Brewing Up a Storm

Mapping the Growth of India's Craft Beer Market

The Strategy Boutique

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Introduction

Section 1

1. Introduction

The wave which started with the launch of Doolally nearly a decade back, in Pune circa 2009, has evolved into a movement providing a new direction to India's beer culture. One which promises to bottle a bit of India in your beer, in some cases in a sustainable manner for a better earth.

India's craft beer surge has resulted in the emergence of over 200 microbreweries with multiple outlets selling several variants using regional brewing styles and methods. With a rising number of Indian consumers gravitating towards beers made for them by boutique brands, the industry has been growing at sustained levels over the years. The last 5 years have particularly seen a recent uptake in the interest in this niche industry with brands such as Kati Patang (2018), Meduca (2018) and White Rhino (2016) beginning to enter the mainstream conversation and attracting the attention of venture capital. The market has seen a flurry of new brands attempting to move the Indian consumer from mass produced commercial lager to indigenous brands "Imagined in India".

Tracing the evolving beer culture in India is a highly interesting activity. It is a relatively accurate representation of the maturing Indian consumer. Demand in the early 2000's was anchored in frothy commercial lager – mostly serviced by Kingfisher and Haywards 5000 (with the likes of Singha thrown in from time to time). What governed the consumer decision then was the content of alcohol and the price tag. Today, consumers are drifting away from the mass-produced lager and are demanding artisanal products that are tailored for them. The reasoning of these consumers to make this shift are multiple and diverse. Be it the experimental consumer between the age of 20 and 45 craving a multisensory experience in their beer or the consumer chasing a premium and aspirational feel in their drink. The implication however remains the same – the market for artisanal indigenous beer brands is here. Mega and macro breweries entering the segment by launching and acquiring local brands is another clear indication of the market's popularity.

What remains a question however is whether this market is here to stay, and if so, then in what capacity? This report seeks to answer whether this market is a bubble or indeed the start of India's next phase in the industry.

Craft beer is a premium alternative to a beverage already treated as a relatively elite product in the subcontinent. There are approximately 200 million beer consumers in India and the lack of a 'typical' beer consumer poses a problem in the road of scalability in this market. Further, numerous craft brands are currently in the cash burn phase. The commercial viability of this market is also questionable at this point of time with brands facing a host of challenges including distribution roadblocks.

This report aims to analyze all the questions above and understand the implications on the consumer front including whether the Indian consumer will be left with plenty to choose from, or will the commercial lager prevail.

Global Overview

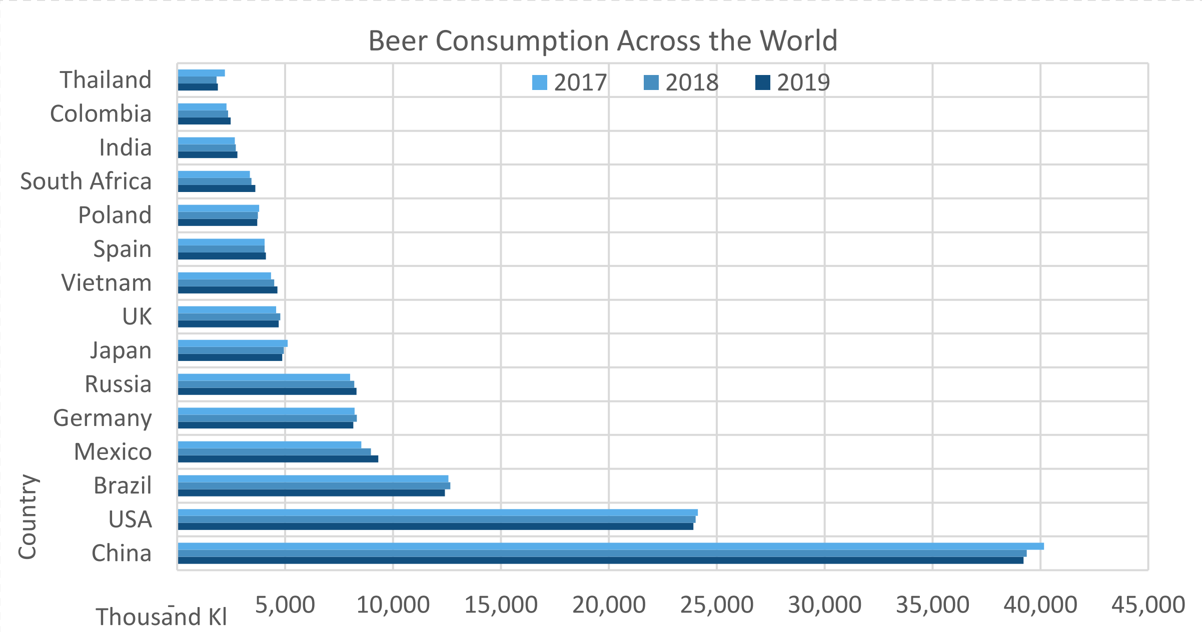
Section 2

2.1 History of Craft Beer

The historical advent of craft breweries is arguably difficult to identify, here we discuss the craft beer renaissance started by the Steam Beer Company of San Francisco with a capacity of 50,000 barrels in the US in 1965. When the advances in technologies and ease in transportation had not yet occurred, regional breweries flourished in different parts of the world, isolated from each other. The craft beer revolution in the Netherlands began in 1981 with the opening of the first new brewery since World War II. In Italy, the first brewpub opened in 1988 and craft brewing began in Australia around 1980. Historical timeline tracking for the identification of a specific moment becomes difficult in countries with a long tradition of specialty beers, such as Belgium and UK. In the last decade, the number of craft breweries have risen in the traditional and non-traditional beer-producing nations, by around 350% in the UK and around 480% in the US respectively.

2.2 Global Beer Appetite

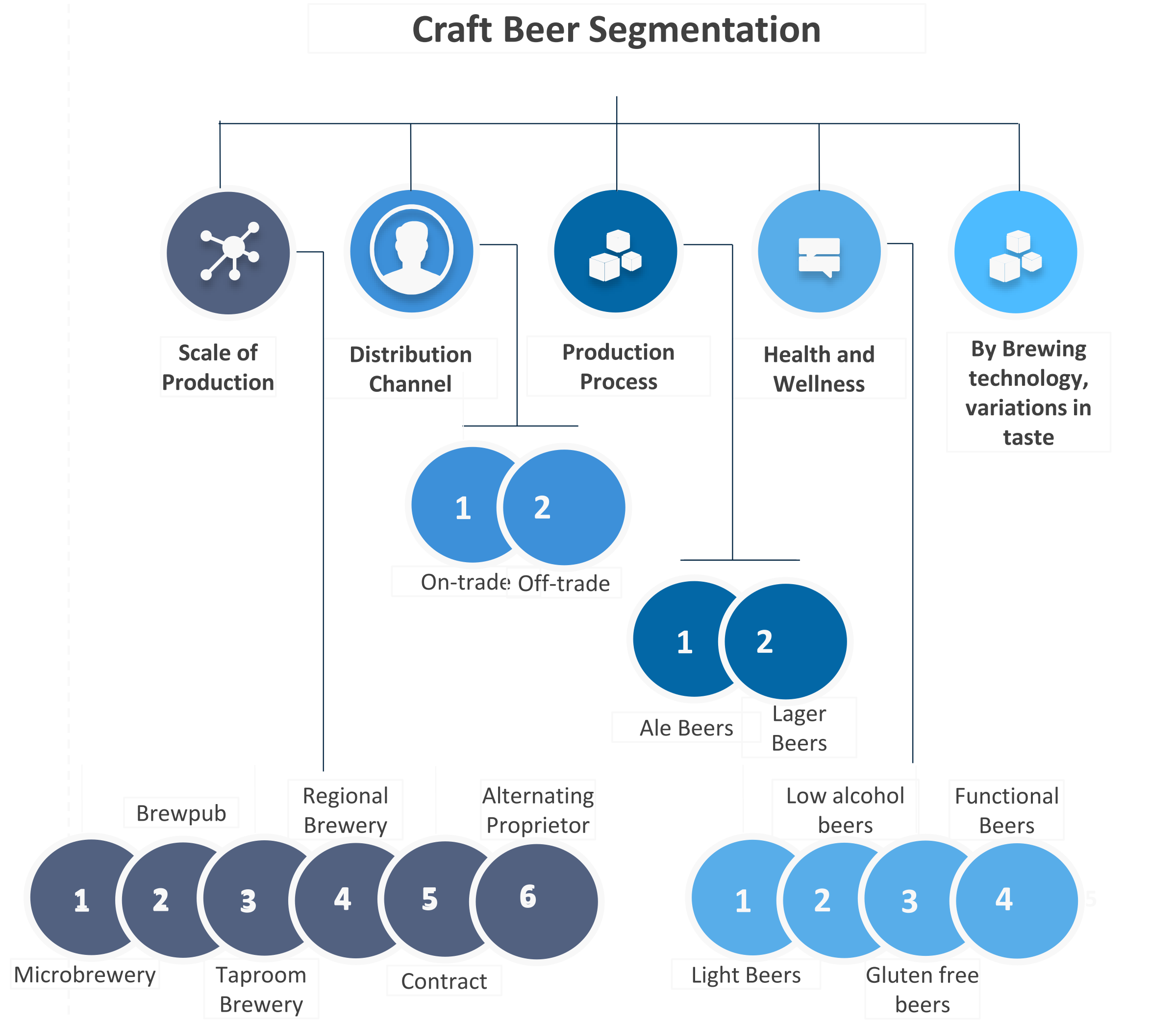
The new movement was brought along by a global consumer who indicated a preference towards distinct, refined sensory and higher quality products. Over the past years craft breweries have harnessed and grown from this new demand. In the period 2021-2027, the global craft beer market is expected to grow at a CAGR of 17.04%. In the Asia Pacific region, the largest share of consumer demand is held, with countries like China and India, expected to have large sales and driving the consumption of beer. This growing trend is a result of rising demand for unique flavors, rapid urbanization and increasing disposable incomes. China has shown a growth in craft breweries equivalent to 250%, with more than 1000 breweries functioning in the country. North America follows, with the consumer demand second largest and the growing craft breweries contribute to a regional market growth. In Europe, the demand for premium beers is rising, whereas growing urban centers are supporting growth in the Middle East and Africa.



2.3 Market Segmentation

Globally, the term is understood based on the size of the firm, production volume, raw materials used, degree of independence and the technology used for brewing, among other parameters. These aspects facilitate a segmentation that illustrates the intricacies of the craft beer market.

allows for segmentation into; ***microbreweries*** - minimum production quantity, ***brewpub*** - sale of beer at the site of production coupled with significant food services, ***taproom brewery*** - similar to brewpub but doesn't operate significant food services, ***regional brewery*** - significant large annual beer production, ***contract brewing company*** - brewing companies outsourcing their production to other breweries and ***alternating proprietor*** - a licensed tenant brewery.



2.3.1 Scale of Production

The first aspect defines the craft brewery based on the scale of production given by the output of beer per year. While the output of beer is defined differently across the globe, the scope of the craft beer

2.3.2 Distribution Channel

In addition to the production capacity, by distribution channel, the craft beer players can be segmented into ***on-trade*** and ***off-trade***. The former segment includes outlets such as bars, coffee shops, clubs, restaurants and hotels. In comparison to the off-trade channel, the on-trade channel offers the craft beer customers the culture and experience that is responsible for the growth of the craft beer industry.

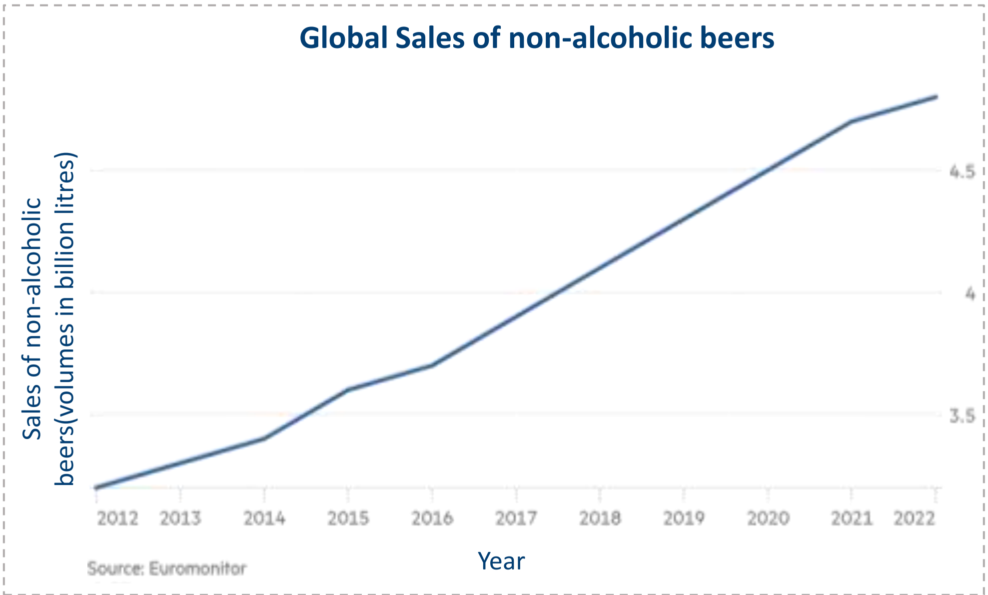
2.3.3 Production Process

The third aspect refers to the type of fermentation and the selection of yeast strain. The classification stresses on the flocculation behavior during fermentation, given by two large groups: ***Ale beers*** and ***Lager beers***. Ale yeasts, also referred to as top yeasts, represent only a small percentage of total beer consumption around the globe, common only in Britain, Germany, Canada's eastern provinces, Belgium and the US. Some examples from around the globe include Britain's English Pale Ale, Brown and Robust Porter, Germany's Kolsch, Belgium's Lambic and Weissbier from Germany. Lager yeast, also known as bottom-fermenting yeast, is the dominant segment that represents more than 90% of the beer production worldwide. Germany's Pils, Munich Dunkel, Maibock, US's Classic American Pilsner are a few classic examples of this class of yeast.

2.3.4 Wellness and Health Consciousness

A growing health consciousness and transforming perceptions on health and nutrition have aided in the emergence of light or low-calorie beers, low alcohol beers, gluten free beers and functional beers. ***Light beers*** contain at least one third less calories than conventional beers, ***low alcohol beers*** have emerged due to health and safety concerns along with strict social regulations. Gaining importance in the market, ***gluten free beers*** are a niche market addressing the increasing demand of gluten free products. The emerging wellness trend has launched in the craft beer market in the form of ***functional beers***. These are another form of low-calorie beers, often marketed to athletes as beers with reduced alcohol, gluten, sugar and carbohydrates and sustained taste.

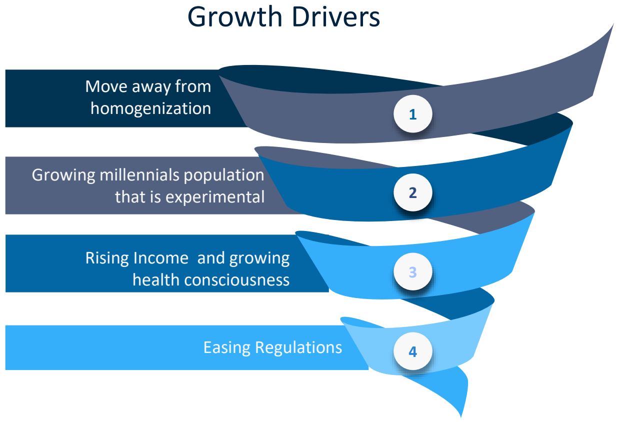
The craft beer market can be further segmented based on the brewing technology used, demographics and perceptions of its consumer and finally, variations in taste and color based on the ingredients utilized. Section 3.4 discusses consumer behavior and perceptions in the Indian context and contributes to the analysis of whether the market is a bubble or here to grow.



2.4 Demand and Supply Drivers

The birth of the craft beer industry was influenced by several factors and its continuous growth evolves with the changing demand and supply side factors.

Growth Drivers



2.4.1 Demand Side Drivers

Move away from homogenization

A growing millennial population is showing an increased interest in local products and environmental and sustainability considerations. Moreover, with millennials entering and gaining eligibility for alcohol consumption, there is a growing demand driven by Gen Y.

Move towards premiumization

As the consumers show preferences towards features lacking in the mass-market such as challenging tastes, quirkiness and authenticity of craft breweries, there is a greater demand for the premium experience offered by the craft breweries.

Experimental Attitudes

The love for novelty and adventure among the millennials, support the diverse seasonal and local beer choices, driven by the mindset among millennials to try new products.

Health Conscious and Wellness Society

A movement towards health consciousness driven by healthy substitutes, gluten free products and care for wellness, has further augmented the demand for craft breweries that provide healthier, low calorie, low alcohol substitutes to conventional beer. Craft beers contain soluble fibers, B vitamins and antioxidants which further help promote health benefits.

Increasing Social Consciousness

With growing support for local businesses, craft breweries have received an impetus to grow and attract loyalty of the target customer supporting the local movement. Among its popular consumers, craft breweries allow individuals to connect with the community, while sustaining local economies. Smaller production scales of the brewery allow for interaction with the brewers, this shared passion for beer drives community value and promotes the industry.

Rising income

The craft beers are more expensive than the standard lagers. This translates to a higher income consumer buying the craft beers. With millennials gaining purchasing power through rising incomes and a greater consciousness towards what they are consuming and the brands that they support, there is a boost to the industry.

2.4.2 Supply Side Drivers

Easing Regulations

With the beer revolution brewing globally, Indian states have started to ease the regulations and legal issues associated with setting up breweries. The license costs have overtime reduced from ₹10 lakh to around ₹25,000 in some states. Moreover, as states like Maharashtra take a lead in allowing kegging (bottle up and selling beers), relaxation in regulations will follow.

Entrepreneurial Mindset

The craft beer market is no exception to the prevalent romanticization of the start-up culture. The dual impact of craft beer being a relatively untapped market as compared to the larger beer market and the entrepreneurial mindset of the youth has emerged as a supply side growth driver as it pushes the youth to venture into the craft beer startup world.

Barriers to entry

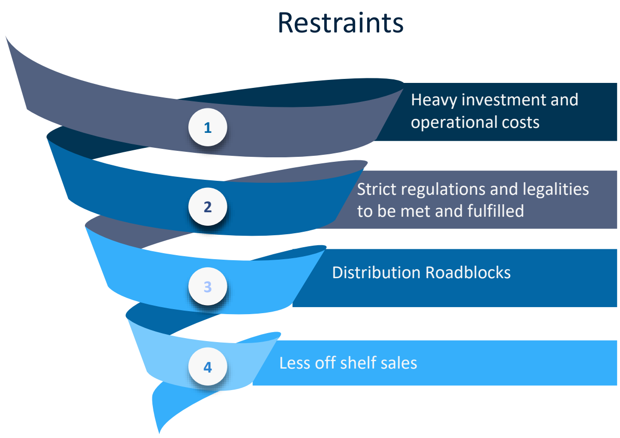
The barriers to entry suggest mixed views on the ease of entry in the craft beer industry. The high investment costs, operational costs, strains in acquiring required equipment and distribution roadblocks suggest a lower viability of entering, whereas the demand side factors coupled with the growing brand loyalty and greater differentiation allow breweries to set up.

Investor interest

Investor preferences are shifting from running hassled restaurants and beverage outlets and instead moving towards production units of craft breweries such that international craft beer brands are looking to collaborate and set up bottling plants in India to retail now. Furthermore, big commercial beer brands will also add value to the craft brewery segment in the coming 2-3 years.

Off the shelf

There is a burgeoning opportunity to produce craft beers off the shelves as there are only a few brands that are sold off the shelves, those include Bira, White Owl and Simba. This is despite the presence of around 170-180 breweries opened over the past decade. While the growing move towards packaging requires increased investment capacities, it seems to open a new distribution channel that is much needed for microbreweries.



Indian Craft Beer Market

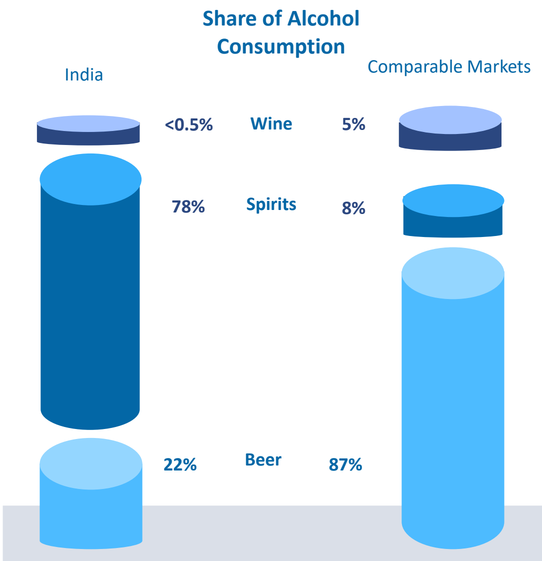
Section 3

3.1 Introduction

The Indian craft beer revolution began with Doolally, in 2006. Since then, more than 170 breweries have emerged across India, with newer ones coming up in Kolkata, Hyderabad, Chandigarh and Goa. Gurgaon and Bangalore with their young urban professional population fuel and concentrate this demand in the regions. Along with brewpubs, brewers such as Gateway have emerged who produce, keg and sell to bars. Steady progression in the state laws have also facilitated growth in the industry, with distinct flavors brewing across growing centers. With a rising number of Indian consumers gravitating towards beers made for them by boutique brands, the industry has been growing at sustained levels over the years. The last 5 years have particularly seen a recent uptake in the interest in this niche industry with brands such as Kati Patang (2018), Meduca (2018) and White Rhino (2016) beginning to enter the mainstream conversation and attracting the attention of venture capital.

3.2 India's Beer Appetite

The Indian consumption of craft beer is expected to increase as a result of the growing population and favorable youth demographic. It is estimated that by 2030, 20% of the world's below 25-year-old will be in India. The overall beer production in India has been consistently rising.



India's beer consumption on the other hand, is far below other emerging economies, indicating the market potential of the market to grow.

3.3 Industry Analysis

The growth of the craft brewery industry in India is reliant on the sustainability of the existing players and the viability and ease of entry for new innovators. The small scale of production that defines the existence of craft breweries, bars them from availing the opportunity of ***economies of scale*** available to the conventional beer industry. While it allows new players to bask in the ease of entrance, smaller scale of production translates to lack of bulk procurement and aggravated distribution channels.

The niche market created for each brand reduces the market dynamics of mass production where there is easier access to ***distribution channels*** and transportation due to the wide availability of conventional beers.

Moreover, craft breweries are considered ***investment heavy*** segments owing to the extensive production process, brewing technology and operational requirements. Industry estimates suggest that setup costs for a microbrewery range from ₹3-6 crores including licenses, rental costs, permit fee that varies from state to state, equipment costs and staff. Investment, operational and wastage costs form a part of huge expenditure for a craft brewery, as the shelf life of the raw materials used is too small.

Moreover, ***brewing equipment*** utilized by craft breweries are often not easily available in India, increasing the reliance on imported equipment that further aggravate the setup costs by including custom duties.

Marketing costs are an essential part of the financial plans for craft breweries. While craft breweries can distinguish themselves and offer unique flavors, the representative brand identity requires similar efforts towards offline and online marketing channels to reach and convert their target customers. As a result of the heavy non-marketing and operational costs, brands tend to neglect the importance of the marketing strategies. About 10% of the initial investment among the craft breweries is expected to be utilized for marketing.

Substitutes in the craft brewing industry come in the form of conventional beers, craft spirits catering to the same customer base and commanding a greater target audience. Craft beers address consumer demand from relatively higher income groups as there is an aura of premiumization and exclusivity that promote the industry. These factors attribute the relatively higher price points commanded by the craft beer industry. The impact of the threat of substitutes on the industry is low as a result of the difference in the drivers to consumer buying behavior in craft beer and conventional beer industry.

Each craft brewery brings its USP through its unique brand identity, distinct flavors, most of the time inspired by regional values and redefine their identity through the technology used for brewing. As a result, there is high ***product differentiation*** associated with craft breweries.

The premiumization surrounding the industry and the higher income profiles of the customers, indicates that the consumers are less ***price sensitive*** to changes. Though price sensitivity varies among the different categories of consumers, which has been discussed in the Section 3.4.

The craft brewery industry in India is heavily ***regulated*** and, in most states, it is only possible to brew and sell beer on the premises. For distribution, there is a need to set up a pub or restaurant to be able to sell beer with the brewery. States providing microbrewery licenses include Haryana, Karnataka and Maharashtra, Punjab and West Bengal. The fee for the permit varies from state to state. State Wise excise policies influence the total cost of setup and operation. Generally, the excise policy is levied on per liter of beer produced and packaged in cartons. For microbreweries that don't package beer, the excise policy is levied based on the ABV (Alcohol by volume). This is calculated monthly or weekly. The tax rate goes up with an increase in ABV. The standard rule of thumb is that microbreweries are not permitted to brew beers that have an ABV over 8%.

The overall analysis of the external forces impacting a potential craft brewery suggests that the while the entry of a new brewery is supported by the low levels of price sensitivity and lower threat from substitutes such as craft spirits and conventional beer, the high costs of entry, strict regulatory environment and difficulties in access to plant equipment, craft brewery industry offers some level of resistance to new entrants. However, the consumer driven craft brewing industry and the rising demand for the product with low number of sellers across India might be a boost that this industry needs. The consumer dynamics of the industry are elaborated in the next section to highlight the impetus of the demand for craft breweries

Porter's Five Forces

FORCE	MODERATE	LOW	LOW	LOW	MODERATE
Parameters	Competitive Rivalry	Bargaining Power of Buyers	Bargaining Power of Suppliers	Threat of Substitutes	Threat of New Entrants
Presence of Substitutes				↑	
High product differentiation	↓			↓	
Low cost of manufacturing	↑				↑
Easy access to raw material	↑		↓		↑
Low price sensitivity					↑
Low number of sellers					↓
High brand loyalty		↓			↓

3.4. Consumer Behavior

The consumers of craft breweries provide an interesting understanding of the unique and intimate consumer culture that the industry prospers from. This is in contrast to mass-produced beers where there is no such consumer culture. Though the interest and demand for craft breweries is emerging, craft beer consumers offer a consumer segmentation based on their affinity for craft beer, preferred style of beer as well as lifestyles embraced by the consumers. The consumption of craft beer is largely considered to be a social act, such that it is more likely to be consumed in social gatherings, while watching sports, eating out, at a party, with friends rather than isolated after work. Cultural aspects associated with the regional brew of the craft breweries and the peers in social gatherings are more likely to influence the consumption of craft beers. Due to the price points of craft breweries such that they are relatively higher than conventional breweries suggest that it is more likely to be consumed by higher and more affluent consumers. The primary age group for beer consumption is 18-30 and more popular among millennials.

3.4.1 Consumer's Decision Making

The purchase decisions for consumers are influenced by three significant factors, quality of the beer, taste and recommendations. For a craft brewery, the quality of beer is influenced by the ingredients utilized and the brewing technology incorporated. The organic and the high-quality products used define the consumer's interest in the brand. Experimentation on taste ranges between the sweetness of the malt and the bitterness of hops, this beer process allows different breweries to specialize in their own product lines. With an infinite flavor notes to experiment and result in tastes and smell that consumers associate and show preferences for. Consumers associate these characteristics with their memories and expectations, the smell of the first brew. These associations are the playing field for craft brewers, influenced by the production process and the marketing strategies.

The decision to buy a craft beer requires relatively less involvement compared to wine as it is a fairly cheap product compared to other alcoholic beverages. Therefore, most consumers take fast decisions, relying on their past experiences, ***heuristics*** such as the availability, representativeness, anchoring and adjustment. Heuristics give quick and practical solutions when consumers are faced with purchasing decisions. ***Availability heuristic*** helps a prospective customer make a purchasing decision based on how accessible the brand is in the consumer's memory. Marketing strategies that stimulate a consumer's memory in order to build an association with the brand are likely to have greater chances of conversions. ***Representative heuristic*** helps the consumer compare the potential purchase to some representative examples. This is where the community driven concept of craft beer props in. A brand that can help communicate an instant feeling of local community among its consumers is more likely to gain conversion. ***Anchoring heuristic*** is the effect of a prior judgment of a product, the anchor, on the consumer's future judgments regarding another product. What this means for a craft brewery brand is that introduction of a more popular flavored and high-quality product would help consumers anchor their consumption on this product. Explorations in the more niche flavors and taste will be more viable post such an anchoring.

3.4.2 Consumer Segmentation

Building on the understanding of the influences of consumer decision making and behavior in the craft beer market, we further look at the different types of consumer in the market. The complexity of human behavior makes it difficult to pin down the decision-making process of a craft brewery consumer into a single process. Inspired from the insights on consumer segments in the industry, a consumer's behavior in the craft beer industry can be analyzed based on six parameters; consumer's level of appreciation for the craft of brewing, their experimental aspirations, their sensitivity towards the price points and the time and efforts involved in the final purchase decision.

The Swashbuckler

For these consumers the quality of beer is of the utmost importance, followed by the experience of indulging in craft beers. They're looking for unique taste profiles and variety and gravitate toward craft brews. They do not show keen interest in educating themselves about the craft of beer making. They're inherently curious about new styles and flavors of beers. Price points do not worry these consumers much as their purchase decision relies significantly on the quality and experience of tasting craft beer. A Swashbuckler's purchase decisions aren't quick but not as long as a Fanatic's.

The Fanatic

A fanatic has a great appreciation for the craft of beer making and ardent visitors of breweries. They strive to educate themselves on all aspects of the industry. They are open to, and interested in trying new styles and flavors. They have a refined taste in beer and carefully choose a beer based on the taste, freshness, and recommendations about the beer, hence the cognition process before purchasing is long. Similar to a swashbuckler, they are less price sensitive as their purchasing behavior is driven by the process and the concept associated with the craft brewery.

The Stalwart

These consumers are loyal to certain brands and beers. Factors such as location, convenience, local economy or season (time of year) have an effect on their decision of purchasing. Hence, these consumers are less experimental with new flavors and tastes. Their interest in the beer means that their confidence in what they like doesn't make them curious in understanding the process of craft beer making. These consumers are not price sensitive towards the brands that they are loyal to. Since they know what they want, they are quick decision makers. These are the core beer drinkers; they do a lot of their imbibing on premise and tend to socialize around beer and sports.

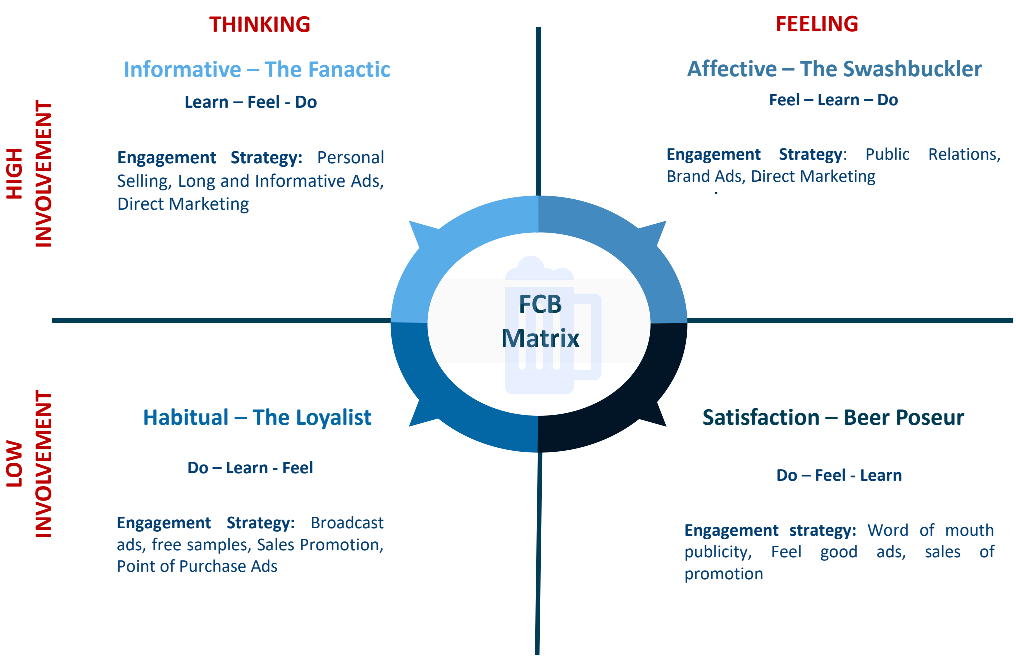
The Beer Poseur

The next segment of consumers is better known as beer poseur. These are premium and super-premium beer drinkers. Their decision making is significantly affected by the price of the beer. The exclusivity around higher prices drives their purchase. Hence, their sensitivity towards the price is negligible. Their experimentation with flavors as well as the appreciation for the craft is negligible. They are quick decision makers, as they rely solely on the premium nature of the brew to take a decision. As trend setters, these consumers are all about creating memorable events around social occasions. Food and beer pairings are a popular way for them to socialize.

The Casual Sipper

Finally, we have casual sippers, beer is not their first beverage of choice. Their appreciation for the craft of beer making and experimental attributes is negligible. They are highly sensitive to price points as their interest in the craft beers is influenced by their social setting. They are quick decision makers for the same reason. Sippers are spurring the growth of sweeter, fruity beers.

To understand the purchasing process of among the consumer segments is examined using Richard Vaughn's FCB Matrix. A Swashbuckler takes a purchasing decision based on their emotions, without heavy evaluation of alternatives. A fanatic takes a lot of time thinking before making a decision. A loyalist relies on his regular choice to make a decision and a beer poseur, takes the decision and then understands the satisfaction related to the consumption. Such an explanation of the consumer behavior suggests the pursual of marketing and advertising strategies. These engagement strategies have been further summarized in the figure below.



3.5 Restrategising with COVID-19

An ongoing pandemic and its uncertain restrictions and lockdowns have affected all craft breweries especially those relying on on-site sale of their brews. Commanding the current circumstance becomes imperative for craft breweries to cover their overhead costs and stay afloat. Some trends dominating the market as a result of the pandemic have been further discusses here.

Individual Drinking Experience

As discussed in the last section, drinking beer especially of the craft variety is perceived as a social activity. In the ongoing pandemic with unexpected lockdowns and augmenting restrictions, introducing beer drinking as an individual experience such as customers can enjoy a beer or two alone at home seems to be the next rational step to this change. The introduction of individual drinking experience would require breweries to evaluate all the potential touchpoints between the customer and the beer such that customer preferences for each occasion is marked. Consumer of craft beer might prefer a fruity beer while reading a book, a light beer during Netflix and a hoppy one over dinner.

New sales channels

With the pandemic, an essential channel of reaching customers is given by home deliveries and pick-ups. For small brewers, relying on premise services till now, this trend becomes an important aspect of reaching their distant and isolated customers. The shift to these new sales channels depends largely on the state-wise regulations on home delivery of alcoholic beverages. The permission to fill craft beer in growlers and deliver to customers at their homes plays a big role in survival of microbreweries in Maharashtra and Karnataka during the times of pandemic.

Virtual Events

Craft beer customers from all age groups have experienced increase reliance on the digitalization trend to meet their daily requirements and sustain in the periods of lockdowns and intensified health situation. The craft breweries are conquering this trend by hosting quizzes, live events and show online to attract more customers with an option to deliver growlers to their home so they can join live events whilst sipping and enjoying beers from the comfort of their home. Introduction of virtual events is a marketing strategy that is here to stay and will also assist in introduction of the individual drinking experience among the brew lovers.

Immunity Boosters

Grappling on the already booming health-conscious preferences of the consumers, craft breweries can add immunity boosting ingredients in their recipe mix to cater to a pandemic affected market.

Packaging

The closure of taprooms, restaurants and bars has drastically impacted craft beer sales. Craft breweries that sold off-site, could survive the downturn with their packaged beverage sales. Introduction of single-use, single serve and other off-premise packaging is the saving grace for the craft breweries traditionally relying on only serving on-premise. For packaging, brewers also rely on glass growlers and aluminum crowlers to sell draft products to-go.

Way Forward

Section 4

4 Way Forward

A growing market potential displayed as a result of the demand side factors, driven by experimental consumers between the age of 20 and 45, aspirational and premium aspects of the industry and the move away from homogenization is countered by some significant market roadblocks. The difficult regulatory environment, with legal requirements varying across states, coupled with the need of heavy investment towards equipment, operational and marketing costs and distribution roadblocks form a large part of the industry's market situation.

While the growth of craft breweries with diverse and distinct tastes is proliferating in India as a new and emerging market, the breweries already present in the industry are currently in a cash burn phase. Such financial outlook forces the breweries to think about mass production to battle the initial years of cash burn. For new craft breweries wishing to setup at a considerably large capacity compared to the industry standards is expected to face a commercially inviable market.

These barriers to entry and existence are countered by the growing sense of community among the target audience. The millennials form a large part of the customer base for craft breweries. Their sensitization towards local community and the concern to grow local businesses, might be the impetus this industry needs.

Our analysis is suggestive of a sustainable market for craft breweries beginning to develop in the next 3-5 years. As existing firms phase out of the cash burn phase and the familiarity with the craft beer experience rises among all, there will be a significant growth potential in the industry. Moreover, a strong investor confidence in the industry validates the sustainability of the industry.

Our consumer behavioral analysis suggests that consumers in the industry are overall more likely to buy craft beers in social settings. The COVID-19 pandemic has impacted the consumer's overall experience of visiting breweries and purchasing brews from an elaborate list of varieties. With the growing lockdowns and social distancing norms, the consumer misses out on the social impetus defining its purchasing decision. Craft breweries will need to battle this and help consumers associate with the brand digitally. For craft breweries this means that there need to be online beer festivals, membership for ardent customers of brews and enhanced community development efforts. Bringing the in-pub experience of the craft brewery to the customer's home is the key recovery factor for this industry. Moreover, as the demand for craft breweries is largely concentrated in Tier-1 cities, understanding the potential customers in the Tier-2 cities will allow for growing market potential. A guide to recognizing consumer behavior in the industry is understood through the stalwarts, the fanatic, the beer poseur, the swashbuckler and the casual sipper. Consumer driven market of craft breweries has the potential to grow significantly in the next few years.

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