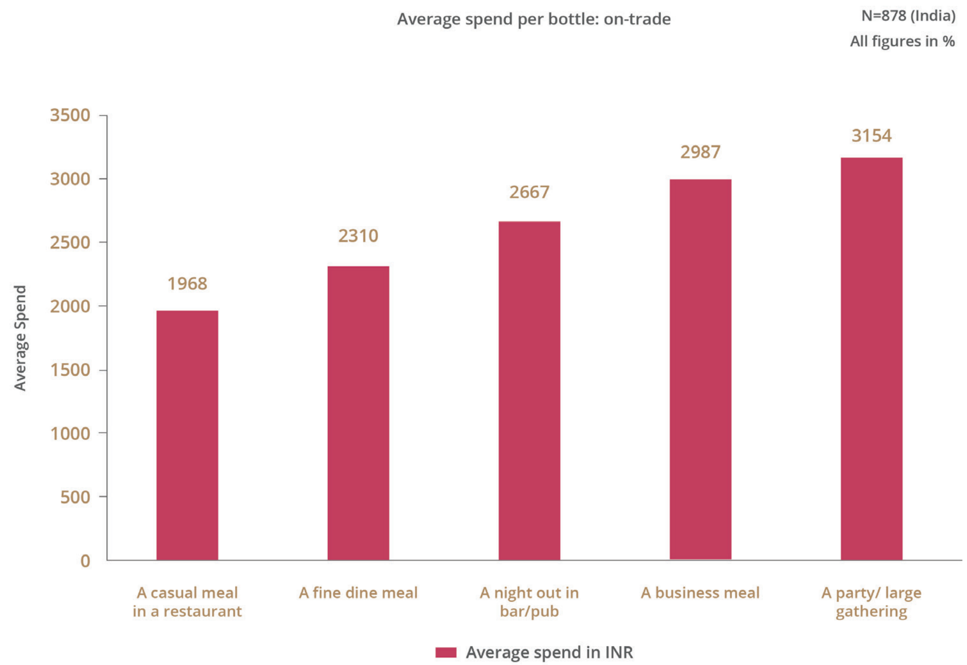


With less than 20% of consumers purchasing wine exclusively by the bottle, wine by the glass is the preferred choice for on-trade consumption, alluding to the price-sensitivity of Indian consumers or perhaps the need to drink in moderation. Hotels/ restaurants need to seriously re-visit the “by the glass” programs for increased on-premise wine sales.

5 Despite price-sensitivity, consumers spend more on wines to impress

More expensive wines are poured at business meetings, parties and for gifting to set a favourable impression





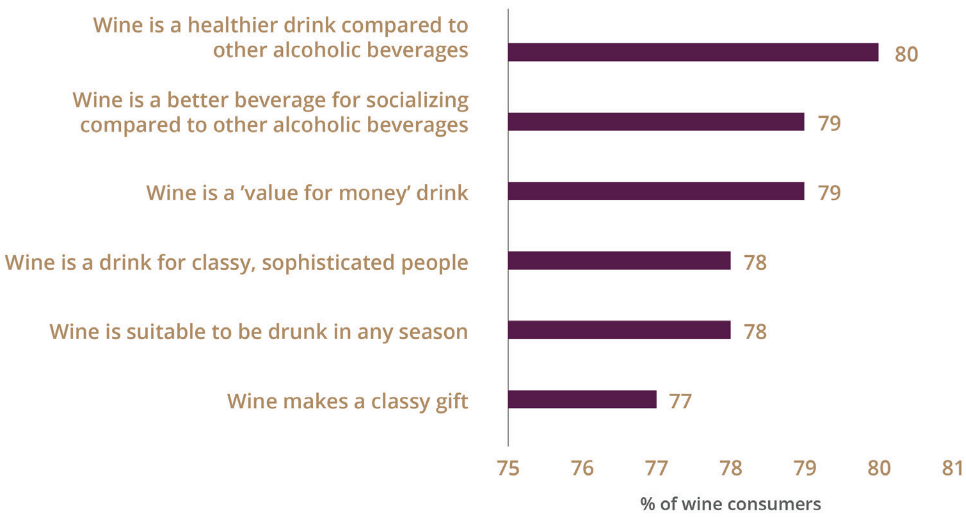
"I would rather subject myself to the lesser wine and pour more expensive wines at my parties."
"I prefer ordering wine at a business or a corporate dinner because it looks classy."
"Wine is a sophisticated gift to give, and it costs less than a bottle of scotch."

6 Wine's USP: a healthy, classy, socially acceptable beverage

Consumers view wine and its qualities as uniquely different and like no other alcoholic beverage, giving it a distinctive marketable advantage in the marketplace.

Consumer Attitudes to Wine
% consumers who strongly agree and agree with the statements

N=878 (India)
All figures in %



Why consumer drink wine
% consumers who strongly agree and agree with the statements

N=878 (India)
All figures in %

"Wine makes me feel modern and sophisticated."

"Wine is a healthy drink. It makes me feel active and energetic, and my doctor recommends it."

"I enjoy the fruity, sweet and sour taste of red wine. I have a very strong view about its health aspect."

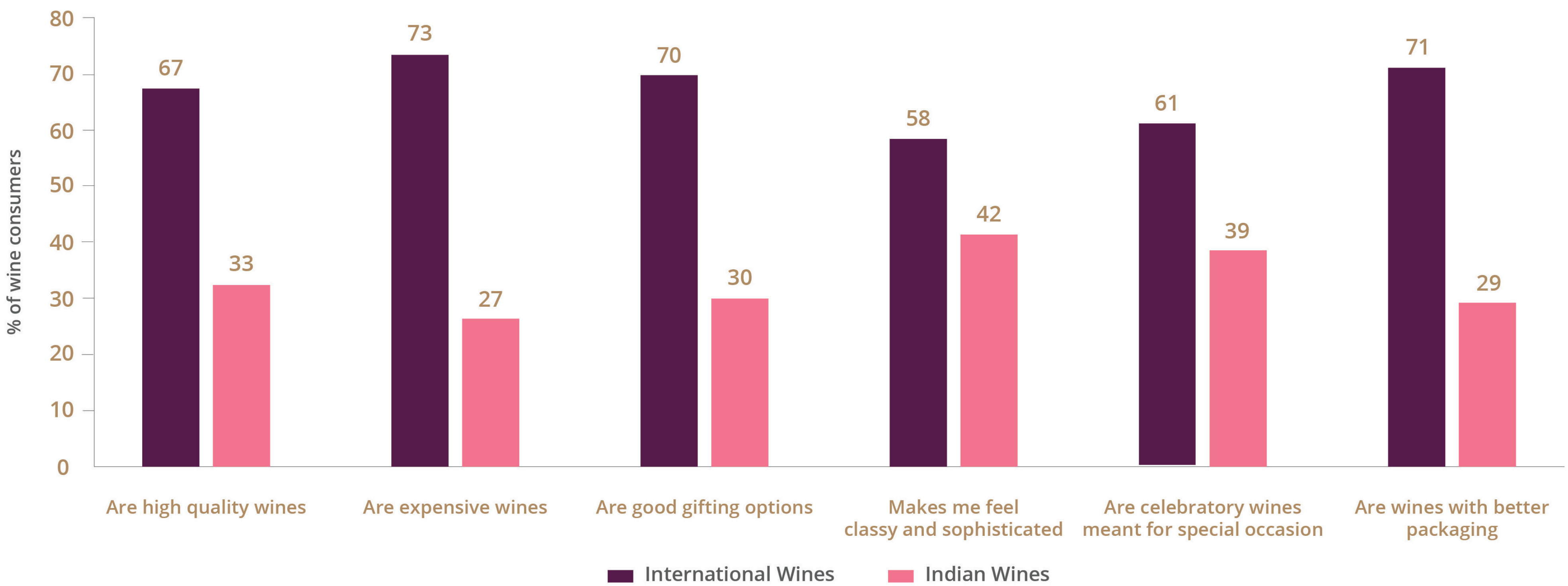
"After wine, I am never wasted; I am able to wake up the next morning for my jog and to see my kids."

7 International wine imagery more aspirational than Indian wines

Consumers perceive international wines as expensive and meant for special occasions, however, they are perceived superior to Indian wines in terms of packaging, quality, gifting options. Indian wines are perceived 'better value for money'.

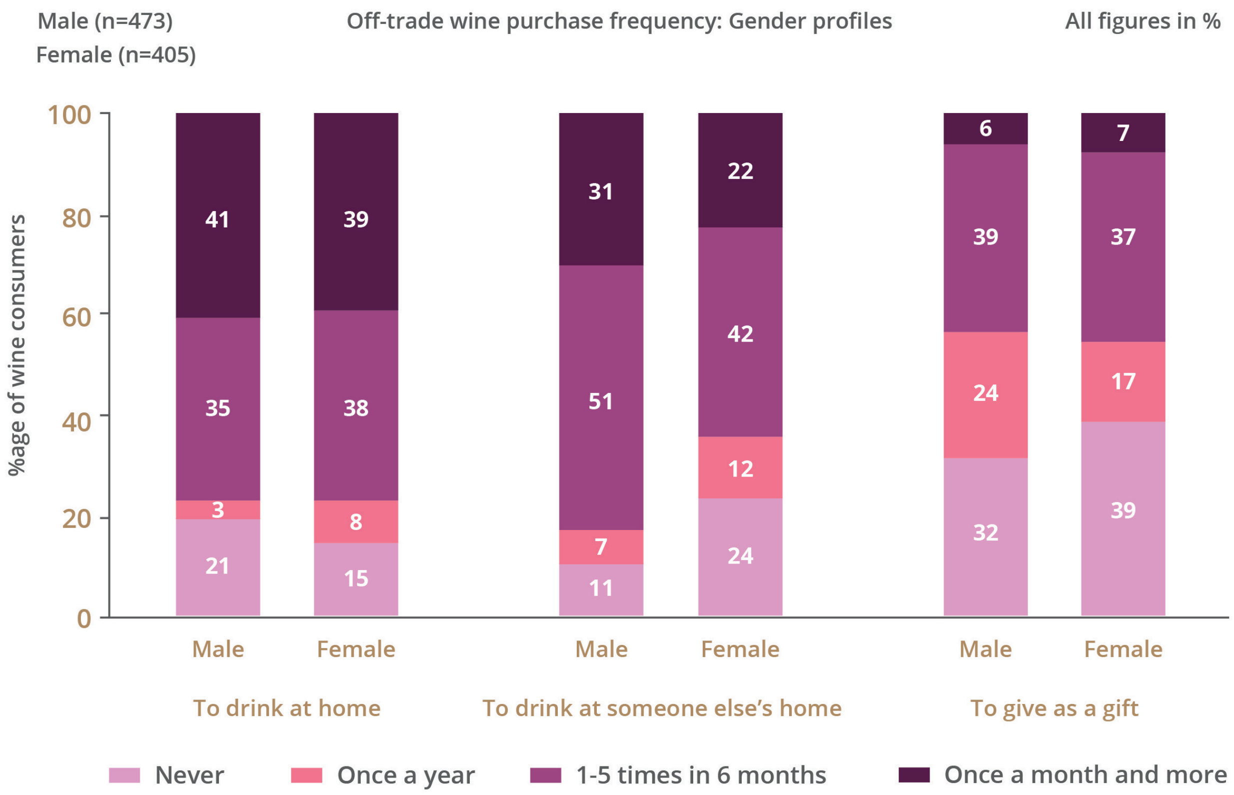
Statement associations with Indian and International Wines

N=878 (India)
All figures in %



8 Women and Wine - a great pairing

An almost equal number of women are purchasing wines as men, both off-trade and on-trade.



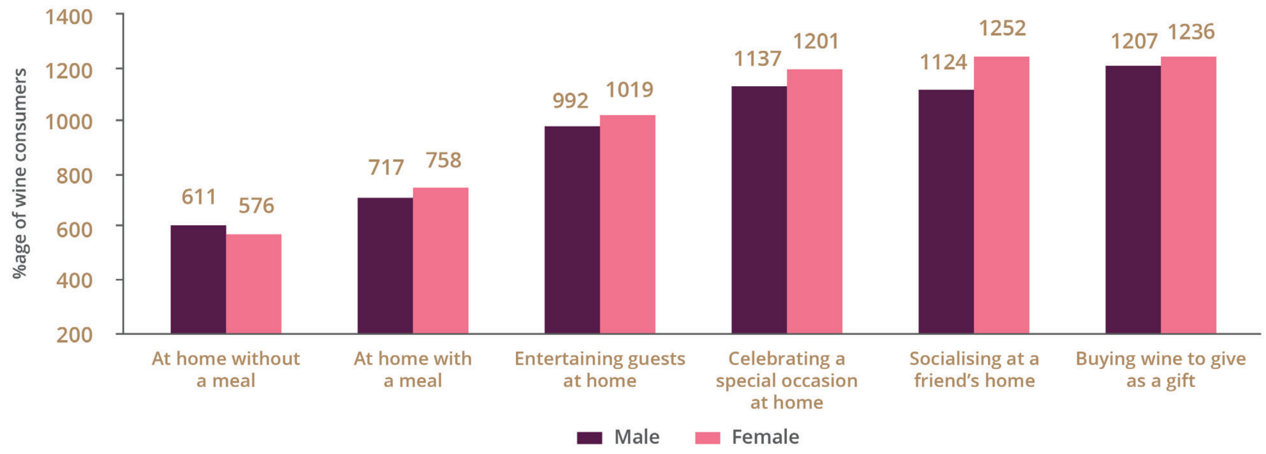
"I never used to drink. Now I drink wine because it is healthy; it improves my skin and keeps me looking young."

"My family doesn't mind if I have wine; it is acceptable to have wine in society."

"I feel proud when I drink wine. My husband feels proud too. And he is most happy that we can sit together and share a drink."

Women are willing to pay more than men for wines at almost all occasions

Male (n=473) Female (n=405) Off-trade average wine spend: Gender profiles All figures in INR



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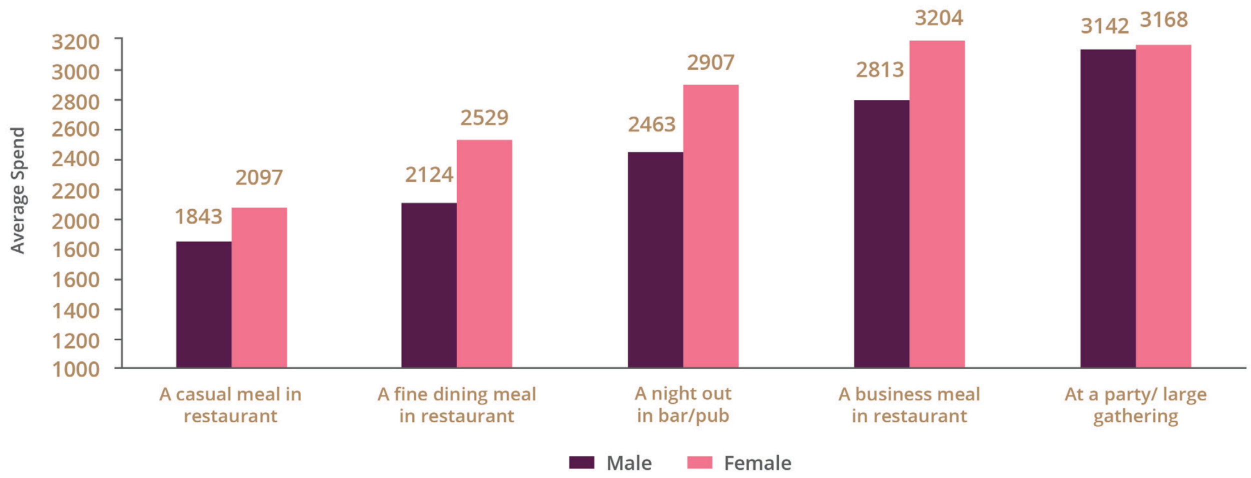


Top 5 drivers for Indian women consuming wine

Women view wine as a classy, empowering, healthy beverage and are experiencing fewer cultural inhibitions in drinking wine in the presence of their family members and the society at large.

Attitudinal Statements
Wine is a 'value for money' drink
Wine is a healthier drink compared to other alcoholic beverages
Wine makes a classy gift
Wine is a better beverage for socializing compared to other alcoholic beverages
Wine is a socially acceptable/respectable drink to have, even with family

Whilst Mumbai remains India's largest consumption market, Delhi has an evolved wine culture; Bangalore and Pune are vibrant wine markets that should not be ignored.

9 Thriving markets beyond Mumbai

MUMBAI

Largely a domestic wine driven market, aided by its proximity to Nashik.

Least reported frequency of wine purchases and consumption.

Overall, low spendings with high price-sensitivity.

Preference for consuming wine in a social setting or outside home.

GOA

Goa displays a preference to consuming wines largely at home. They are price sensitive and show the least preference for international wines.

High prevalence of inexpensive Indian wines in their drinking portfolio.

BANGALORE AND PUNE

Vibrant market for both domestic and international wines.

High awareness and consumption of various wine styles.

Relatively higher frequency of consumption and spendings per bottle across both off-trade and on-trade.

DELHI

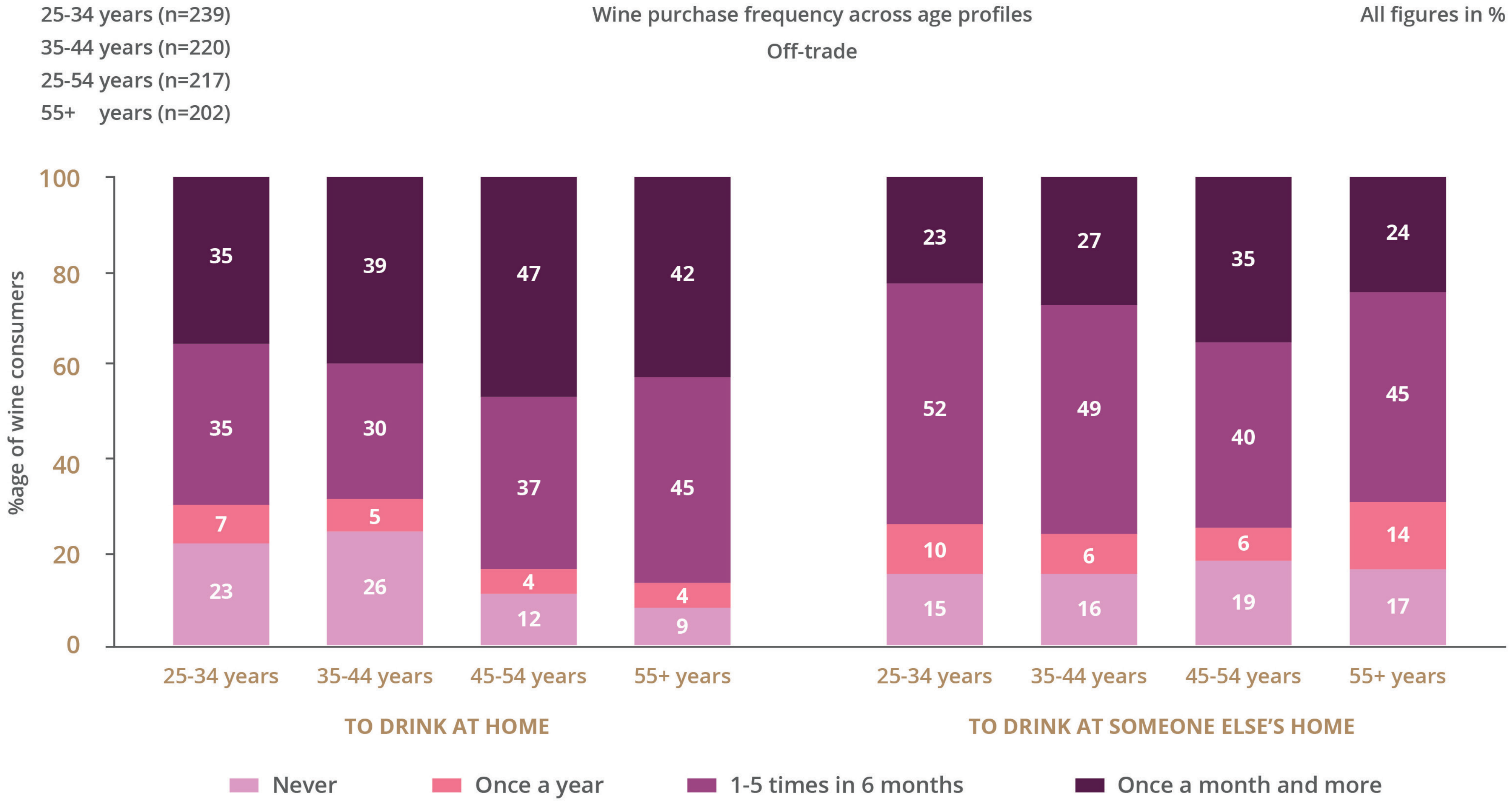
An emerged wine market with high awareness and consumption of international wines, various regions and grape varieties.

Increased propensity for wine spends for both inside and outside home consumption.

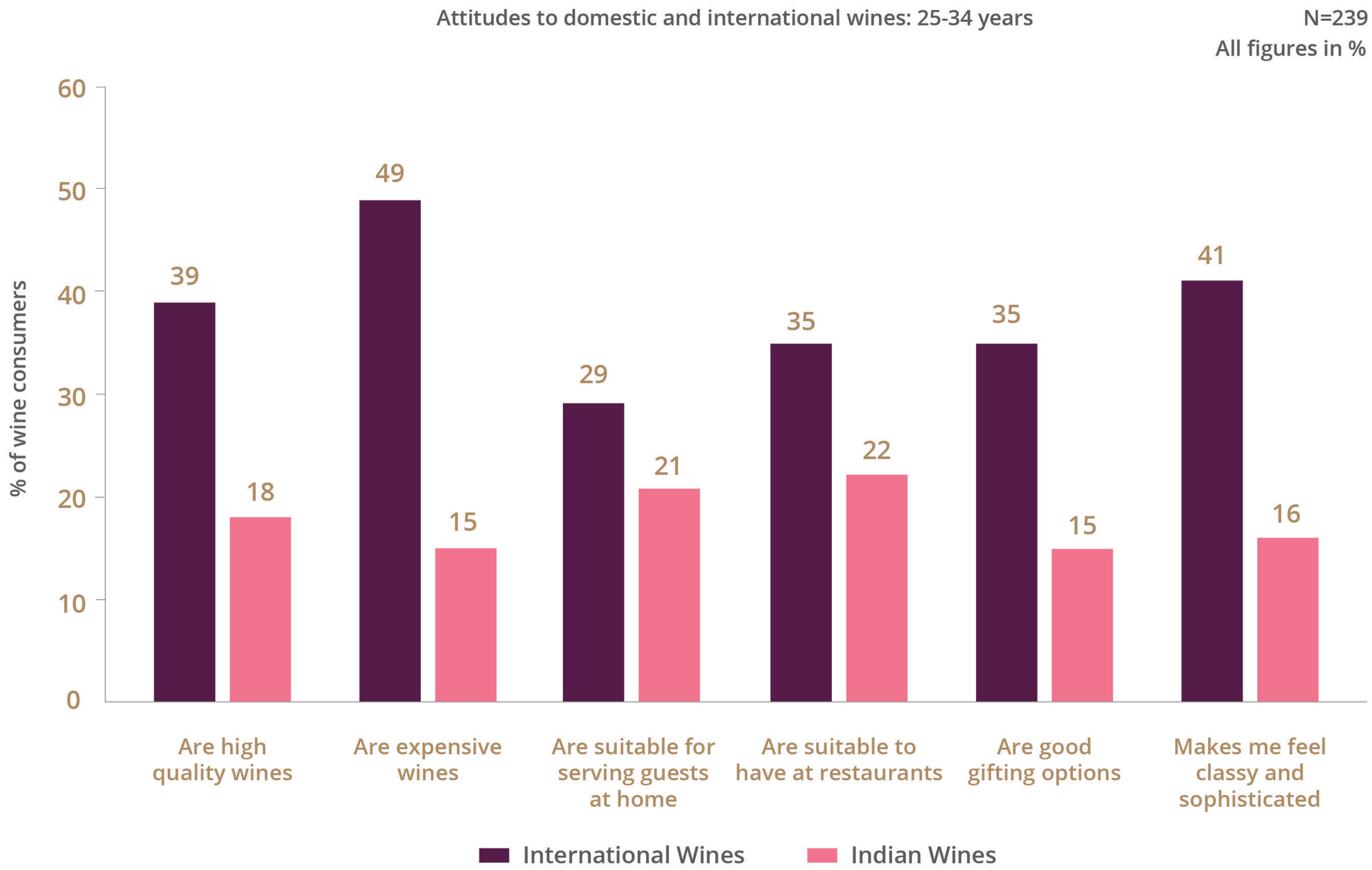
Preference for consuming wine in a social context - at parties, etc.

10 Young consumers – the "Groomed Lot"

Contrary to popular belief, younger consumers (25-34 year olds) are purchasing wine as often as the older ones



25-34 year olds are aspirational, seeking high quality in their wine prices



Younger consumers prefer drinking international wines; rate them more favourably than domestic wines on quality, suitability to drink in social settings and gifting. Drinking imported wines makes them feel classy and sophisticated.

Top 10 Indian Wine Consumer Outlook

Consumers' understanding of wine is limited: awareness and consumption are positively related

Top 4 choice cues
- Price
- Wine Style
- Country of origin
- Brand recognition

Wine increasingly becoming a mainstream drink

More than 50% consumers order wine by the glass

Wines to impress - higher spending on gifting, business meals and parties

Wine uniquely positioned as a healthy, classy and socially acceptable beverage

Imported wines' imagery more aspirational than Indian wines

Women and wine – a great pairing

Thriving markets beyond Mumbai

Young consumers – the 'groomed' lot

Conclusions and Recommendations

The Magnificent 7

- Higher awareness leads to higher consumption and vice versa. Consumer education and involvement is paramount. More inclusivity and not exclusivity.
- Increase depth and width of offering to make 'wine by the glass' more exciting. Equal representation of both domestic and international wine on lists.
- Actively position wine as a healthy, classy, socially acceptable beverage.
- Gifting wines - an opportunity to be seized. Packaging and pricing critical.
- Young consumers are a promising segment. Today's young consumers will be tomorrow's frequent and loyal global wine drinkers.
- Consider women as an important market segment. Clubs, education, female celebrity endorsements, etc.
- Growing importance of cities beyond Mumbai. Review marketing efforts and spends to optimize national potential.

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Thank You

Questions and Answers

For further queries, please write to
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