

Trends and Opportunities in Branding and Retailing of Meat & Poultry Products

27 June 2014



Agenda



What are the opportunities in the meat industry emerging out of consumer trends?



What would it take to capitalize on these opportunities?

There are 4 key consumer trends driving the changes in the meat industry in India



1. Affluence



2. Convenience



3. Indulgence



**4. Health
Consciousness**

Roadmap



1. Affluence



2. Convenience

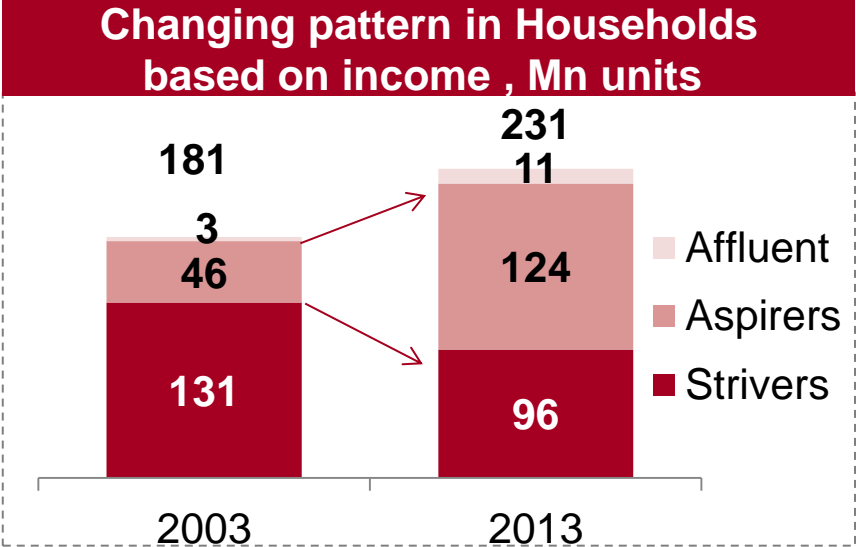
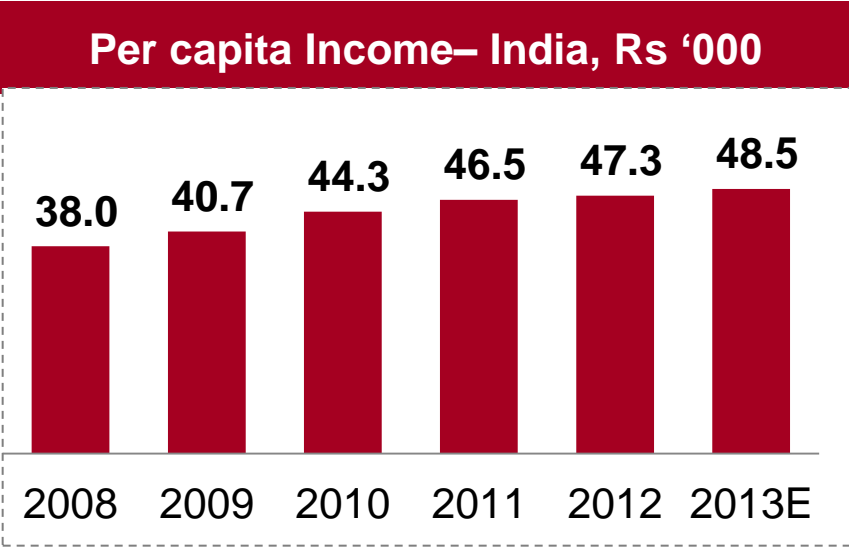


3. Indulgence



**4. Health
Consciousness**

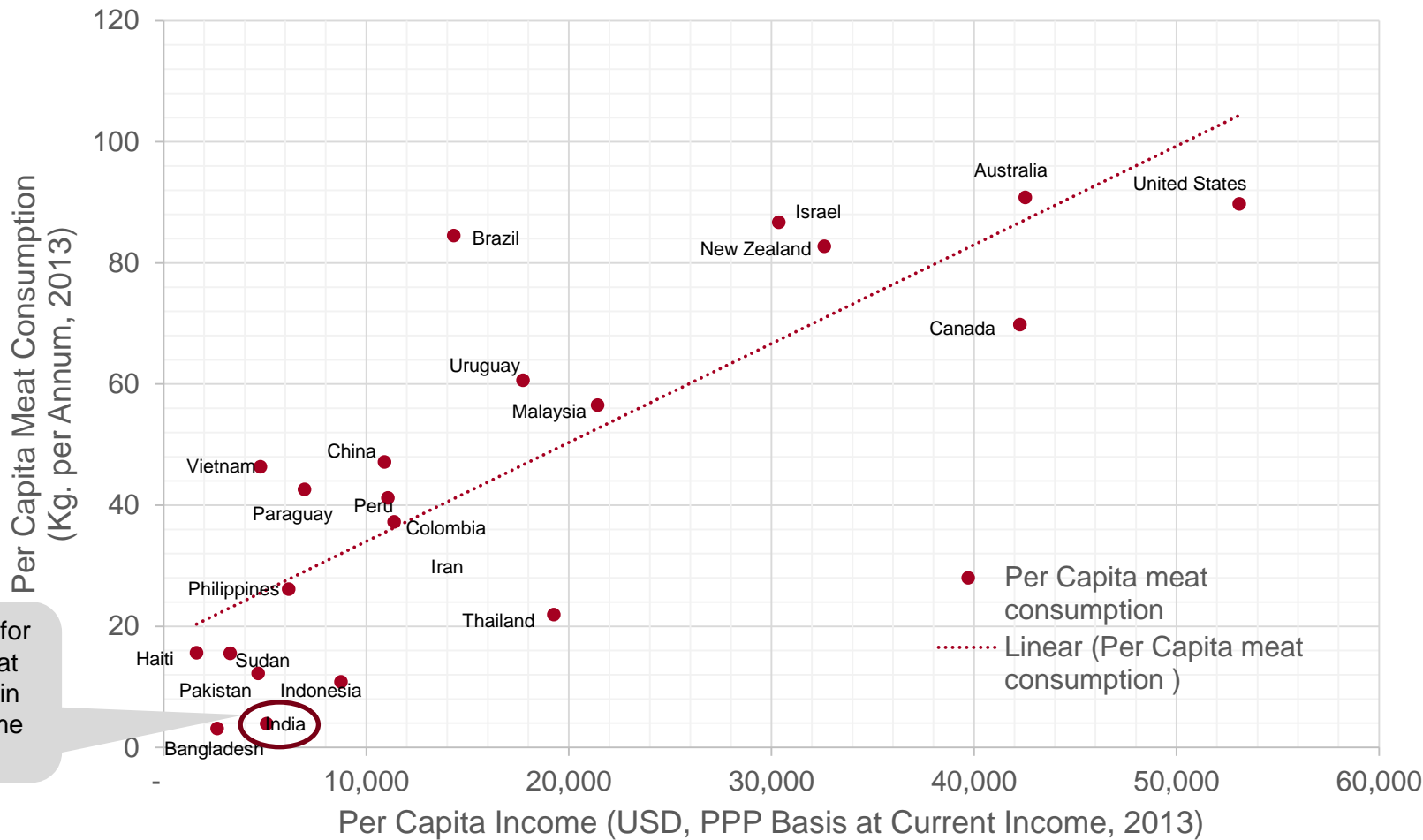
The rise in India's per capita income and the growth in the Indian middle- and upper-class population are well known facts



Source: IMF World Economic Outlook, April 2012, HUL Investor Report, Avalon Consulting Research and Analysis

With increase in income, India's demand for meat is also likely to grow; the long-term growth prospect is very attractive

Per Capita Income vs. Per Capita Meat Consumption Across Key Countries



High potential for growth of meat consumption in India as income increases

Apart from consumption growth, growing affluence will also lead to greater demand for branded, packaged and value added meat

Impact of Increase in Income Levels on Meat Industry



Unbranded



Branded



Live



Refrigerated



Primary
Processed



Value Added

Roadmap

- Increasing demand for meat
- Shift towards branded, packaged and value added products



1. Affluence



2. Convenience



3. Indulgence



**4. Health
Consciousness**

The consumer today seeks convenience in transactions and product usage owing to demographic and lifestyle changes

Why are Consumers Seeking Convenience and in What Way

Nuclear Families



Working couples



Longer Commute



Change in Lifestyle

What are they seeking?

Convenience in Transactions

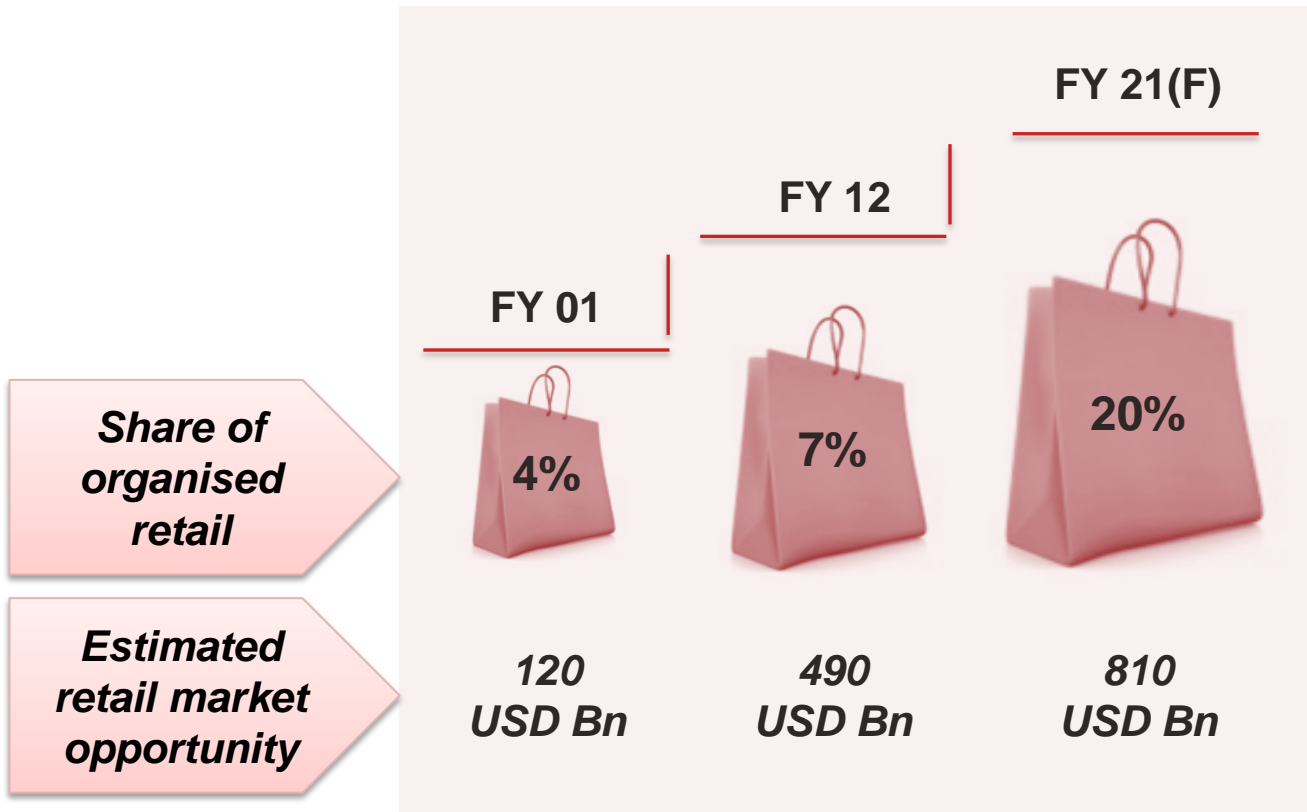
- Growth in Organized Retail
- Growth in E-commerce

Convenience in Product Usage

- Growth in convenience foods

Penetration of organised retailing in India is opening up new opportunities for the meat industry

Historical and Forecasted Penetration Of Organized Retail



Opportunities for Meat Industry Participants

Branded and Packaged Meat Products

Exclusive Meat & Meat Products Retail Stores

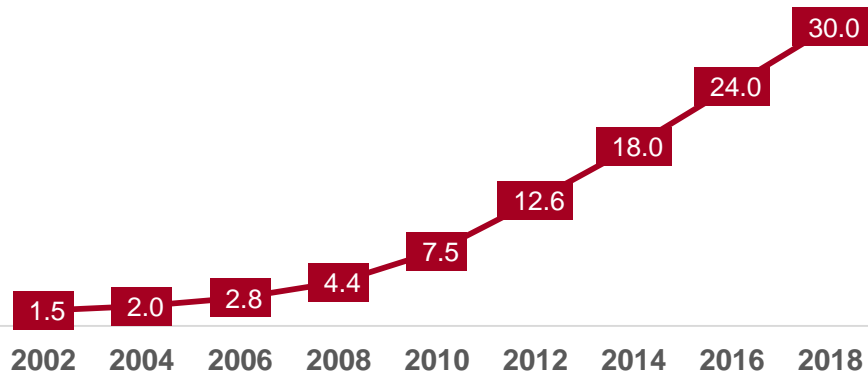
Shop-in-shop

White Label Production

Category Management Service

A growing local e-retail industry is likely to open up various forms of online retail models for branded meat products

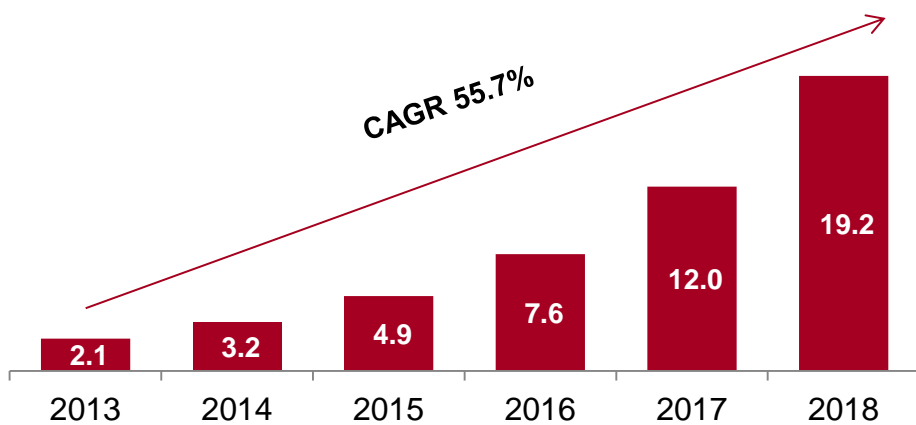
No. of Internet users in India per 100 citizens



Online grocery stores can be new channels for sale of meat products...



Online Retail Market in India, USD Bn



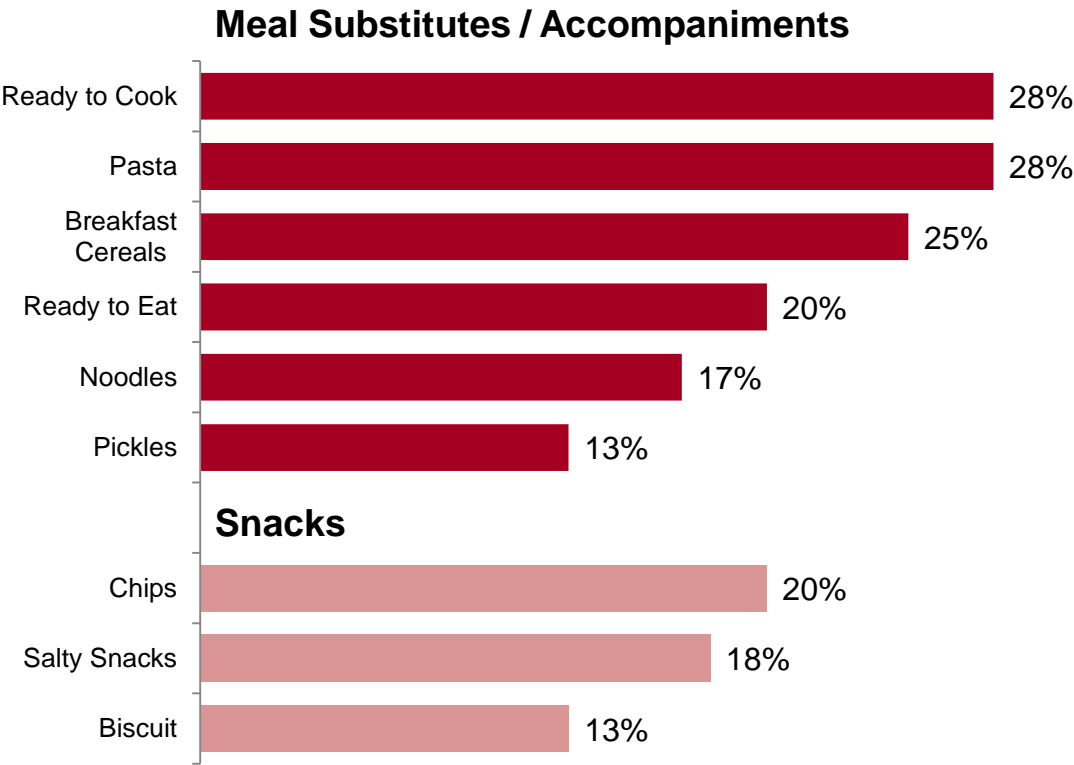
Dedicated online meat stores is also an option to explore...



Source: TechNavio Analysis, Cisco, IAMAI, Avalon Consulting Research and Analysis

Non-veg convenience foods are highly under-penetrated in India today, and offer a high potential for growth

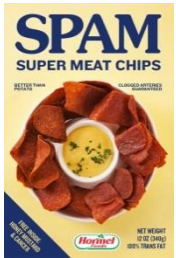
2012-22 Projected Growth Rates of Key Convenience Food Segments



Non-vegetarian convenience foods has high potential for growth as the current penetration levels is very low



Pickles



Snacks



RTCs/RTEs

Roadmap

- Increasing demand for meat
- Shift towards branded, packaged and value added products



1. Affluence



2. Convenience

- Organised Retail
- E-commerce
- Convenience Foods



3. Indulgence



**4. Health
Consciousness**

Consumer indulgence is will lead to opportunities for “premiumisation” through differentiated product offerings

A fully stocked pork shelf in London

Price



Premium, 'Taste the Difference' – significant flavour range

Standard range, limited choice of type or flavour

Value products – no flavour or type choice

Demand for value added products will rise as a result of customer indulgence. The Indian FMCG industry is already witnessing this trend

Roadmap

- Increasing demand for meat
- Shift towards branded, packaged and value added products



1. Affluence



2. Convenience

- Organised Retail
- E-commerce
- Convenience Foods

- Premiumization & demand for differentiated products



3. Indulgence



**4. Health
Consciousness**

Various product offerings are possible to meet the needs of the health consciousness

Impact of Increase in Income Levels on Meat Industry



Low Cholesterol Egg and Meat have been introduced in India



Quail

Organic products have also been introduced and are likely to grow



Free Range as a positioning is yet to catch on in India



“Locally produced” as a health platform is yet to be tapped



Summary of opportunities emerging from the consumer trends

- Increasing demand for meat
- Shift towards branded, packaged and value added products



1. Affluence



2. Convenience

- Organised Retail
- E-commerce
- Convenience Foods

- Premiumization & demand for differentiated products



3. Indulgence



4. Health Consciousness

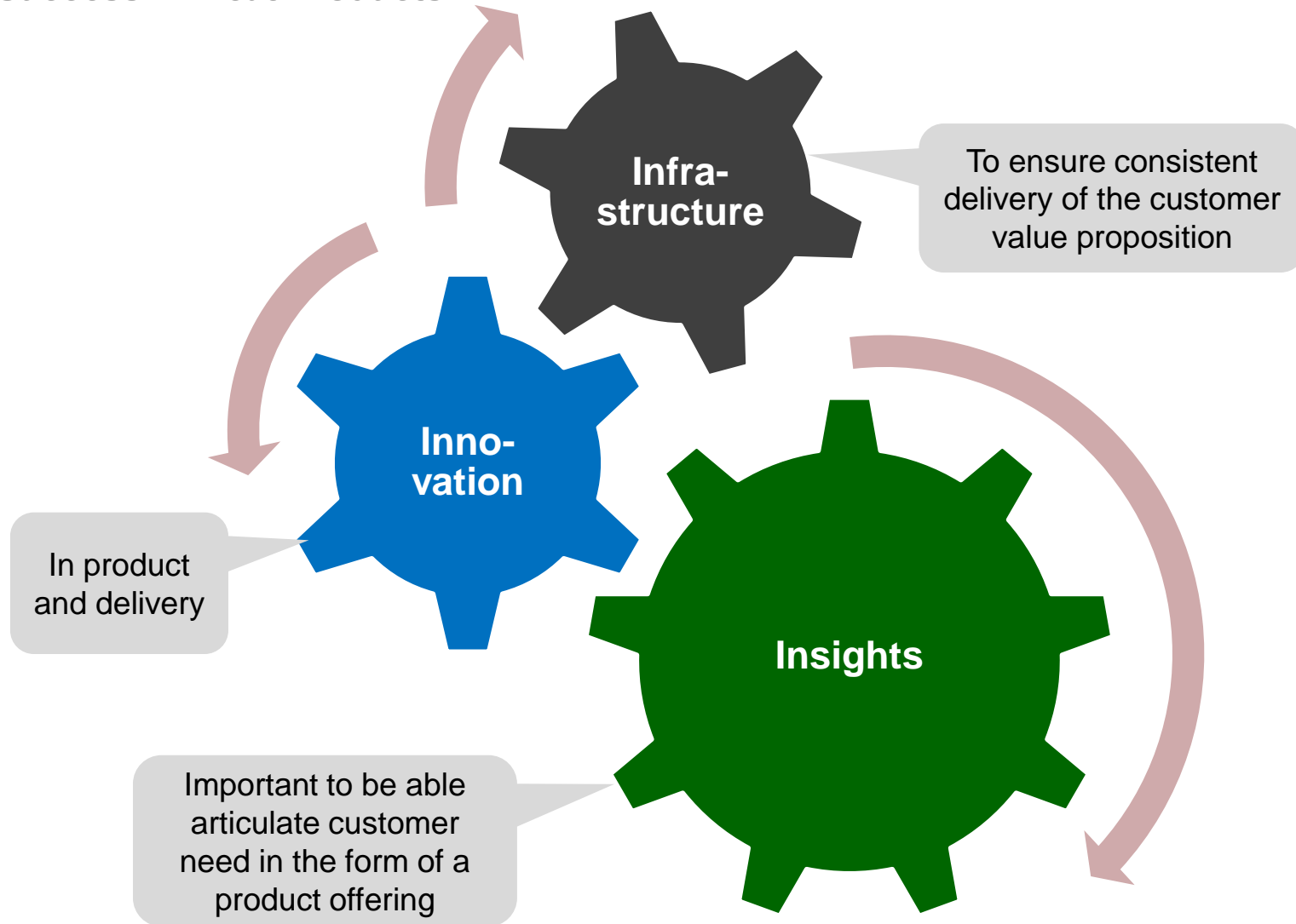
- Low Cholesterol
- Organic
- Free Range
- "Made in India"



**So, what does it take to capitalize
on these trends?**

Proactive innovation driven by understanding the underlying customer needs, and delivered through a well-laid infrastructure set-up would be critical for success in the branded meat segment

The 3 I's of Success in Meat Products



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Focus Sectors

	Agri Business		Auto
Chemicals		Consumer Goods & Services	
	Education		Infrastructure & Capital Goods
Metals & Mining		Healthcare & Pharma	

Service Capabilities

■ Strategy

- Corporate Strategy
- Business Unit Strategy
- Functional Strategy

■ Transformation

- Strategy Articulation
- Organisation Design and Alignment
- Process Re-engineering
- Change & Performance Management
- Post Merger Integration

■ Transactions

- Deal Origination
- M&A Support
- Value Enhancement
- Exit Strategy

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