

Whisky Priestess

With erstwhile liquor barons fading into the sunset, the stage may well be set for emerging baroness Lisa Srao

:: Ullekh NP

As a kid who grew up in the UK in the 1970s, Indian-origin entrepreneur Lisa Srao wanted to be a marine biologist. She didn't become one, but she still gets to encounter sharks, which are aplenty in the waters she's plunged into: India's \$9-billion liquor business, which though relatively cleaner than it was during the years of the thekedari (contractor) system, is still pretty much a male-dominated industry.

Srao's knowledge of drinks comes from her family, personal interest and a passion for business. Her father Amarinder Singh Srao, now 72, was born in Punjab's Patiala district – which inspired the stiff Patiala Peg (equivalent to 120 ml of alcohol) – before he relocated to the UK decades ago to trade in liquor. He also went on to found the popular British beer, Double Dutch.

The daughter, now 41, didn't follow in the footsteps of the father until a few years ago. By then she had worked as a marketing professional in media and entertainment organisations such as News Corporation, Vivendi Universal and Viacom, as well as FedEx, in the UK.


India Calling

Srao shifted to India in 2003 after her marriage to Manoj Varma, an entrepreneur with interests in several segments, including high-end clubs; he recently set up Sanctum, a Bangalore-based exclusive club for the high and mighty.

Till 2008, Srao was busy raising her two children Isabella (8) and Marcus (5). It was when she could find some free time away from them that this Aston University graduate decided to set up a business of her own. Srao floated I Brands Beverages in 2008 and launched products – two whisky and one rum brands – two years later across several states, including Punjab, Haryana, Goa, Himachal Pradesh, Uttarakhand, Arunachal Pradesh and Pondicherry; her company sells the flagship product Three Royals whisky besides Granton (whisky) and the “Jamaican-flavoured” rum brand, Rum99.

“We plan to be present in around 12 states, including in the south by year end,” says the vivacious go-getter.

For someone who loves the world's exquisite wines, Srao surprised everyone by launching mass market whisky and rum brands – those in the range of ₹300 to ₹700. The strategy: provide affordable “premium” brands, basically mass-market products that consumers feel have something extra.

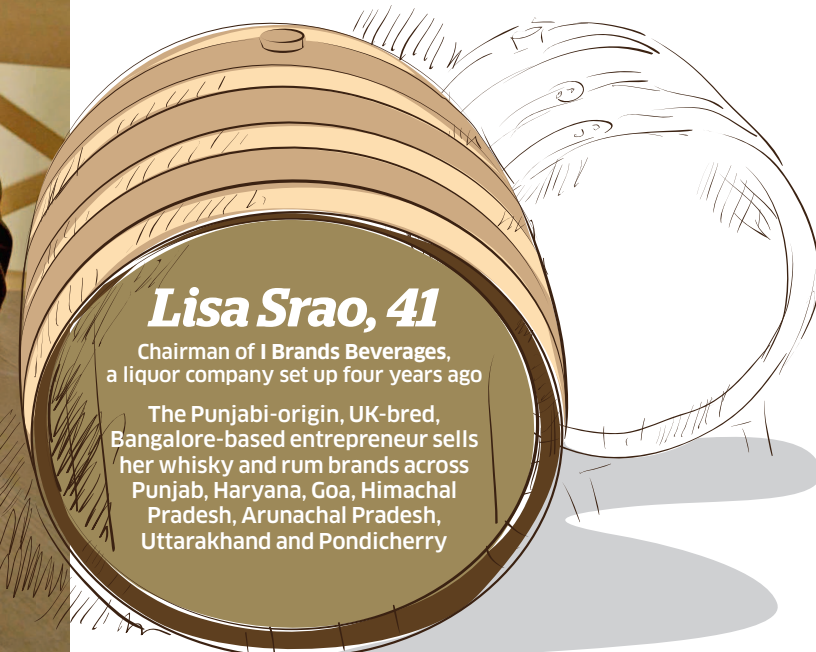


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Lisa Srao, 41

Chairman of I Brands Beverages, a liquor company set up four years ago

The Punjabi-origin, UK-bred, Bangalore-based entrepreneur sells her whisky and rum brands across Punjab, Haryana, Goa, Himachal Pradesh, Arunachal Pradesh, Uttarakhand and Pondicherry





Numbers Game

\$9 bn

IS THE SIZE OF THE INDIAN LIQUOR MARKET

80%

IS THE SHARE OF WHISKY SEGMENT IN INDIA'S LIQUOR BUSINESS

Action Plan

I Brands Beverages plans to **enter metro markets** like Delhi by next year & **12 states by 2013-end**

₹100cr

is the revenue expected in five years

₹20cr

is the investment made, a 10th of it in R&D

Target Market

LOWER MIDDLE CLASS WHICH CRAVES FOR AFFORDABLE 'PREMIUM DRINKS'

Competing Brands

ROYAL STAG, OFFICER'S CHOICE AND BLENDERS PRIDE

Business Logic

Srao found the "Royal Stag-Blenders Pride" segment to be under-utilised. She feels that since the middle class in India is growing, there is huge scope for "international standard quality value-for-money products" in this segment.

View from Ashore

Before she launched I Brands, Srao spent two years in research and development to ensure that she had the right product for the right market. "The segment I chose is lucrative as whisky is 80% of India's liquor market. However, I didn't find any top of the line quality products in the premium mass market segment, and this is where I found my niche and positioned my products," says Srao.

Although her products promise a tinge of luxury, Srao is clear that is not the segment she wants to be in. "To make high-end single malts is difficult to achieve in India, though not impossible. Scotland makes some of the best because of the quality of its water."

Instead Srao was blown away by the immense potential for products in "the under-utilised" premium mass market segment. The Indian liquor market, which is the world's third largest, is growing at 8% a year. According to a June 2013 study by IndigoEdge, a management consultancy, the key factors that contribute to the rapid rise of the local liquor market are a growing young population, an increase in the number of homegrown brands and high disposable income. Nearly 60% of India's population is below 30 years and more than 50% in the working age group of 22-54 years.

Meanwhile, with the beer market expected to double over the next five years and preference for white spirits rising, Srao expects to launch her father's Double Dutch and a vodka brand too in India.

Testing the Waters

Srao says the initial phases of entering the market were incredibly difficult. The industry is complex and certain dealings were very challenging, she says. "As new entrants the trade did not initially accept us, no distributors wanted to work with us, nobody believed what we wanted to do was possible," she says emphasising that "being a woman was incredibly challenging in an industry that is very male-dominated".

Many told Srao that she would soon be starting at failure. "But today we are at over 3,000 points of sale and growing rapidly. I am a born entrepreneur, and feel that one can achieve anything if one puts his/her mind to it. That said, succeeding in this business requires a lot of nerve and courage," says Srao whose business icons include Apple founder Steve Jobs and Virgin CEO Richard Branson.

Srao often uses the expression, Asian and Indian palate. "People of different regions and economic categories prefer different tastes," she explains, adding that she had to alter the blend in her Granton whisky because it was initially mild and low in alcohol content. "Our research showed that the [target] group which preferred such a premium mass market drink wanted to get a kick which forced us to change our blend," recalls Srao who also plans to launch a rare French brandy and an imported wine collection this year.

Srao is in no hurry and is keen to enjoy the business-building exercise. "We don't want to be like those who enter the segment

On the Menu

Granton

Three Royals (whisky)

Rum 99

Products in the pipeline

A premium brandy label in the south; also exploring launch of Double Dutch beer, originally founded many decades ago in the UK by her father

Drink for Thought

Favourite authors: Khalil Gibran, Paulo Coelho

Favourite business leaders: Richard Branson, Steve Jobs

Favourite political figure: Abraham Lincoln

Favourite drinks: Veuve Clicquot champagne, Bruichladdich whisky and Three Royals



and then fail," avers Srao who spent ₹20 crore to set up the business. She expects to post revenues of ₹100 crore over the next five years. The company did not disclose current revenues. "I Brands will spend ₹150 crore more over the next 10 years to go pan-India and enter metros such as Delhi and Mumbai," adds Srao.

Deep Dive

"I won't say she won't succeed, but I must say that it is tough for a woman to do well in the liquor business because it is still male-dominated and is known for cut-throat competition and unscrupulous ways," says an industry veteran who asked not to be named.

The good news for Srao is that with the arrival of a number of global brands in the Indian market over the past couple of decades, the thekedari system has taken a hit. As Ravi Nedungadi, president and CFO of the United Breweries Group, points out, this shady system was a bane for new entrants. "One had

to break the stereotype of the liquor industry being run by the wheel-dealer types, the 'thekedars', by building brands and winning over aficionados," he says.

Srao seems to know it only too well. "We are a new player and have laid a solid base and foundation in the states we are in. It would take an international player at least five years to achieve what we have managed to achieve [in three years]," says Srao who adds that she often derives inspiration from her father. "He is my mentor and my guide."

She says what clicked for her is a team effort. "Without my fabulous group of young men and women we would not have achieved such great success so soon," Srao says referring to some 70-plus people who work for her. Currently, I Brands has one bottling plant in Derabassi in Punjab and plans to set up two more plants very soon, one in the north and the other in south India. She didn't disclose the details of the plan.

"I sit and chat with my sales guys about monthly targets, my quality managers on my blends, my agency on ad development, my managers on new states licences, and I love it! My husband listens in sometimes and is surprised by the knowledge I have amassed," she says laughing.

Man's World

Assessing Srao's chances, Deepak Roy, executive chairman and vice-president of Allied Blenders & Distillers, says what is more important than gender is strategy. "If you have a right strategy, you will succeed," he says. Roy can't see any reason why women can't strike gold in this burgeoning industry. "That argument against women is as farcical as saying a teetotaler can't manage a liquor business. I am an example [of a teetotaler] handling a drinks business," he adds. "Their [I Brands] strategy not to enter metros initially is not a bad option. Taking a semi-urban route to success before finally entering metros isn't bad business logic," he says. "We are present in Gurgaon and Delhi isn't far," says Srao who vouches that though she isn't a whisky connoisseur – unlike her husband Varma – she occasionally enjoys a good dram of Three Royals, her own luxury mass market brand.

For his part, Roy notes that what is crucial is churning out products with a difference. I Brands, which sees Seagram's and United Spirits (into which Diageo has bought) as major competitors, boasts of better bottle design and blend.

An avid science fiction fan who admires Abraham Lincoln, practices power yoga, paints and has an eclectic taste in music, Srao says she enjoys the best of luxury – from Merce to Tom Ford and Rolex to Diane von Furstenberg. But when it comes to business, she's clear where the opportunity lies: in the mass market by offering products perceived to be international. And then she goes on to invoke a line from Apple's Think Different campaign: "The people who are crazy enough to think they can change the world are the ones who do." Is Diageo listening? ■