

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

**Post:** New Delhi

### **Mobile and E-Commerce Grocery Retail and Food Service Bloom**

**Report Categories:**

Agriculture in the Economy

Agriculture in the News

Food Service - Hotel Restaurant Institutional

Retail Foods

Snack Foods

Fresh Fruit

Promotion Opportunities

**Approved By:**

Adam Branson

**Prepared By:**

Priya Jashnani

**Report Highlights:**

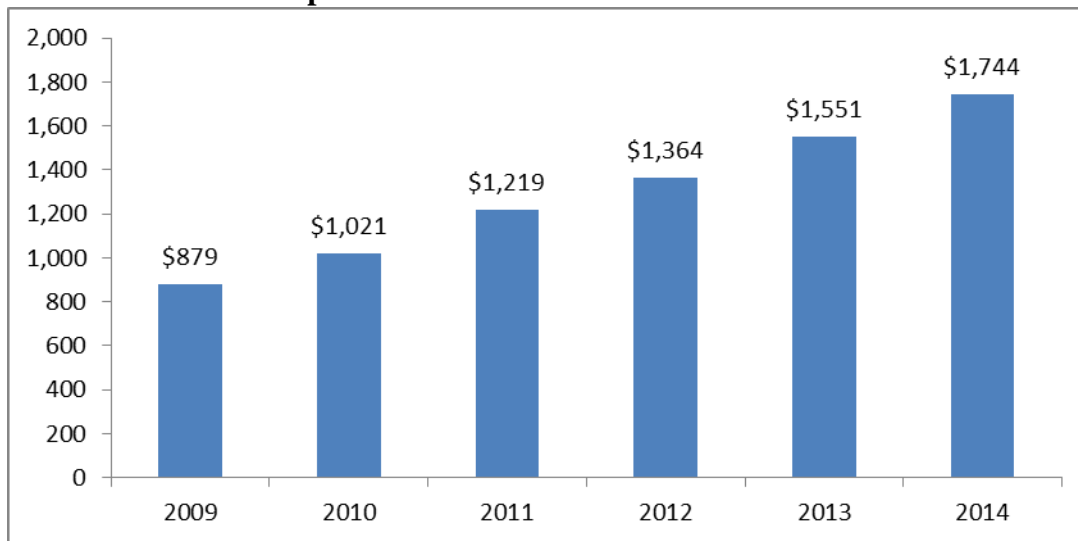
India is the sixth largest grocery market in the world and one of the fastest growing markets for online grocery sales. There are approximately 74 online grocery portals; up from 42 in September 2014. E-commerce in India is at an early but rapidly growing stage. Companies should consider whether this format creates new marketing opportunities or can supplement retailing for brick-and-mortar retailers to take advantage of the conditions and prospects detailed herein.

## General Information:

### Consumer Demographics, Income-Expenditure and Internet Users Overview

With a population exceeding 1.2 billion and a rapidly growing retail market, India's e-commerce sector is becoming the next hot spot for many domestic and global players. About 32 percent of India's population is classified as urban and nearly 65 percent is under the age of 30. The country's per capita income level is steadily growing with its young population actively joining the workforce. Although skewed by a large percentage of low-income earners, India's per capita annual income was \$1744 (INR 105,000) in 2014, up 12 percent from 2013.

**Chart 1. India: Per Capita Annual Income 2009 - 2014**

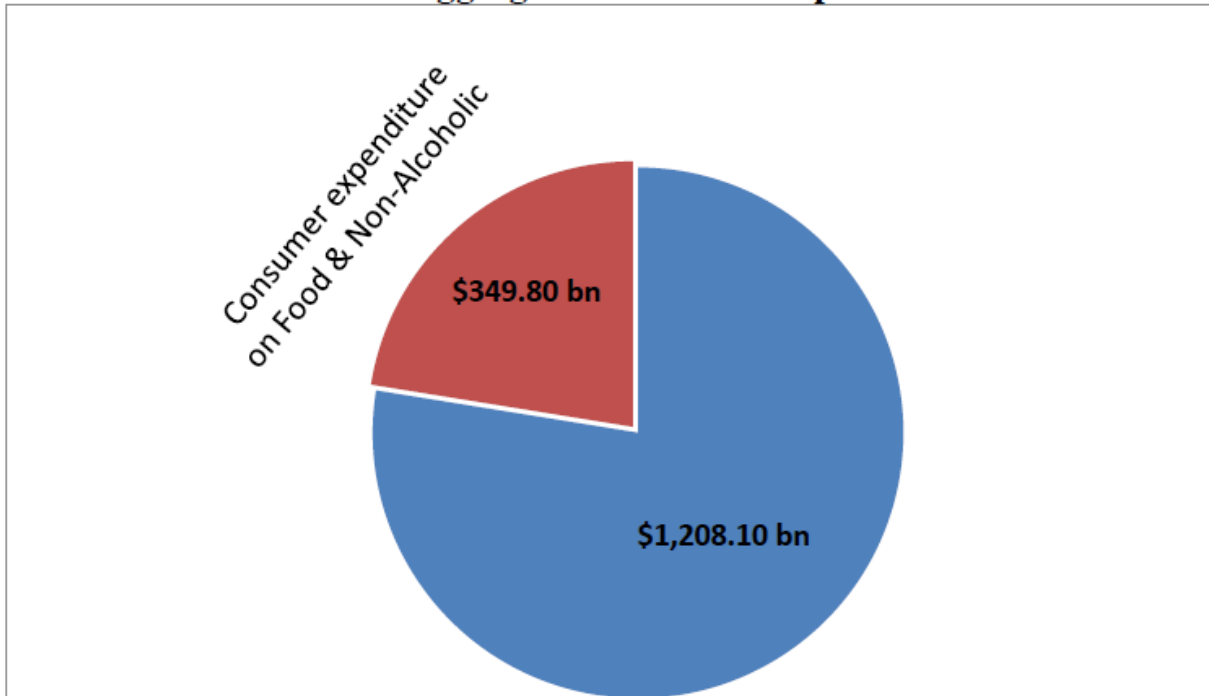


*Source: Income and Expenditure, Euromonitor International*

According to the Internet and Mobile Association of India, there were 213 million broadband and mobile internet users in 2014, up 31 percent from 2013. With mobile handsets available for as low as \$32 (INR 2,000) and competitive data plans provided by telecom operators, there has been a sharp rise in smart phone penetration across tier-1, tier-2, and tier-3 cities. More growth is expected, too, as people switch from feature phones to smart phones and online or e-commerce sales opportunities are opened further. Internet users in tier-2 and tier-3 cities have grown from 4.6 percent of the population in 2013 to 7 percent in 2014. Moreover, a majority of rural families own at least one internet enabled mobile phone.

Although e-commerce portals are widely used for purchases of electronics, tourism, books, as well as fashion and lifestyle products, there is noticeable increase within the online grocery sector, too. Food and non-alcoholic beverages account for 29 percent of total per capita consumer expenditure.

**Chart 2. India: Share of Aggregate Consumer Expenditure in 2014**



*Source: Income and Expenditure, Euromonitor International*

### **Growth of Online Grocery – Both Stand Alone Platforms and Support for Brick and Mortar Retailers**

With increased participation of women in the workforce, rising disposable incomes, increased exposure to western cuisine, want for wider choice of products than typically available at mom-and-pop stores; industry sources envision continued growth within the online groceries sector.

Several internet grocery retailers have launched over the past few years (see Table 2, below). Most online retailers carry some imported food items, but domestic products dominate product categories.

Given the complexity of importing food products into India, online retailers frequently rely on importers and distributors for supplies.

Bigger online retailers, including Amazon India, are reportedly getting into the fresh produce space after success in the packaged foods segment. Internet industry analysts report that Amazon India had 23.6 million unique visitors in May 2015. Leading Indian retailers like Reliance, Future, Godrej Nature's Basket and the Aditya Birla groups have stepped in to take their share of the pie. Godrej's gourmet food chain tied up with e-grocer EkStop to reach their consumer base where they do not have retail outlets.

Other leading Indian players like BigBasket, LocalBanya and ZopNow have received foreign investment to expand their operations and penetrate deeper into smaller cities to gain a wider loyal consumer base and larger market share.

Similar to retail grocers, e-grocers have started online food promotions. In June 2015, the Washington

Apple Commission featured several apple varieties on BigBasket.com. Sources report that online food promotions are the next way forward in the e-grocery segment.

The availability of multiple payment methodologies such as net banking, credit cards, debit cards, and cash-on-delivery and products at competitive prices has made it convenient for consumers to shop online while saving time.

### **Growth in Grocery and Restaurant Delivery and Food Catering Services**

New to the market are grocery delivery services such as Pepper Tap and Grofers. These use mobile phone applications that link consumers to local stores, including independent mom-and-pop shops, and handle deliveries for online orders.

Also gaining momentum are the quick service and casual dining restaurant sector. Some restaurants have a tie-up with online portals and provide consumers with a choice of restaurants under one roof.

Consumers are provided first hand review and feedback by other customers on the listed restaurants and the menu items before they place an order. Similar to e-grocers, even these portals also provide convenient payment options of net banking, credit or debit card and cash-on-delivery. Sources report ordering food online is increasingly popular with consumers as they can place orders and have food delivered to their door step at their preferred time and, occasionally, at discounted rates.

**Table 1. India: Selected Online Restaurant Portals**

Zomato.com
Foodpanda.in
Burp.com
Tinyowl.com
Justeat.in
Grouptable.com
Getmefood.in
tastykhana.in
Pickmyfood.in

At a very nascent stage are home chefs and professional chefs who have joined the e-commerce race. Online portals like Holachef, InstaKhaana, Foodabhi and Out of the Box offer their menu through mobile applications. Target audiences for their meals are the growing young professionals who do not have the energy and time to go home and cook a meal. They believe in innovative foods that suit the palate of the educated and well exposed to global cuisines.

### **Opportunities and Challenges Faced by the Sector; Including Global Food Culture, New Remittance Schemes, and Emerging City Markets Where there is Greater Discretionary Income**

As Indians go abroad for school, vacation, or business and return home, many develop a fondness for particular foreign foods or brands that are not available in some of the more isolated cities and regions. As such, supplying these consumers from online outlets presents an opportunity in the marketplace. Consumers are more open to innovative foods. There seems to be a growing trend amongst the 16 to 60 year old age group (both men and women) of watching television food shows. These shows create an awareness of different cuisines and food cultures from around the world. After shows are broadcast,

online grocers report that consumers look for the products and ingredients online so as to replicate the recipe.

Another growing trend reported by online grocers is the increasing number of orders placed by Indians residing in the United States or other countries on behalf of family members remaining back in India. These non-resident Indians find online grocery a very convenient tool for making purchases of monthly groceries for their grandparents, parents and siblings back home in India. They make payment of their purchases online and deliveries are received by their families in India, thus fulfilling their family obligations while being thousands of miles away. Online grocers report increase in sales during festivals of Diwali, Christmas and New Year.

India opened its market to imported food products just ten years ago and distribution of imported foods tends to be limited to major cities. However, importers are expanding their traditional distribution to tier-2 and tier-3 cities through online sales. Labor and logistics costs are cheaper in India than in western markets, making the online businesses more competitive.

Online retailers are competing with *kirana* stores that provide quick (often within an hour) home delivery and credit to neighborhood consumers. Compared to these stores, online retailers will need to overcome delivery challenges (e.g., traffic, poor roads, and greater distance/cost). Nevertheless, online retailers enable consumers to similarly bypass parking and traffic congestion in most Indian cities while providing better selection than a neighborhood store.

*Best food and grocery e-commerce product prospects: exotic fruits and vegetables; fresh fruits and vegetables; snack foods; biscuits and cookies; ready to eat/serve convenience foods; sauces and condiments; “natural” or gourmet foods and beverages, health and nutrition bars;*

*Source: Trade contacts*

**Table 2. India: Selected Online Grocers in India**

Website	Domestic or Imported Foods	Cities operating in
<a href="http://www.amazon.in">www.amazon.in</a>	Domestic and Imported	Delivery across India
<a href="http://www.farm2kitchen.com">www.farm2kitchen.com</a>	Organic products	Delivery across India
<a href="https://daily.ebay.in/">https://daily.ebay.in/</a> (T.F. Food Limited, part of Ebay)	Domestic and Imported	Delivery across India
<a href="http://www.healthkart.com">www.healthkart.com</a>	Health and wellness supplements	Delivery across India
<a href="http://www.homeshop18.com/groceries/">http://www.homeshop18.com/groceries/</a>	Domestic	Delivery across India
<a href="http://www.organicgarden.co.in/">http://www.organicgarden.co.in/</a>	Organic products	Delivery across India
<a href="http://www.bigbasket.com">www.bigbasket.com</a>	Domestic and Imported	Mumbai, Pune, Delhi, Bangalore, Mysore, Hyderabad, and Chennai
<a href="http://www.naturesbasket.co.in">www.naturesbasket.co.in</a>	Domestic and Imported	Mumbai, Pune, New Delhi/NCR and Hyderabad
<a href="http://www.aaramshop.com">www.aaramshop.com</a>	Domestic and Imported	Delivery in 37 cities through independent grocers

<a href="http://www.aaloo.in">www.aaloo.in</a>	Domestic	Mumbai
<a href="http://www.ekstop.com">www.ekstop.com</a>	Domestic and Imported	Mumbai
<a href="http://www.localbanya.com">www.localbanya.com</a>	Domestic and Imported	Mumbai
<a href="http://www.eemli.com">www.eemli.com</a>	Domestic, imported and local fresh fruits and vegetables	Mumbai
<a href="http://www.hypercityindia.com">www.hypercityindia.com</a>	Domestic and Imported	Mumbai
<a href="http://www.reliancefreshdirect.com">www.reliancefreshdirect.com</a>	Domestic	Mumbai
<a href="http://www.nashikgrocery.com">www.nashikgrocery.com</a>	Domestic	Nashik
<a href="http://www.fishvish.com">www.fishvish.com</a>	Fresh sea food	Pune
<a href="http://www.rationhut.com">www.rationhut.com</a>	Domestic	Pune
<a href="http://www.olivetreetrading.com">www.olivetreetrading.com</a>	Domestic and Imported	Pune
<a href="http://www.punexpress.com">www.punexpress.com</a>	Domestic	Pune
<a href="http://www.baniyababu.com">www.baniyababu.com</a>	Domestic	Pune
<a href="http://www.rabimart.com">www.rabimart.com</a>	Fresh and exotic fruits and vegetables	Pune
<a href="http://www.buyizy.com">www.buyizy.com</a>	Domestic	Pune
<a href="http://www.ordermygrocery.com">www.ordermygrocery.com</a>	Domestic and Imported	Pune
<a href="http://www.supremekirana.com">www.supremekirana.com</a>	Domestic	Pune
<a href="http://www.punsubji.com">www.punsubji.com</a>	Domestic	Pune
<a href="http://www.easydukaan.com">www.easydukaan.com</a>	Domestic	Pune
<a href="http://www.kiranaman.com">www.kiranaman.com</a>	Domestic	Ahmedabad
<a href="http://www.truemart.in">www.truemart.in</a>	Domestic	Ahmedabad
<a href="http://www.up2home.com">www.up2home.com</a>	Domestic	Ahmedabad
<a href="http://www.grocart.in">www.grocart.in</a>	Domestic	Ahmedabad and Mumbai
<a href="http://www.myonsto.com">www.myonsto.com</a>	Domestic and Imported	Ahmedabad
<a href="http://www.vegetablesonwheels.com">www.vegetablesonwheels.com</a>	Fresh vegetables	Ahmedabad
<a href="http://www.vegonclick.com">www.vegonclick.com</a>	Fresh, exotic and organic fruits and vegetables	Ahmedabad
<a href="http://www.freshnpack.com">www.freshnpack.com</a>	Fresh, exotic and organic fruits and vegetables	Ahmedabad
<a href="http://www.farm2door.in">www.farm2door.in</a>	Fresh vegetables	Ahmedabad
<a href="http://www.mygrahak.in">www.mygrahak.in</a>	Domestic and Imported	Delhi
<a href="http://www.dilligrocery.com">www.dilligrocery.com</a>	Domestic	Delhi
<a href="http://www.eazygrocery.com">www.eazygrocery.com</a>	Domestic	Delhi
<a href="http://www.onekirana.com">www.onekirana.com</a>	Domestic	Delhi
<a href="http://www.easyration.com">www.easyration.com</a>	Domestic and Imported	Delhi
<a href="http://www.grocerywalk.com">www.grocerywalk.com</a>	Domestic	Delhi
<a href="http://www.gopeppers.com">www.gopeppers.com</a>	Domestic and Imported	Delhi
<a href="http://www.get929.com">www.get929.com</a>	Domestic	Delhi
<a href="http://www.homefills.com">www.homefills.com</a>	Domestic	Delhi
<a href="http://www.yzury.com">www.yzury.com</a>	Domestic and Imported	Delhi
<a href="http://www.farmerzden.com">www.farmerzden.com</a>	Domestic	Delhi

<a href="http://www.tazastuff.com">www.tazastuff.com</a>	Domestic	Chandigarh
<a href="http://www.zopnow.com">www.zopnow.com</a>	Domestic and Imported	Bangalore
<a href="http://www.towness.com">www.towness.com</a>	Domestic and Imported	Bangalore
<a href="http://www.jiffstore.com">www.jiffstore.com</a> mobile app	Domestic and Imported	Bangalore
<a href="http://www.vokav.com">www.vokav.com</a>	Domestic	Bangalore
<a href="http://www.momgrocery.com">www.momgrocery.com</a>	Domestic	Bangalore
<a href="http://www.irely.in">www.irely.in</a>	Domestic and Imported	Bangalore
<a href="http://www.kiranawalla.com">www.kiranawalla.com</a>	Domestic	Bangalore
<a href="http://www.youmart.in">www.youmart.in</a>	Domestic	Bangalore
<a href="http://www.chennaionlinegrocery.com">www.chennaionlinegrocery.com</a>	Domestic	Chennai
<a href="http://www.veggibazaar.com">www.veggibazaar.com</a>	Fresh produce	Chennai
<a href="http://www.kovaiagrocery.com">www.kovaiagrocery.com</a>	Domestic	Coimbatore
<a href="http://www.kada.in">www.kada.in</a>	Domestic	Trivandrum
<a href="http://www.homespices.com">www.homespices.com</a>	Spices	Hyderabad
<a href="http://www.grocerszone.com">www.grocerszone.com</a>	Domestic	Hyderabad
<a href="http://store.perigreensafefoods.com/">http://store.perigreensafefoods.com/</a>	Domestic	Hyderabad
<a href="http://www.foodshoppy.com">www.foodshoppy.com</a>	Domestic	Hyderabad
<a href="http://www.andhrakart.com">www.andhrakart.com</a>	Domestic	Andhra Pradesh
<a href="http://www.saltsoap.com">www.saltsoap.com</a>	Domestic	Kolkatta
<a href="http://www.naturallyyours.com">www.naturallyyours.com</a>	Organic products	Mumbai
<a href="http://www.srsgrocery.com">www.srsgrocery.com</a>	Domestic	Delhi/NCR, Gurgaon, Faridabad
<a href="http://www.redcart.in">www.redcart.in</a>	Domestic	Chennai
<a href="http://www.pescafresh.com">www.pescafresh.com</a>	Seafood	Mumbai, Bangalore, Hyderabad and Delhi
<a href="http://www.foodhallonline.com">www.foodhallonline.com</a>	Domestic and Imported	Mumbai
<a href="http://www.pinkcitykirana.com">www.pinkcitykirana.com</a>	Domestic	Jaipur

Source: Company Websites and Industry Sources

Note: The above information has been sourced from industry sources or through the company websites.

USDA does NOT in any way endorse or guarantee the accuracy of the information contained in the above table.