

Management

COVER STORY

Vintage point

It is a fact – India can produce wine and the improvement in quality and consistency is commendable. It is now time for Indian wines to uncork their potential and make a splash on the world map. By **Sayoni Bhaduri**



Wines made in India are yet to reach a stage where they can be compared to the French Bordeaux or the Argentinian Malbec. But the growth story of these wines are similar to the vines on their trellis – growing fast and strong. The names of Grover Vineyards and Chateau Indage are integral to India's wine history, but it was Sula Vineyards who took India by storm. Seeing Sula's success many others tried their hands at vinification. "Most of them didn't know too much about wine but had land and the wine they produced was not very good. Only a few produced quality wine. The quality of wine from these few quality oriented



Veral Pancholia

producers has been getting better on a yearly basis and it is this handful of producers that drive consumption in India. The number of people



Sonal Holland

consuming wine is on the increase but this increase is still on a tiny base. More consumer awareness and higher disposable income is



Cecilia Oldne

driving demand. On the whole there is a lot of work to be done to get the wine industry into the position it needs to be in," summarises

Nikhil Agarwal, sommelier and director, All Things Nice.

The Indian wine industry is growing at 15 per cent annually. "Sula Vineyards grows at over 25 per cent and enjoys a 65 per cent market share," says Cecilia Oldne, head-international business and global brand ambassador, Sula Vineyards with great pride. But a lot of these statistics are a little skewed as the base numbers still remain very small – India's per capita consumption of wine is only 12 ml. That's one tablespoon of wine per head per year over the entire population. China which also has a decade old domestic wine industry is at 800 ml. "Though these are still very nascent markets compared to



Nikhil Agarwal

the west through media and their travels abroad. The wine themselves have improved dramatically. Ravi Jain, founder and CEO, Grover Zampa Vineyards describes, "They are now becoming as good as the entry level international wines that are available in India." In another 5-10 years he sees them being comparable to some of the better international wines.

Beyond urban centres

Wines have become a



mainstay in India's urban centres, with access to wines at not just restaurants, pubs and bars but also in organised retail segment. The potential for growth undoubtedly is in the tier two and three cities. "Consumption of wine is no longer confined to the main metros. It has proliferated to the smaller towns and the second tier cities of Chandigarh, Amritsar, Kolhapur, and to the likes thereof," says Kiran Patil,

director sales and marketing, Vintage Wines who produce Reveilo wines. Rural India's per capita income growth rate is the same as urban India's but it is far more exciting as there are three times as many people and it represents a little over half of India's GDP. Not only does it encompass 70 per cent of India's population but it also has 56 per cent of India's income, 64 per cent of its consumption and 33 per cent of India's savings. This phenomenon



Kiran Patil



Ravi Jain

a traditional market like France with a per capita consumption of 30 litres. I don't see any reason as to why India cannot reach 100 ml, nearly 10 times the market size in the coming decade. Besides urbanisation, the main driver for this the growth is the quantum shift of women seen enjoying alcohol in just one generation. They will be a huge demographic in the future," she adds. Then there is the experimental and exploring Indian consumer who strives to meet experiences as witnessed in

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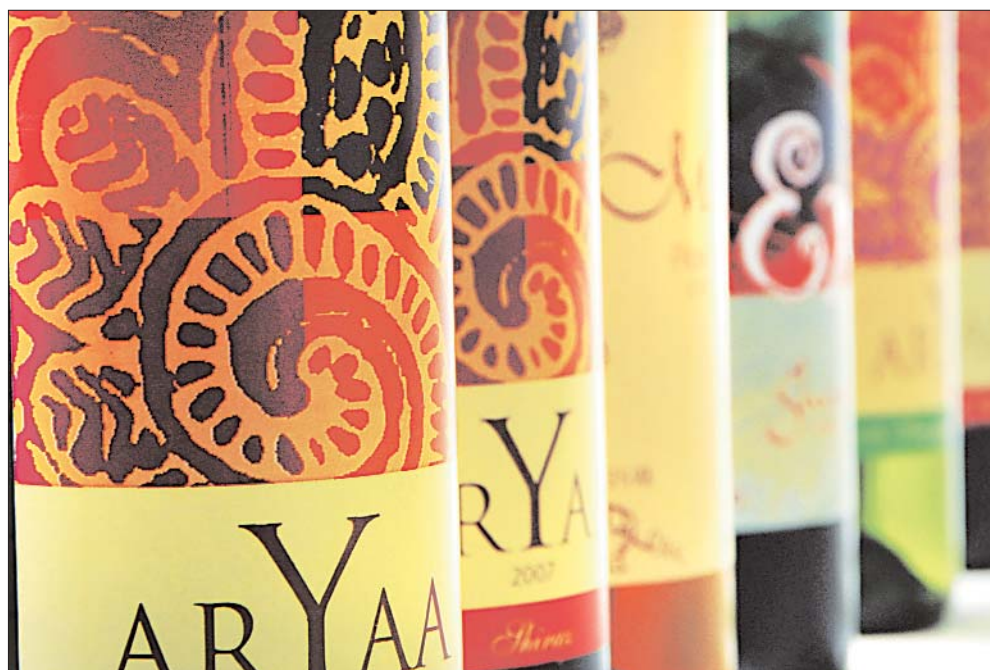
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has to be realised by domestic wine industry, believes Oldne.

Indian wines as a global phenomenon is still a distant future. The current awareness is a novelty. The only way that can be achieved is with more availability. The need for concrete efforts is felt across the industry. Veral Pancholia, MD, Mercury Winery says, "India is not known as wine growing region on the world map. That ice needs to be broken and it can't be possible without the support of government organisations that need to promote brand India wines at international arena. There is a great potential for Indian wines if targeted correctly. Like the coffee board who promotes the Indian coffee across trade fairs globally similarly Agricultural and Processed Food Products Export Development Authority (APEDA) or Indian Grape Processing Board (IGPB) needs to get organised for such promotional activities." Popularity of Indian wines is on an upward growth curve, one of the factors that has contributed to this is the increasing popularity of Indian cuisine. The number of Indian restaurants globally is on the rise, and this, in turn, further fuels the need for Indian wines. Many Indian wines have also been recognised and awarded on international wine platforms like London International Wine Fair, HKTDC wine fair, ProWein, etc. Jain adds that there is a curiosity regarding Indian wines amongst international consumers. "When they come to India they are willing to experiment with Indian wines, they even take some bottles back with them," he quips.

Growing reach

Sonal Holland, divisional head - wine & beverage (all India), ITC Hotels India provides an interesting perspective, "We as Indian's need



to start to speak well of our wines. Indians are currently the worst critics of their own wines. To some extent, it is not unusual for people in an emerging wine country in its early stages of wine consumption curve to show some level of uncertainty and dislike towards their own wines. I believe the pride for one's indigenous product starts to develop once the wines start to command global recognition and acceptance." She adds that there is a need to bring international wine bodies, associations and critics to Indian wineries and have them experience both Indian wines and culture.

Taking cue from this thought is the fact that Indian high-ended fine-dining restaurants have a limited list of Indian wines on their menus. The tendency when observed shows that Indian wines are limited to the better known and popular brands; the smaller brands producing good wines find it difficult to make it to these lists. A typical wine list would enlist the region, the awards, the varietal, the house, etc, for an international wine whereas Indian wines often don't even get a mention of the brand names or the grape varietal. The ratio of imported

versus domestic wines have always been around 80:20. Internationally restaurants take great pride in putting the local wines first on their wine lists. Jain says that the discrimination is not because that they don't believe in the quality but because of cost. Hotels in India get international wines without duty which makes those wines far cheaper than Indian wines. It is a challenge that the producers need to work on. "A restaurant that doesn't serve Indian wine is doing a great injustice. Restaurants and hotels of repute do have a few Indian wines on the list and I believe that number will increase with better wines being produced. Most of the time F&B managers or buyers look to tie up exclusively with a winery to get a better deal. While that may be good for the outlet and that particular winery, it isn't good for their guests who are restricted in terms of choice or the wine industry as a whole," adds Agarwal. The fact that there are too many Sauvignon Blanc, Chenin Blanc and Shiraz coming out of India does not help

either. Consumption of wines remain miniscule as compared to our neighbour China. This is despite the fact that an estimated 50 per cent of wine is sold through restaurants, bars, hotels and pubs. The remaining sale is credited to the retailers. While organised retailers have made purchase of wines easy for the Indian consumer, the availability of these outlets are limited to bigger cities. In smaller cities it is the smaller 'wine shops' and state run outlets who are the medium of sales. Jain adds, "Indian wine producers are forced to give much more discount than costs permit. Even to reach the shelf it costs us money." These retailers often do not have the knowledge or the inclination to sell better wines - it is the question of a better margin per bottle for them. Agarwal says, "Retailers often demand schemes that make it unfeasible to sell wine and make a small profit. There's always some new producer with deep pockets that offers schemes that spoil the market which is the real reason why retailers are able to make these demands."



On a training front they need to be churned inside out. They don't have the right knowledge on the infrastructure to sell wine, it is imperative that we remedy this." Storage conditions and familiarity with the basic distinguishing elements of a wine are key factors to traditional retailers becoming successful wine sellers.

Quality assurance

One point that keeps back in all these arguments is the need to improve quality of wines. Even though the quality of wines has seen dramatic improvement it is not enough. Jain says that further improvement will only happen when there are enough players in the market making the competition tougher. With competition producing consistent quality wines there are more chances of India being recognised as a wine producing region on the world wine map. There are horror stories in wine-making industry of India currently like using table grapes, unethical blending, adding sugar, amongst others. Jain says, "Lot of the wine that is available in India is not even wine. They provide 'bang for the buck'; it is a competition between price and alcohol." A lot of it has to do with the cost, the wine business is a high cost one and not many have the passion and commitment required to keep at it. The lack of uniform standards is deeply felt. Subhasis Ganguli, president, Calcutta Wine Club says, "There are no laws in place in India which regulate the growing of vines and the making of wines in terms of quality. There are no laws which govern the labeling of wine bottles, and as a result of which producers often put names of grapes which are not even grown. There are no laws which state the minimum quantity a grape must have, to be able to put on the label."

IGPB recently introduced the wine standards as Indian wines have become OVI member but it's still to see regulations like the French Apellation d'Origine Controlle (AOC) for wine production. Holland also says, "Most often I hear these tales from wine producers themselves, when they speak of their competition. Adding sugar or even water to the wine is not uncommon in other markets particularly California and Australia, but the intent to not disclose it makes it unethical. A wine-

maker may make certain adjustments to wine both physically or chemically, but the intent is always more important than the act. Having said that, it is time for India to regulate wine production. India at the least, requires to put in place, a quality programme that administers wine production and a label integrity programme that requires disclosure of sources of grape varieties, blend compositions and chemical manipulations

of wines."

Policies pertaining wines in India are still very prohibitive. Pancholia explains, "Currently 42 states of India have their own rules and label fees thus stopping the producers to market wines across pan India due to the heavily regulated and high fees." Andhra Pradesh has increased on domestic wines 150 per cent. Rajasthan government has policy where domestic wines have to pay ₹ 75,000 per brand per

varietal and imported wine has to pay ₹ 5000. These directly affect the much needed consumer consumption. For a wine producing company, Patil says that it will save a lot of administrative hassles involved in the registration and printing of state-specific labels, absurd excise structures in some states. To lobby for these issues there has to be a body with some power that includes not only producers but the entire

distribution channel and consumer representatives as well. There is also a demand from the industry to consider wines food product and should be governed by the laws/rules as applicable to the food processing industry. Consequently, one should be allowed to promote/advertise the category, as the case may be. This will go a long way in spreading the wine culture. A free trade zone for wines within India would help the industry to grow. ■

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