Food and Grocery Retailing in India – Market Summary & Forecasts

Comprehensive overview of the market, consumer, and competitive context, with retail sales value and forecasts to 2019

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Summary

“Food and Grocery Retailing in India – Market Summary & Forecasts” provides a detailed analysis of both the historic and forecast market data of food and grocery retail sales across key channels in India.

Key Findings

- Food and grocery is expected to remain the largest in sales value terms during the forecast period, growing at a CAGR of 11.6%
- A strong and growing economy presents numerous opportunities for organized retailers, the country’s young and expanding middle class hold the key for the growth of retail industry
- Infrastructure, policy paralysis and supply chain constraints are some of the major growth roadblocks for the growth of retail
- Changing pattern of consumption and living standards creates huge opportunities for growth of food and grocery category
- Organized food and grocery market is all set to suffer increased competition from international players

Reasons to Buy

Get immediate access to:

- Data coverage of 5 product categories that include Drinks, Household products, Packaged food, Tobacco and Unpackaged food in the Indian food and grocery market – accurate, reliable data for companies already operating in and those wishing to enter the Indian market
- Performance of individual product categories, across key channels in the last five years, with forecasts until 2019 – pinpoint the fastest growing categories in a market witnessing double digit growth
- Vital economic and population trends, and key consumer and technology trends influencing the retail market – explore the impact of festive seasons and how they are stimulating consumer spending, allowing you to align your product offerings and strategies to meet demand
- Critical insights into Indian shoppers - what stores do Indian shoppers prefer? How can you effectively promote to lucrative markets such as children and the youth demographic? As brands flock into India’s booming retail space, ensure you have the insights to beat off the competition
- Analysis of key international and domestic players operating in food and grocery market – including store counts and revenues, which will help to maximize your competitive edge and pinpoint opportunities to improve market share.
1. Retail – Product Sectors

1.1 Food and Grocery Category Overview

1.1.1 Food and Grocery by Channel

Food and grocery is the largest category group with a share of xx% of the total Indian retail market in 2014, or INRxx billion in retail sales. The category is expected to remain the largest in sales value terms during the forecast period, with sales expected to reach INRxx billion by 2019, growing at a CAGR of xx%.

Figure 1: India Food and Grocery Retail Sales and Forecast (INR bn), by Channel Group, 2009–2019
## Table 1: India Food and Grocery Retail Sales (INR bn), by Channel Group, 2009–2014

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Source: Conlumino

## Table 2: India Food and Grocery Retail Sales Forecast (INR bn), by Channel Group, 2014–2019

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Source: Conlumino

## Table 3: India Food and Grocery Retail Segmentation (% value), by Category, 2009–2019

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Source: Conlumino
1.2 Product Sector Analysis

1.2.1 Food and Grocery

The food and grocery segment enjoys the majority market share and will remain consistent over the forecast period, as it serves one of the major needs for every household. Improving living standards, a strong desire for a healthy lifestyle, and a rising affluent middle class population have influenced the overall market. Many rural and low income consumers in India still consume loose and unpackaged food and groceries; however, as more consumers turn towards packaged food and groceries, the market will grow significantly. Demand for luxury and ready-to-eat food items will result in higher spending on food and groceries.

Figure 2: Share of Food and Grocery in overall Retail 2014 and 2019

Source: Conlumino

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Figure 3: Retail Sales Value and Growth (INR Billion, %) of Food and Grocery 2014–2019

Food and Grocery Sales in (INR billion)  
YoY Sales Growth (%)  

Source: Conlumino

Figure 4: Online Share of total Food and Grocery Spend 2014 and 2019

2014  
2019  

Online

Source: Conlumino

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Summary Methodology

Overview

All data in this series of retail reports from Conlumino is rigorously sourced using a comprehensive, standardized methodology. This methodology ensures that all data is thoroughly researched and cross–checked against a number of sources and validation processes. At the core of this methodology is a triangulated market sizing approach, which ensures that results from different sources and approaches, including Conlumino’s own industry surveys, are compared and a final consensus number between these inputs is derived. In addition, standardized processes and quality controls across the entire data collection, analysis and publication process ensure compliance and cross–checking of the data occurs at each stage of the methodology.

The triangulated market sizing method

The triangulation method ensures that the results from three distinct phases of the research are brought together and cross–compared before finalized market numbers are derived:

1. **Existing internal resources**: as retail data is compiled using a rolling annual program of industry research, the first stage of producing the data is to review the existing internal information, both from the last major data release, as well as that which has been collected on an ongoing basis throughout the year. This includes inputs about market as well as individual retailer performance. These sources are then reviewed and incorporated into data collection processes and databases before the second intensive phase of desk research.

2. **Extensive desk research**: this phase of the methodology incorporates the main phase of secondary research. This research is initially conducted across a wealth of information sources, as listed below. In addition, the results of any relevant surveys from other Conlumino projects are also fed into data collection sheets. Online industry surveys can include industry opinion surveys of retailers’ — and their suppliers’ — sentiment and consumer surveys of purchasing and retail behavior. Secondary sources include, but are not limited to, the following:

   a. Industry surveys
   b. Industry and trade association research
   c. Trade portals
   d. Company filings and analyst presentations
   e. Broker and investment analyst reports
   f. International organizations
   g. Government statistics
   h. Retail media
   i. National Press, including both business and consumer titles

3. **Market modeling**: the next stage in the process is to feed the results of the above into market models, which also include drive–based forecasting tools — which analyze drivers such as disposable income, product uptake, macro–economic drivers and market momentum — in order to fill in any gaps in the data and update forecast numbers. At this stage, the market models also look to update channel distribution data sets. For example, information
found at the research and trend monitoring stage on online retail sales would directly affect the channel distribution models.

4. **Data finalization:** the final stage of the process is the true triangulation of all the previous inputs. At this stage data is created using the inputs to hand in a bottom–up fashion, starting with the inputs from each of the previous three stages of the process for each data point to be published. This is done for all the product, channel and country combinations covered in the data. At this stage, therefore, the project analysts are constantly evaluating and deciding upon the relative merits of each of the inputs from the research processes. Once a triangulated set of data has been finalized, these outputs are then thoroughly cross–checked using a series of top–down checks which review the data against a series of reference benchmarking, including known overall retail sizes, growth trends and per–capita spending rates.

![Figure 5: The Triangulated Market Sizing Methodology](source: Conlumino)
Industry surveys in the creation of retail market data

Stage 2 of the above process includes using the outputs of Conlumino’s surveys of consumers’ packaged goods consumption and industry opinion. Every year Conlumino completes a large scale survey, with over 120,000 responses, covering CPG purchasing and consumption habits in 10 core retail markets around the globe. This major study, cross-referenced against the primary telephone research of product market sizes by country, provides outputs against which relevant retail market data, focusing on the grocery channel and core products in this channel are assessed. It should be noted that overall, this feeds research into 3 of the 25 product categories covered. In addition, any other suitable surveys conducted by Conlumino which also provide information on retail markets are mined for information to be put into the data finalization process.

Quality control and standardized processes

Crucial to the function of the above method is the adoption of strict definitions for all products and channels, and adherence to a standardized process at each and every stage in the methodology. By following this approach all data is made cross-comparable across countries to ensure that analysis adds to the understanding of market dynamics and trends.

The key elements of this approach are:

- **Strict channel definitions**: the definition of each channel is the same in every country;
- **Strict product definitions**: the definition of each product is the same in every country;
- **Standardized processes**:
  - **Data capture** – all data received as part of the research is captured in standardized files and in a standard format. Any workings that analysts carry out on inputs, for example to correct for misalignment in category coverage, are also covered in these sheets
  - **Data creation** – all modeling and forecasting approaches are standardized in order to ensure consistency
  - **Finalization and verification** – systematic methods and approaches are used to finalize data points
- **Country by country research structure**: all research is conducted country by country in order to ensure that market data reflect local market trends and contexts
- **Data checks during “bottom-up” creation**: during the data creation and finalization stage analysts refer back to initial sources and inputs in order to ensure accuracy in the data
- **Top down data audits and cross-checks**: a large series of cross-checks across all the different dimensions of the final data sets are run in order to identify any outliers or trends that do not fit with Conlumino’s market understanding, as well as to conduct specific analyses against set proofing criteria, such as abnormal growth rate changes, verifying data at both the overall and detailed level against research inputs and checking per capita spends against other analysis of consumers’ spending in a country
- **Hierarchical review processes**: finally, all of the above processes are subject to a hierarchical review process which ensures that not only the core analysts within a team look at the data, but that at each stage data is passed through several management layers in order that queries and data review and sign-off are completed before any final data can be published
Table of Contents

1. **Introduction** .................................................................................................................. 6
   1.1 What is this Report About? ......................................................................................... 6

2. **Executive Summary & Outlook** .................................................................................... 7

3. **Market Context** ........................................................................................................... 9

4. **Indian Shoppers** ......................................................................................................... 26

5. **Doing business in India** ............................................................................................. 36

6. **Retail – Product Sectors** ........................................................................................... 43
   6.1 Product Sector Analysis ............................................................................................... 43
   6.1.1 Food and Grocery ................................................................................................ 43
   6.2 Food and Grocery Category Overview ....................................................................... 47
   6.2.1 Food and Grocery by Channel ............................................................................. 47
   6.2.2 Food and Grocery by Category .......................................................................... 51
   6.3 Food and Grocery Category Analysis ......................................................................... 55
   6.3.1 Drinks .................................................................................................................... 55
   6.3.2 Household Products ............................................................................................. 58
   6.3.3 Packaged Food .................................................................................................... 62
   6.3.4 Tobacco ............................................................................................................... 66
   6.3.5 Unpackaged Food ............................................................................................... 69
   6.4 Major Retailers ........................................................................................................... 73
   6.4.1 Food and Grocery ............................................................................................... 73

7. **Appendix** .................................................................................................................... 76
   7.1 Definitions .................................................................................................................. 76
   7.1.1 This report provides 2013 actual sales; while forecasts are provided for 2013 – 2018 .......................................................................................................................... 76
   7.2 **Summary Methodology** ........................................................................................ 80
   7.2.1 Overview .............................................................................................................. 80
   7.2.2 The triangulated market sizing method ................................................................. 80
   7.2.3 Industry surveys in the creation of retail market data ............................................ 82
   7.2.4 Quality control and standardized processes .......................................................... 82
   7.3 About Conlumino ....................................................................................................... 83
   7.4 Disclaimer ................................................................................................................... 83
List of Figures

Figure 1: GDP Value (US$ Billion), 2008–2014E .......................................................... 10
Figure 2: Growth Rate of GDP (US$ Billion, %), 2008–2014E ........................................... 11
Figure 3: GDP Value and Growth (INR billion, %), 2008–2014 ........................................ 12
Figure 4: Forecasts for GDP Value and Growth (INR Billion, %) 2014–2019 ...................... 13
Figure 5: Household Savings Rate as a Percentage of GDP (%), 2004–2014E .................. 14
Figure 6: Share of Employment by Sector 2004 and 2014E ........................................... 15
Figure 7: Unemployment Rate 2004–2014E .................................................................. 16
Figure 8: Inflation Growth Rates (%), 2004–2014 ......................................................... 17
Figure 9: Household Consumption Expenditure of India (INR Billion), 2004 and 2014E ........ 18
Figure 10: Household Consumption Expenditure of Major Countries (US$ Billion), 2014E .. 19
Figure 11: Growth of Household Consumption Expenditure (%), 2004–2014E ................. 20
Figure 12: Rural and Urban Populations (millions) 2004, 2014 and 2019E ....................... 21
Figure 13: Total Population and Growth Rate (Millions, %), 2004–2019 ....................... 22
Figure 14: Population Split by Gender (%), 2014 and 2019E ........................................... 23
Figure 15: Population Split by Age Group (%), 2014 and 2019 ........................................ 23
Figure 16: Per Capita Spend on Retail(INR), 2006 and 2014 ........................................... 25
Figure 17: Per Capita Spend (INR) and Total Retail Spend by Age Group (%), 2006 and 2014 25
Figure 18: Population distribution by income class and amenities owned by the Indian middle class, 2009–2010 ................................................................. 27
Figure 19: Polarization of typical Indian shoppers ............................................................ 30
Figure 20: Retail initiatives by Indian manufacturers in rural India .................................. 32
Figure 21: Number of Inbound Tourists by Region (in thousands) - 2009 & 2014 ............. 34
Figure 22: Key Components of Doing Business in India .................................................. 36
Figure 23: Major guidelines for FDI in India ................................................................. 38
Figure 24: Impediments to Growth ................................................................................. 40
Figure 25: Share of Food and Grocery in overall Retail 2014 and 2019 ......................... 43
Figure 26: Retail Sales Value and Growth (INR Billion, %) of Food and Grocery 2014–2019 44
Figure 27: Spend per Head on Food and Grocery 2014 and 2019 .................................. 44
Figure 28: Online Spend in Food and Grocery 2014–2019 .............................................. 45
Figure 29: Online Share of total Food and Grocery Spend 2014 and 2019 ....................... 45
Figure 30: Spending per Channel in Food and Grocery (%) 2014 and 2019 ..................... 46
Figure 31: India Food and Grocery Retail Sales and Forecast (INR bn), by Channel Group, 2009–2019 ................................................................. 47
Figure 32: India Food and Grocery Retail Market Dynamics, by Channel Group, 2009–2019 48
Figure 33: India Food and Grocery Retail Sales and Forecast (INR bn), by Category 2009–2019 ................................................................. 51
Figure 34: India Food and Grocery Retail Market Dynamics, by Category 2009–2019 .......... 52
Figure 35: India Drinks Retail Sales and Forecast (INR bn), by Channel Group, 2009–2019 55
Figure 36: India Household Products Retail Sales and Forecast (INR bn), by Channel Group, 2009–2019 ................................................................. 58
Figure 37: India Packaged Food Retail Sales and Forecast (INR bn), by Channel Group, 2009–2019 ................................................................. 62
Figure 38: India Tobacco Retail Sales and Forecast (INR bn), by Channel Group, 2009–2019 66
Figure 39: India Unpackaged Food Retail Sales and Forecast (INR bn), by Channel Group, 2009–2019 ................................................................. 69
Figure 40: The Triangulated Market Sizing Methodology ................................................. 81
List of Tables

Table 1: India Food and Grocery Retail Sales (INR bn), by Channel Group, 2009–2014 ................................................................. 48
Table 2: India Food and Grocery Retail Sales Forecast (INR bn), by Channel Group, 2014–2019 ............................................................. 49
Table 3: India Food and Grocery Retail Sales (US$ mn), by Channel Group, 2009–2014 ................................................................. 49
Table 4: India Food and Grocery Retail Sales Forecast (US$ mn), by Channel Group, 2014–2019 ............................................................. 50
Table 5: India Food and Grocery Retail Sales (%) (value), by Channel Group, 2009–2019 ................................................................. 50
Table 6: India Food and Grocery Retail Sales (INR bn), by Category 2009–2014 ................................................................. 52
Table 7: India Food and Grocery Retail Sales Forecast (INR bn), by Category 2014–2019 ................................................................. 53
Table 8: India Food and Grocery Retail Sales (US$ mn), by Category, 2009–2014 ................................................................. 53
Table 9: India Food and Grocery Retail Sales Forecast (INR bn), by Category 2014–2019 ................................................................. 54
Table 10: India Food and Grocery Retail Sales (%) (value), by Category, 2009–2019 ................................................................. 54
Table 11: India Drinks Retail Sales (INR bn), by Channel Group, 2009–2014 ................................................................. 55
Table 12: India Drinks Retail Sales Forecast (INR bn), by Channel Group, 2014–2019 ................................................................. 56
Table 13: India Drinks Retail Sales (US$ mn), by Channel Group, 2009–2014 ................................................................. 56
Table 14: India Drinks Retail Sales Forecast (US$ mn), by Channel Group, 2014–2019 ................................................................. 56
Table 15: India Drinks Retail Segmentation, by Channel Group, 2009–2019 ................................................................. 57
Table 16: India Household Products Retail Sales (INR bn), by Channel Group, 2009–2014 ................................................................. 59
Table 17: India Household Products Retail Sales Forecast (INR bn), by Channel Group, 2014–2019 ................................................................. 59
Table 18: India Household Products Retail Sales (US$ mn), by Channel Group, 2009–2014 ................................................................. 60
Table 19: India Household Products Retail Sales Forecast (US$ mn), by Channel Group, 2014–2019 ................................................................. 60
Table 20: India Household Products Retail Segmentation, by Channel Group, 2009–2019 ................................................................. 61
Table 21: India Packaged Food Retail Sales (INR bn), by Channel Group, 2009–2014 ................................................................. 63
Table 22: India Packaged Food Retail Sales Forecast (INR bn), by Channel Group, 2014–2019 ................................................................. 63
Table 23: India Packaged Food Retail Sales (US$ mn), by Channel Group, 2009–2014 ................................................................. 64
Table 24: India Packaged Food Retail Sales Forecast (US$ mn), by Channel Group, 2014–2019 ................................................................. 64
Table 25: India Packaged Food Retail Segmentation, by Channel Group, 2009–2019 ................................................................. 65
Table 26: India Tobacco Retail Sales (INR bn), by Channel Group, 2009–2014 ................................................................. 67
Table 27: India Tobacco Retail Sales Forecast (INR bn), by Channel Group, 2014–2019 ................................................................. 67
Table 28: India Tobacco Retail Sales (US$ mn), by Channel Group, 2009–2014 ................................................................. 68
Table 29: India Tobacco Retail Sales Forecast (US$ mn), by Channel Group, 2014–2019 ................................................................. 68
Table 30: India Tobacco Retail Segmentation, by Channel Group, 2009–2019 ................................................................. 68
Table 31: India Unpackaged Food Retail Sales (INR bn), by Channel Group, 2009–2014 ................................................................. 70
Table 32: India Unpackaged Food Retail Sales Forecast (INR bn), by Channel Group, 2014–2019 ................................................................. 70
Table 33: India Unpackaged Food Retail Sales (US$ mn), by Channel Group, 2009–2014 ................................................................. 71
Table 34: India Unpackaged Food Retail Sales Forecast (US$ mn), by Channel, 2014–2019 ................................................................. 71
Table 35: India Unpackaged Food Retail Segmentation, by Channel Group, 2009–2019 ................................................................. 72
Table 36: Key Food and Grocery Retailers in India ................................................................. 74
Table 37: India Exchange Rate INR–US$ (Annual Average), 2009–2014 ................................................................. 76
Table 38: India Exchange Rate INR–US$ (Annual Average), 2014–2019 Forecasts ................................................................. 76
Table 39: Conlumino Retail Channel Definitions ................................................................. 77
Table 40: Conlumino Retail Category Definitions ................................................................. 79
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Conlumino Global Retail offers a comprehensive 360° view of the retail landscape. A team of analysts, with more than 200 years of combined experience, help you identify and understand the most current retail trends.

Last year hundreds of retail businesses across the globe used our research to make critical business decisions.

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