

An Exploratory Case Study on Bira, the Indian Craft Beer

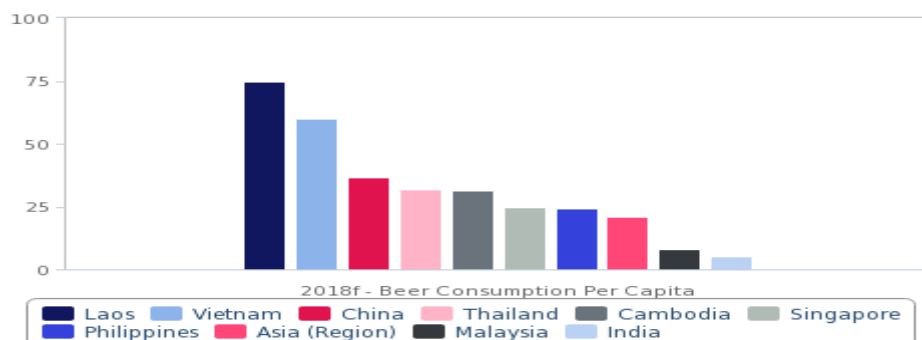
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1. About Beer: An Introduction

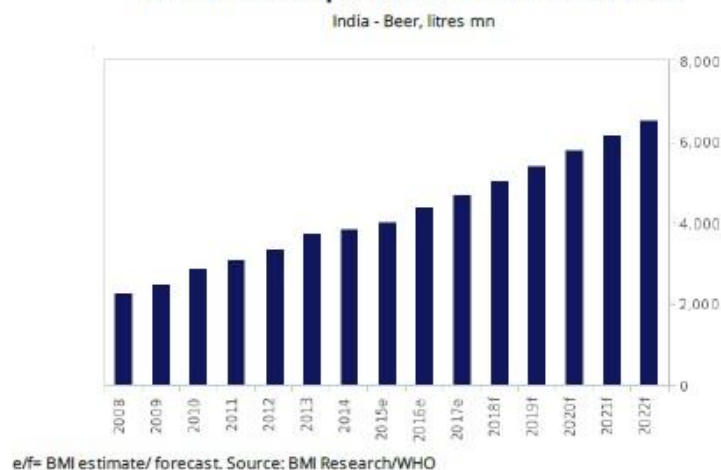
Of all the alcoholic beverages available, the world's most widely consumed alcoholic beverage is Beer. It is the oldest prepared beverage, dating back to the prehistoric times and present in the ancient civilizations of the world. It is said that during the construction of the grand pyramids of Giza, the workers would get 5-6 liters of beer as incentives. Beer in India is well known even before the arrival of Europeans and the Vedas mention a beer like drink called the 'Sura.' It was traditionally prepared in India from Rice or Millet. Megasthenes in his work 'Indica' has mentioned about Rice beer in ancient India. Kautilya too talks about two intoxicating rice beer – 'Medaka and Prasanna'

Not only the oldest prepared beverage it is also the third most widely consumed brew after tea and Coffee. The basic ingredient of Beer is water, then a starch source like malted barley, yeast for fermentation and flavoring matter like 'hops.' In fact, the major role of the 'hop' is to enable fermentation. A popular drink worldwide, it has adapted and changed over the years. Till now India had the lowest consumption of Beer Per Capita in Asia. The Business Monitor India opines that conservative attitudes, licensing regulations, restrictions on sale of alcohol in certain states and preference for local spirits could be the key reason for this scenario. But at the same time, they are also predicting a strong growth for beer in 2018-2019, due to changing attitudes and a young affluent population.



Selected Asian Countries - Beer Consumption, Liters Per Capita; Source BMI

Onwards And Upwards For India's Beer Market



33% of India is made of young millennials among whom Beer Culture is fast evolving. The Metros like Delhi, Mumbai and the IT hub Bangalore are the budding Beer hubs where beer drinking is fast becoming part of the social interactions and get togethers. Rising disposable income and aspirational nature of the emerging middleclass will in future drive them to opt for Beer rather than the local brew.

Over the years, there have been many changes in beer and its variants. With influences from Europe, US and the world becoming one great seamless place where people are interacting across boundaries, experimentation in the beer culture is also taking place. Craft Beer culture is also fast catching up with many brands specializing in craft beer. Craft brew is the creative extension of the ordinary beer and marks the high point in the brewing culture. It targets the consumer who desires innovativeness in all products and services. Craft Beer gives that special twist to his audacious palette to make him feel special and unique. A connoisseur's delight, it adds the color to the Beer drinking consumer's palette and provokes him to experiment with newer assortments and variations of this popular drink.

2. The Indian Craft Beer history

The original version of the current craft beer in India is of the 1780's when a London Brewer called Hodgson began importing from London the 'October Ale' which was flavored with Hops for the British stationed in India. The beer had a six months arduous sea journey. The six-month fermenting process actually aged and improved the quality of the Beer. This became famous later on in the UK as the Indian Pale Ale to be later revived and rediscovered by the American Brewers in the 1980's.

The Craft Beer Revolution is a continuous process with Beer aficionado's and enthusiasts eagerly seeking out individualistic brewers and brews. Microbreweries had first emerged in India sporadically as early as 2005-06, it is only in the past three years that the concept of craft beer has proliferated in India. Beer drinkers are curious about this new kid in the bar 'the craft beer.'

Beer as discussed above is a common drink but what is Craft Beer and how do we qualify and characterize it. In India there are around 100 craft brew pubs and very popular players like Bira 91, and the White Rhino have made a mark in the metros. The American Craft Brewers' Association defines craft beer as anything that is "small, independent (not more than 25% stake held by anyone other than the brewer) and traditional". The accent is on innovating upon traditional styles, and brewmasters specialize in giving twists to tradition. A lot many microbreweries have come up in Mumbai, Pune and Bengaluru and there is a group of consumers who describe themselves as loyalists of Doolally, Toit, Independence or Windmills. The problems facing this category is that a lot many of them are not actual craft brews but just cosmetic makeovers. In 2014/2015, India consumed about 270 million cases of beer. Among those, craft beers (including microbreweries) made up only one percent of the market. The overall market was dominated by UBL (United Breweries Ltd.).

As the beer culture pervades India, the growth of the discerning customer will set in and the brew pubs will no longer be able to get away with the beer being currently served. Craft beer sale is growing at the rate of 20% per annum but the reason for this not because of the taste preferences alone but due to price related issues. Price sensitivity is a major factor as far as the Indian consumer is concerned. Many of the microbreweries have lower prices for draught beer. For example, many pubs sell a 300 ml glass of draught for Rs 150-175, while a premium beer like Foster's or Heineken is priced at Rs. 279-350 and imported ones at Rs 500 a pint.

Foreign mass brands are perceived to be premium by the Indians and the awareness about beer and other alcoholic beverages as a gourmet or epicurean delight has not yet caught up with the Indian consumer. Any alcoholic beverage is valued for its level of alcohol content and the level of intoxication i.e. there is a positive correlation between the two in the minds of most Indian consumers. Drinking is also traditionally considered to be a Macho activity with a social stigma attached to it. Hence women as a segment have been vastly ignored. But with more number of women entering the work space and migrating to the metros the habit is slowly catching up especially as a socializing beverage.

Different microbrewers have adopted varied strategies. Bira 91 is taking the Craft brew story to different countries like UK, Singapore, Thailand and UAE. White rhino on the other hand is planning to enter newer markets but is focused on keeping it strictly small and family owned.

Then there are microbreweries such as Toit, Windmills, Gateway, Arbor and Independence in Bengaluru, Mumbai and Pune, where the focus is on quality. In Maharashtra, where "kegging" (beer produced at microbreweries sold in kegs to other establishments) is allowed, some brew pubs are collaborating with well-known bars and restaurants to do exclusive styles. O Pedro in Mumbai, for instance, has collaborative beers

from Pune-based Great State Ale Works. This is a trend we will see more of, depending on State Laws (not all states allow kegging). The state laws need to be amended to facilitate these microbreweries and consumer awareness and cultural shifts have to take place for the craft beer to froth over.

3. The Story of Bira

Craft beer was popularized in India through Bira91. The founder of Bira, Ankur Jain, after the completion of his bachelor's degree in Computer Science from Illinois Institute of Technology, Chicago returned back to India in 2007. During his stint in New York he had co-founded a health management startup, Reliant MD. The office of Reliant MD was down the street from Brooklyn Brewery, one of the icons of craft beer in the US. Every Saturday afternoon he would visit the brewery and his love for craft beer grew so much that he metamorphosed from a vodka drinker to a beer enthusiast. From then on, he was a diehard Beer fanatic.

The first thing that struck him on returning back to India was that "there was no beer worth drinking" in the country. Jain saw a potential for a beer business in India's growing market he decided to pivot into that line. The first three years after returning to India, Jain spent his time understanding the beer market, taking trips to Europe to understand the different exotic beers available and choose one for the Indian audience. Learning the intricacies of the beer business went a long way in the creation of the Bira and the craft beer culture that he was able to initiate in India.

Destiny and Jain's passion for craft beer made his dream come true in 2007 when he founded the Cerana Beverages, a company that imported and distributed craft beer brands from Belgium, Germany and the US. Cerana Beverages (today known as B9 Beverages) is an import and distribution company. It owns India's first and largest draft beer dispenser network in restaurants and bars. It imports and distributes a portfolio covering major beer styles with more than 20 brands. The beer from Cerana Beverages was available in 330 ml bottles and sold in Delhi, Mumbai, and Bengaluru; most of them were priced between Rs 300 and Rs 600. It actually gave Jain a fairly good idea of what the consumers' tastes and preferences were. In 2013, he started making one of these imported beers available on-tap across 10 bars and restaurants in Delhi and there was a 25 times jump in sales volumes. The higher demand for beer on tap was that consumers felt that this beer was fresher and more authentic. It turned up to be cheaper for the consumers as restaurants tend to markup prices on bottles. Not only that visibility was also high as they were in display before the customers all the time as compared to the bottles which were either in the bar, in the refrigerator or along with other brands.

By May 2014, Jain transformed from being an importer and distributor to a manufacturer. He, however, chose to import his brew from Belgium, a country well-known for its craft beers. By October that year, Akhil Dhawan (portfolio manager at Locus Investment Group) and his brother Ashish Dhawan (founder of private equity firm ChrysCapital) made an angel investment of an undisclosed amount in their personal capacities in Jain's beer business. The Dhawan brothers themselves were connoisseurs of Beer. He also raised seed funding from unnamed investors (he reached out to his friends from college and collected \$1 million from 6 of them) to expand the business and launch his own bottled craft beer. In 2015 he launched it under the name of **Bira91**. It was formally launched in February 2015 by the Belgian Ambassador to India: Jan Luyckx, in an event that was attended by over 500 guests.

4. Brand Elements

Initially, it was to be called "Biru". Biru is the generic name for beer in Japan. But after a registration problem in Japan, he decided to call it Bira. His team spent almost nine months in the branding exercise, including picking a name, mascot, colors, and other aspects of the packaging. Bira means brother in the northern part of India. It is a two syllabled name hence easy to pronounce and has a universal appeal but at the same time is strongly Indian phonetically. Bira was not to have a totally ethnic Indian Image. It had to be modern and contemporary.



91 is the country code of India and it made it sound more distinctive. The reverse B is, according to them, a spirit of rebellion against the conventional beers available in the market. The mascot is a monkey because most of us have a monkey inside us. Thus, the name “Bira91” with a monkey on its label was selected. Much of the early success of Bira could be credited to the design of the product. He manufactured and packed the beer in Belgium and then imported it to India. He even signed up a Belgian brewmaster to help design the recipe

5. Product Mix

Initially Bira91 was available in two flavors: Bira White Ale & Bira Blonde Lager.

Bira91 White Ale: It is a different wheat beer with the lack of bitterness and a soft finish. It has a taste that is sweeter and citrusy than normal beer.

Bira91 Blonde Lager: It is more conventional than its other variant. However, it is different in taste and color. It is extra malty with a delicate aroma and little bitterness.

Bira91 was unique in the market because it was beer whose color and taste was totally different from the existing brands. It was unorthodox, unconventional, fun brand of beer. Bira91 had in mind the growing millennial Urban Indian populace. The youth who were leading a lifestyle quite different from their parents, who believed in a good life and were not averse to spending. Hence they did not go for surrogate advertising like the traditional liquor brands were doing. Bira focused on distribution. Availability was a key factor for consumption. They made it available in pubs and the people gave good response to the product. Stark word of mouth publicity helped it to gain a 30% share in the premium segment without spending anything on advertisement or the traditional methods of creating awareness.

Bira 91, the country's first handcrafted beer, has two main variants currently— Bira 91 Light and Bira 91 Strong, more than two years after it launched the beer in India.

Bira 91 Light: This is one of the first low calorie beers to be introduced in the Indian Market. The beer is positioned as a ‘lunch time lager’- a quick refreshment that you can have with a light meal any time of the day. A super body, clean appearance and crisp taste. Bira 91 Light is filled with exotic hops from Europe giving it a pleasant natural finish making it eminently interesting. According to the company, a 330ml bottle of Bira 91 Light that has 4% alcohol in it will give the drinker just about 90 calories, just a little more than half of what a regular standard lager beer would give. Bira 91 Light is priced at Rs100 for 330 ml bottle and will be made available in Delhi and the National Capital Region (NCR), Mumbai, Pune, Goa and Bangalore and other cities. Bira 91 Strong comes in 500 ml cans and 650 ml bottles. Bira 91 Light is the lowest calorie option for any alcoholic beverage in the bar. It is lower than a glass of champagne, much lower than Breezers, wine or cocktails. It is even lower than a glass of milk or orange juice. The idea was to market the beer as a ‘lunchtime beer’ or a quick refreshment drink. India has about 200 million consumers of alcohol and only about 100 million consumers of beer. Bira 91 Light hopes to give non-beer drinkers another reason to consider beers when they are looking for refreshments.

Bira 91 Strong: This is a ‘High Intensity Wheat Beer’. This beer is a top fermented ale unique and rich taste that is low on bitterness, high on honey and caramel notes. Bira 91 Strong, on the other hand, will be marketed as a ‘high intensity wheat beer’ that will have 7% alcohol. According to industry estimates, about 85% of beer sold in India is strong and comes with high alcohol (more than 5%). This Beer is High on flavor, taste and alcohol content. They wanted the mainstream consumer to consider and discover taste when they made their choice at the retail shelf. With its distinct taste Bira 91 Strong, aims to target the discerning customer and upgrade them from whatever they were drinking till that time.

Bira 91 The IPA: ‘The Indian Pale Ale’ is a hop mutiny in a glass. High in alcohol (7%), this beer is made with a mix of two row pilsner malts, pale malts and wheat malts. Brewed with the world's most flavorful

aroma and bitter hops (cascade, magnum, brewer's gold and some exotic varieties). This is beer with a punch. Rich aromas of tropical fruit with a mildly sweet front start which is followed by a burst of spicy, extra bitter finish.

Some other Bira Beer are-

Bira 91 White: A deliciously different white Beer. Low in bitterness with a hint of spicy citrus and a soft finish. A refreshing all day craft beer brewed with pure ingredients.

Bira 91 Blonde: Blonde Lager is a refreshing contrast to insipid mass market beers. Rich in color and made with the finest two row barley. This flavorful lager is extra malty and hopped with aroma.

The strategy was to have the Belgium brewery to continue to supply to the US market where the beer is sold on-tap, and in bottles and cans. If Bira is able to gain critical mass in the US, then they would be eventually manufacturing in the US itself. In India, nearly 70 percent of Bira 91's sales come from restaurants, pubs and bars, where it is available on-tap and as Mr. Jain claims it is available at "1,000-plus bars on-tap", largely in the National Capital Region and Mumbai—while 30 percent of sales come from the retail of 330 ml bottles. (In Bengaluru and Kolkata, due to state excise policy regulations, it is sold only in bottles.) Jain expects the sales split to touch 50:50, with the introduction of 500 ml cans.

6. Bira Competitors

Independence Brewing Company, Gateway Brewing Company, White Owl and Arbour Brewing Company are the major Indian Competitors for Bira. Euromonitor International pegged Beer sales in India at 3.1 billion liters last year and expects it to grow at 3.3 billion liters this year.

7. Looking Forward

Bira has signed a 5year partnership with International Cricket Council and hence will have broadcast, digital, in-stadium rights during cricket Tournaments. The Indian love for cricket is phenomenal and associating Bira with the game will create the resonance factor with the populace. However due to regulations it cannot be served in Indian stadiums when the game is on. The sponsorship will kick off with World Cup 2019, to be hosted by England and Wales. However, they will not be the title sponsors and the deal covers international tournaments including the ICC World Test Championship (the UK, in 2019), ICC U19 Cricket World Cup (South Africa, 2020), and the ICC Women's World Cup (Australia, 2020).

"Bira has evoked a phenomenal response. The feedback has been excellent from people," (Livemint) said [The Beer Café](#) founder and chief executive Rahul Singh. Their innovative marketing strategies has actually resulted in the success of their brand. Every Beer drinker knows about Bira, and it has become the first preference. They have now manufacturing units in Maharashtra, Rajasthan. Jain believes craft beer (including microbreweries) would capture 15 to 18 percent of the market by value in around 10 years. An overall expansion in the beer market is also suggested. "Indian consumer brands have followed more or less the same growth story. Going international means going to Singapore, or at most Africa, which are diaspora-led markets," says chief marketing officer Mukherjee.

In addition to its two existing microbreweries, in Indore and Nagpur, B9 Beverages plans to open two more, in Mysuru and Visakhapatnam, in the first half of 2019. The new plants will require capital expenditure of \$25 million each and boost the company's capacity by five times to 20,00,000 barrels per year from the current 3,50,000.

Unlike other Indian consumer brands whose idea of going International is to Singapore or at the most Africa, which are diaspora led markets, Jain's international dreams for Bira are on a macro scale – "We want to be India's first consumer brand with a truly global footprint," says Jain. His aim is to create a beer brand that was "imagined in India" but can proudly be sold as a leading brand globally, starting in New York.

8. Conclusion

The Craft Beer story is interesting because it marks a distinct change in the Indian tastes. With its huge young population, India seems all set to start the craft beer journey. The young Indian consumer is more experimental and craft brew with its innovative twists can endear to this market. Companies like Bira should develop their marketing strategies in such a way as to appeal to the huge youth segment. It should position itself as a beer having its roots firmly entrenched in the local flavors of the land. It adds to the likability and differentiability of the brand and emphasizes its ethnic origins. India is a nascent market for Craft Beer and

hence holds a prodigious scope for companies like Bira. Social acceptability of the drink especially among the middle class has to increase. Also, stereotyping of beer as an unholy, sinful indulgence, especially by the middle-class Indians, too has to be changed through effective communication strategies by companies. Customization of the craft beer can further add to its value to the millennial consumer.

9. References

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