INTERVIEW: DARIOUSH AFZALI

DIRECTOR-MARKETING, SABMILLER INDIA

Looking at driving market share in more profitable states

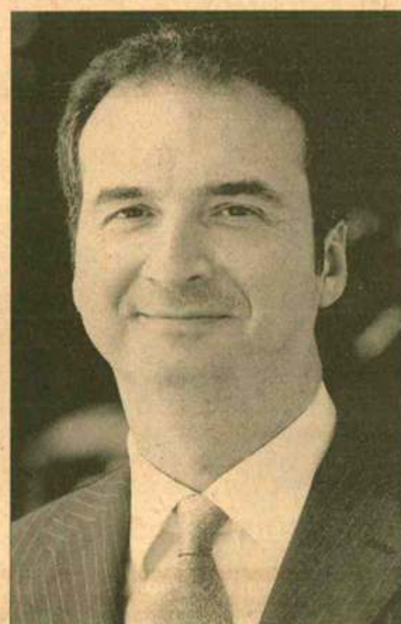
SABMiller India, the country's second-largest brewer after United Breweries, has been a key player in the strong beer segment with brands like Haywards 5000 and Knockout. It is now eyeing the premium end of the strong beer market with a new brand, Miller Ace, that will take on Carlsberg's Elephant and Budweiser's Magnum. ***Darioush Afzali****, director-marketing at SABMiller India, tells* ***Ajay Sukumaran*** *that the brewer now has a wider portfolio of brands than others and it will continue to focus on key states where margins are better, rather than chase high volumes. Excerpts*

Haywards 5000 has traditionally been a big brand in the strong beer market. How do you see the market in the premium segment?

Haywards 5000 was the first brand defining the strong beer segment. Since then, other players have come up and the segment is now the biggest — over 80% of all beer consumed is strong. The premium segment has started with mild beer because most European and American beers typically have less than 5% alcohol content. With the mainstream being strong, consumers want to trade up, but they still want to have the taste of strong beer. The opportunity clearly opens up for a premium strong segment.

How fast is the premium beer market growing?

The beer industry has been growing over the past 7-8 years at about 10-12% annually. The premium segment, which obviously has a much smaller base, has been continuously outperforming that. If you look at the last two years, premium has a CAGR of 39.2%, which is significantly higher than the industry's growth. The premium segment's volume today won't be more than 3-4% of the overall industry, but when you go into major metros the contribution increases to 7-9%.



How does growth for the overall industry look after last fiscal's poor show?

Last year, the industry didn't perform very well because of two major reasons. First, significant excise tax increases in big states like Maharashtra and Punjab, which resulted in increased consumer price. On top of that, you had one of the strongest monsoons in the last 20 years, and a combination of these two things clearly changes drinking behavior.

But we saw in 2014 that growth is coming back, like earlier, and when you look at it long term, we believe 2013 was an aberration. This year, we are seeing a significant opportunity for growth and we believe the market will perform well for a long time to come.

SABMiller has been battling losses for the past few years with its national market share dropping from 35% earlier. What's the strategy to take it back to black?

What we are looking at is driving market share in states where we can make profits. Every market will be more or less profitable, but there are certain markets that are more profitable for us. In such markets, we have been driving market share, growing ahead of the industry.

From the portfolio perspective, we want to offer consumers a portfolio of brands, packs and liquids that will fit into diverse needs and occasions. We have a wide portfolio of brands, wider than anyone else currently.

What are your expectations this fiscal, given Fosters' recent re-launch and entry into the premium strong segment with Miller Ace?

I think we are quite optimistic. We are now in a place where we have a strong portfolio of brands that are, by all means, healthy when you look at consumers' response. And, again, in states where we have chosen to play the winning game in terms of driving market share, we are gaining. So, those are all positive indicators for me and that should translate into better revenues, better margin and, hopefully, better results at the end of the fiscal.