

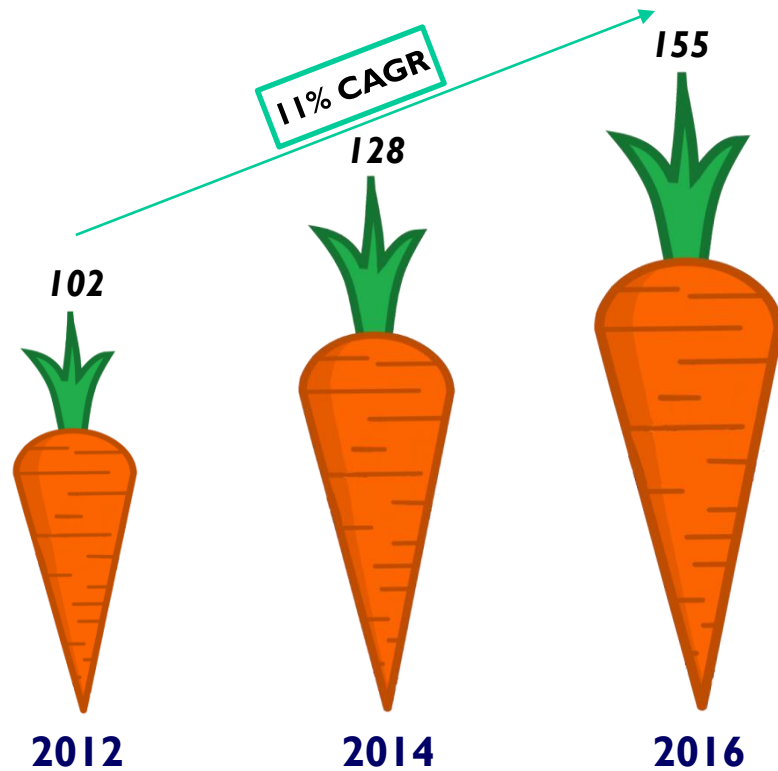
A large, detailed pile of various fresh fruits and vegetables, including pineapples, grapes, apples, lemons, avocados, tomatoes, cucumbers, and bell peppers, serves as the background for the central text.

**Future Consumer
Future Trends**

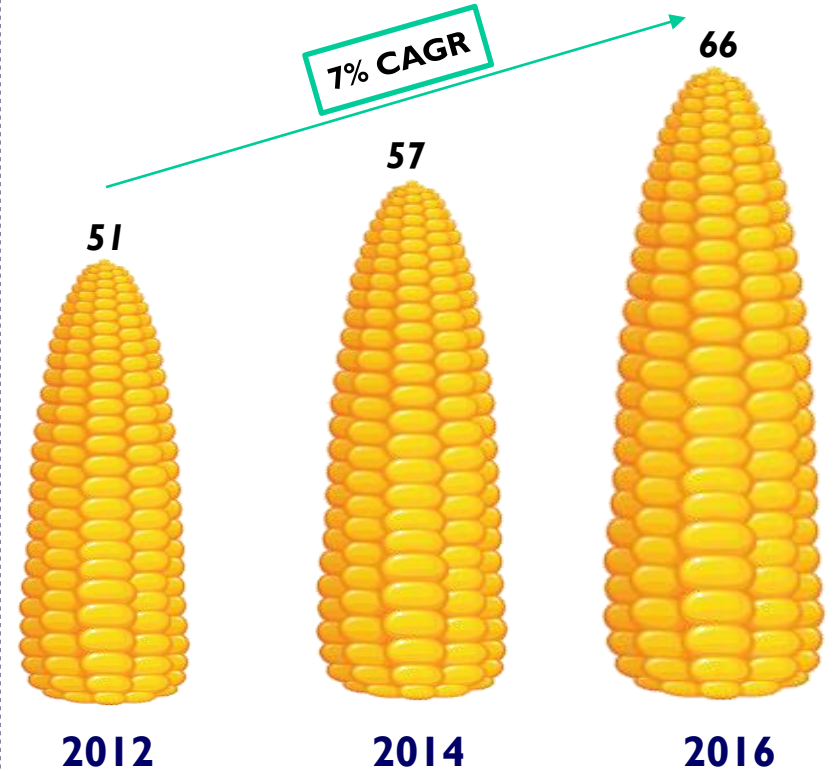
**Fresh Produce India
27th April, Mumbai**

All is auguring well in the Indian consumer space...

Household Disposable Income (INR Trn)



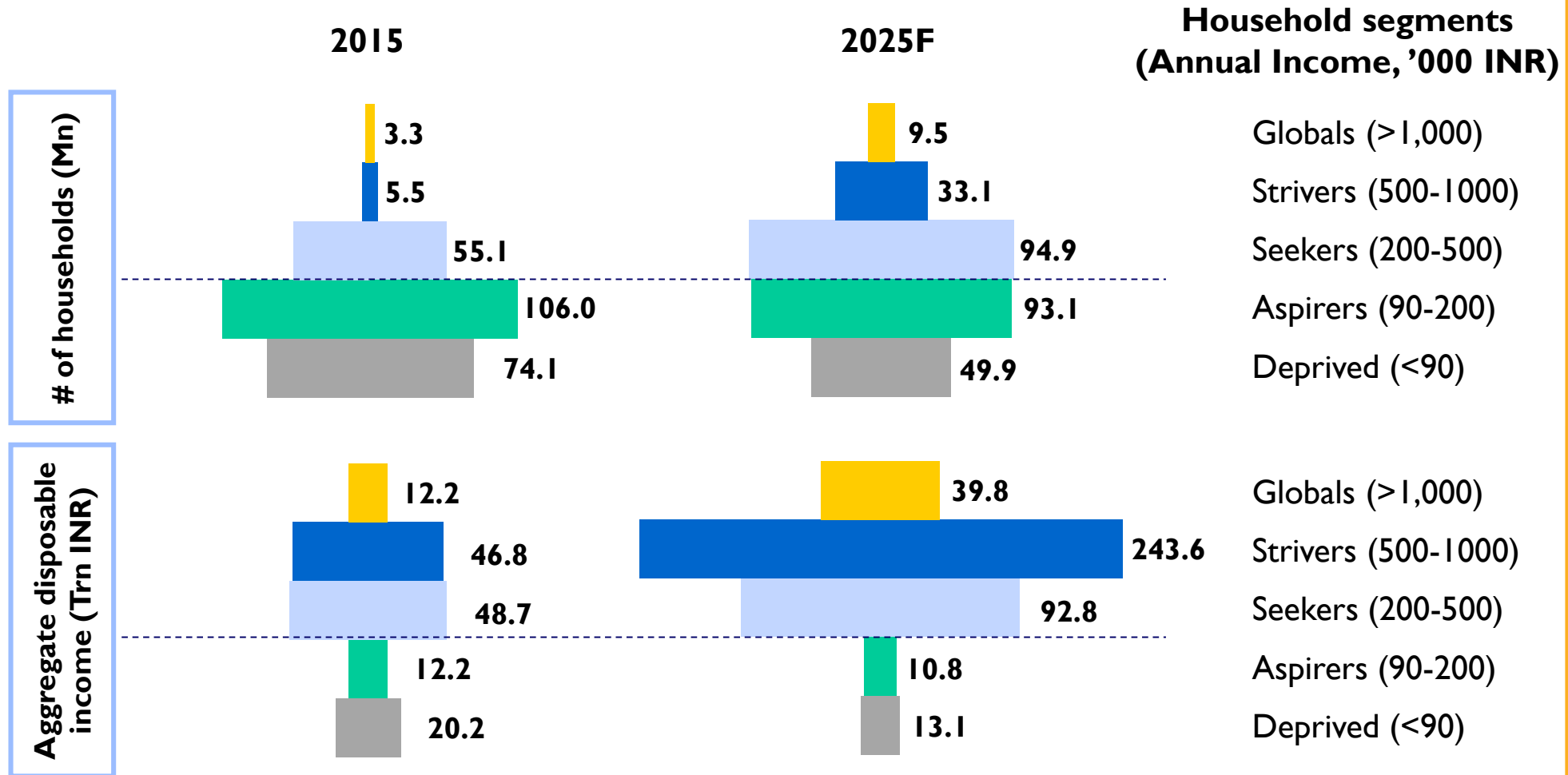
Consumer Spend (INR Trn)



Consumer spend has almost **doubled** on buying **fruit, vegetables**
and milk products in the last five years in India



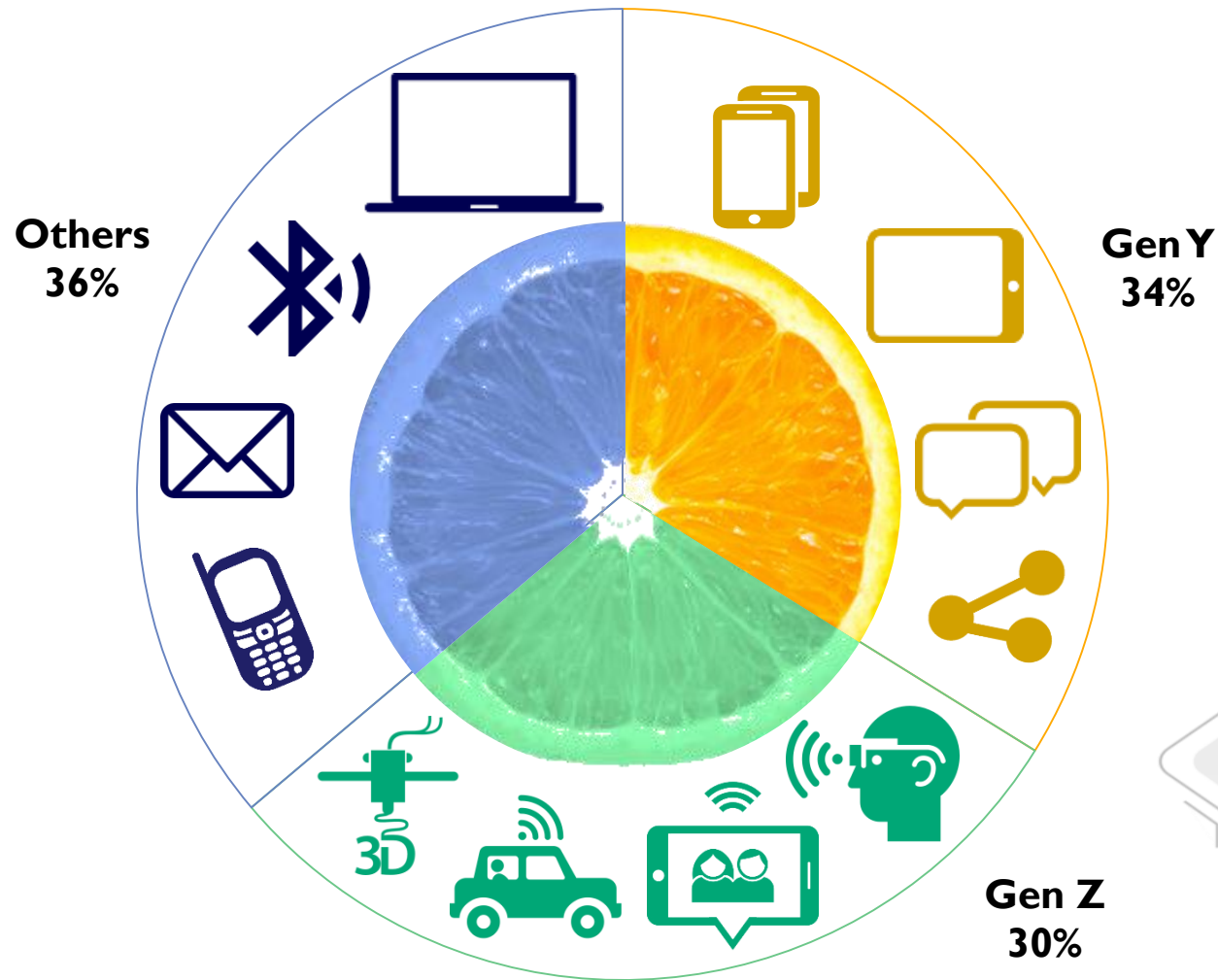
...the trend is likely to hold true across a larger consumer base



Rural India is catching up fast and will play an important role in the country growth story



And youth is going to be a critical component of this growth



Total Population: ~ 1.3 Bn (2016)

With a young, tech-savvy population, improved education, India is creating a consumer market deeply tied into ***mobility and connectivity***



There are select key trends defining the Indian consumer landscape...



Premiumization

Consumers aspiring to buy superior quality high value products

- Cream biscuits
- Coffee blends → Java, Arabica, and Robusta
- Specialty teas with ingredients like ginger mint, lemon, honey, Kashmiri kahwa e.g. Tetley and Tea-A-Me



Health & Nutrition

Consumers wanting to fit healthier habits in their lifestyle and daily routine

- Brown and multi-grain bread
- Brown rice
- Non-fried fat-free sugar-free
- “NutriChoice Heavens” → oats, cranberry, almond, banana (Britannia)



Palate Sophistication

Consumers being attracted by western trends and willing to try innovative products

- Olive Oil
- Nachos
- Tofu
- Pasta (Nestle and ITC)



“Yes” for Branded

Consumers seeing brands as a promise of quality, consistency and security

- Dry fruits, nuts etc.
- Branded buttermilk by key food players – Amul Masti Chaas, Danone, etc.
- Packaged coconut water (Manpasand)



Digitalization

Consumers seeking convenience and information at their fingertips

- Online grocery sales
- Food service experience (Menus, reviews, table booking)
- Adopting online marketing and other brand building initiatives e.g. Dabur Honey portal



...most of these trends are getting mirrored in the Fresh Produce segment



- Offer upgrade from whole fruit and vegetable baskets to **fresh cuts and special packages** (detox, anti aging, digestive, etc.)



- **Premium varieties** of fruits– e.g. raspberry, blueberry, dragon fruit



- **Organic food** products sales growing at more than 25% with a likelihood of becoming 1 Bn \$ by 2019



- **Farmer markets** becoming popular across major cities e.g. Friday Farmer's Market in Chandigarh



- **Avocado** progressively becoming a favoured ingredient for salads, spreads, and guacamole



- **Quinoa** increasingly being used in salads, rice, bread, cookies, granola bars



- Launch of **Indian brands** – Saboro by M&M, Kimaye from INI Farms, IGKiwi by IG International



- Fresh Produce **private labels** on the rise – Fresho by BigBasket and Freshbury by Grofers



- Innovative ordering tools – e.g. **WhatsApp-based** 'The Farmer' (Mumbai) and App-based 'Smart Fresh Vegetables' (Kalyan)



- Online portals to order fruits & vegetables in **whole, cut, or salad form** with a 'no questions asked' return policy, scheduling deliveries, COD option



However, there are structural challenges that exist in this space



- 40% of total food production is wasted per year, fresh fruits and vegetables account for more than 50% of the food wastage
- Rejection of disshaped fruits and vegetables

Wastage



- Contamination (pesticides, anti-biotics)
- Food Adulteration
- Misrepresentation in labeling and packaging

Food Safety Concerns



- Cold chain storage: India is short by 10 million tons of cold storage capacity
- Cold chain transportation: Severe lack of cold chain infrastructure

Logistics



- Need for sophisticated product mix selection
- Manual / inefficient sorting and grading methodology
- Short shelf life: Requires management of pricing, and deliveries

Assortment & Inventory Management

In addition to these structural challenges there is an overall issue in terms of scale-up as well



Innovative value addition by players may help leverage these trends and address select challenges at least partly

Beyond Premiumization

- As quality becomes a hygiene factor, attract consumers by offering ***innovative solutions to their pain points*** or un-met needs
- Popularity of fruit as convenient snack increases if alternative placement (vending machines) and unconventional packaging and pre-washed items can address the need to grab a bite in a hurry



Branding ++

- As more and more brands emerge, the key for ***differentiation and recognition*** may need to move beyond just product quality
- Creation of fun-based theme for children. Kids' aversion to fruits and vegetables can be targeted by marketing activities - from simple cartoon ads to contests for kids to earn points and win prizes based on healthy eating and physical activity



Digital Engagement

- Leverage digitalization to offer convenience and consumer delight through ***enhanced experience***
- Social media can be used to engage with consumers by spreading fun and interesting facts and sharing tips on how to choose, cut, and consume fruits and vegetables

