

The Indian Market for Selected UK Food & Drink Products

Summary report



Department
for Environment
Food & Rural Affairs

OGL

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For the full report on the Indian Market, please visit:

http://randd.defra.gov.uk/Document.aspx?Document=14999_Pro-marIndiareport.pdf



The Indian market

- ❑ Population split: 35% urban, 65% rural in 2019 – with urbanization increasing.
- ❑ The proportion of those aged between 25 - 64 years is expected to increase to 54% by 2050, with this generation driving the growth in the middle class.
- ❑ By 2025, 114 million households (approximately 46%) are expected to be 'middle class'.
- ❑ India has one of the highest millennial populations whose food habits are more adventurous than those of previous generations.
- ❑ The Institute for Global Development (IGD) forecasts that the Indian retail sector is to grow rapidly over the coming years with a compound annual growth rate (CAGR) of 6.3% between 2017 and 2022.
- ❑ Growth is driven by a relatively fast-growing economy, young population and rising disposable incomes.



The Indian market



- ❑ Modern retail formats such as supermarkets, hypermarkets and cash and carry are expanding across India – though still only account for 2% of the market share. Market leaders include Future Group 0.5%, D-Mart 0.5% and Reliance Retail 0.3%
- ❑ Traditional retail formats account for 98% of the total grocery market share, these include street vendors, market stalls and small, family-owned independent businesses.
- ❑ There is rapid growth in online food retail platforms too - Big Basket are the market leaders.
- ❑ In major urban conurbations there is strong growth in the foodservice sector, with eating out becoming the 'norm'. Consumption and demand for western and international cuisine is also increasing.
- ❑ Strong growth in domestic and international tourism – not least due to the increase in availability of affordable domestic flights.



What type of consumers to target?

What type of consumers to target?	Why target them?
Affluent and high income	Many of the UK imported products were only available in high-end and premium stores.
Tourists and the well travelled	Have a developed taste for international products and are international brand aware – all products.
Expatriate	UK expatriates looking for products from home - all products.
Health and specialist diets	Looking for specialist and diet specific products - meat alternative/cheese.
Food educated	Have a developed taste for innovative and new to market imported products – all products.

Increasing consumer demand for imported food



- ❑ The key drivers of the Indian imported food and drink market can be summarised as follows:
 - strong growth of high-end retail and foodservice channels – driven by the large increase in the numbers of consumers entering the middle class bracket over the next 10 - 25 years.
 - the uptake in imported products by the hotel, restaurant and catering (HORECA) sector – cheese, biscuits and meat alternatives are all good examples.
 - improvements in the overall so-called “enabling environment” as market constraints become less of a barrier to importers.



Indian diets

- With a diverse culture, Indian dietary patterns vary, but a few key features of Indian food consumption are outlined below:
 - dairy constitutes an important part of many Indian diets and consumption has increased. Milk is a key source of nutrition. Cream, curd or dahi (yoghurt) and fresh cheeses, such as paneer, are widely used in traditional Indian cuisine.
 - beef is not consumed in general (with the exception of a few states where Hindus are in the minority). Cows are sacred in Hinduism and so the slaughter of cows is banned or subject to restrictions in most states.
 - pork is not popular. India's Muslim population is forbidden to eat pork, but even among non-Muslims pork is considered a "low" form of meat.
 - chicken is a growth area and is widely available; as are eggs.
 - lamb, mutton and goat are also consumed.
 - fish is commonly consumed in coastal regions.
 - Traditionally meals are cooked from scratch using fresh ingredients bought daily, however there is a shift towards using convenience products like dry sauce mixes.



Vegetarianism



- ❑ India has the highest number of vegetarians in the world – approximately 200 million people, or 20% of the population. The highest proportion of vegetarians are found in the Northern states of India.
- ❑ Proportion of the population who are vegetarian in selected Indian cities:
 - Indore: 49%
 - Meerut: 36%
 - Delhi: 30%
 - Nagpur: 22%
 - Mumbai: 18%
 - Hyderabad: 11%
 - Chennai: 6%
 - Kolkata: 4%



Quality assurance schemes

- ❑ **Do Indian customers across the supply chain recognise Red Tractor etc.?**
 - Red Tractor and other similar overseas quality assurance schemes are not recognised or fully understood by consumers in India. There are very few similar in-country schemes.
- ❑ **Is UK provenance seen as good - is it a strength that others don't have?**
 - The UK “brand” is favoured and seen as a strength by Indian consumers due in part to the cultural affinity India has with the UK, and the view that British imports are quality and safe.
 - There is a focus on the “UK brand” rather than devolved brands. Provenance is a strong USP for UK products in a competitive and crowded marketplace.
- ❑ **Who recognises it - the trade or consumers?**
 - UK provenance is recognised and respected by both the trade and Indian consumers.
- ❑ **Do they recognise protected designation of origin (PDO) and protected geographical indication (PGI) schemes? Do they add value and how?**
 - Very few importers, retailers and consumers identified with PDO/PGI schemes directly.
 - There appears to be a greater connection with the product provenance and the product story/history.



Market growth opportunities

- ❑ Huge growth of the middle class with an increased disposable income.
- ❑ “Westernisation” – rapid growth in the eating out sector and interest in international and new products.
- ❑ High end retail and HORECA sectors are both set for strong future growth.
- ❑ Online retail platforms and home delivery services are expanding.
- ❑ India is fast becoming a “hub” to other South East Asian markets, which could provide a well-established UK brand with an additional opportunity to manufacture in country products under licence.
- ❑ UK food imports are regarded as high quality, trusted and safe.
- ❑ A strong cultural and historic affinity with UK brands.

Opportunities by product



Ranking	Product	Strengths	Weaknesses
1.	Cheese	Growing interest in imported cheese, particularly cheddar which has many applications. Major consumption in urban areas.	Mass market consumption is limited to mild and plain cheese and is price sensitive, specialist cheeses limited to very high-end retail.
2.	Confectionery	Increase in demand for luxury and high-end products.	Highly competitive market in mass retail.
3.	Sauces and condiments	Growing interest in 'Western' style cuisine.	Highly competitive market in mass retail.
4.	Meat alternatives	High % of vegetarian and vegan consumers.	Still a relatively new concept in India, the sector needs to mature and be understood by consumers.
5.	Sweet biscuits	Increase in demand for luxury and high-end products.	Highly competitive market and significant import tariff – 45%.
6.	Beer	Growing interest in craft beer market – still relatively new to market. Potential in alcohol-free/low alcohol products.	High import tariffs - 100% and competition from cheaper in country products.

See the full report online for further analysis of these product categories.



Other product opportunities

- ❑ Whilst visiting India, a number of requests were made to identify potential suppliers for the following UK products:
 - **Alcohol free spirits:** gin, whisky, rum, etc.
 - **Low sugar and diabetic products:** jams and snacks.
 - **Specialist diet products:** gluten free, dairy free, egg free, low fat, low salt, etc.
 - **Breakfast cereals and cereal bars:** on the go breakfast items.
 - **Instant/add water products:** cuppa soups, noodles, pasta in sauce.





Free from products

- ❑ Most Indian retailers had dedicated “free from” product areas.
- ❑ There was a UK sugar free jam player with a significant market presence.
- ❑ Retailers had noticed an increase in demand for “free from” products and were reacting to customers needs.
- ❑ Overseas “free from” products are trusted by consumers.



Free from products had a shelf presence in most of the retail stores visited



Opportunities by route to market

Rank	Route to market	Strengths	Weaknesses
1.	High end retail	<p>The main route to market for many UK food and drink companies.</p> <p>Increased middle class spend driving a demand for higher end retail outlets.</p> <p>UK provenance resonates in this sector – trusted and loved, with a cultural affinity.</p>	<p>Limited and highly competitive shelf space, that can at times be crowded with other international products – from the EU/US.</p> <p>This is a relatively small market segment within Indian retail</p>
2.	High end HORECA	<p>An expanding and growing sector in India with a diverse range of products demanded.</p> <p>The UK has only a small/modest presence in this sector to date – breakfast buffets, room gifts, etc.</p> <p>Increased interest in Western/international foods, along with growing eating out culture in urban areas.</p>	<p>Country of origin for most food and drink products is of less importance in HORECA.</p> <p>Price and quality are seen as the most important aspects of supply. Supply is usually in bulk and tends to be unbranded.</p> <p>Contracts run for 12 months with fixed price. Contracts negotiated by head office buyers – very margin and supply focused.</p>



Opportunities by route to market

Rank	Route to market	Strengths	Weaknesses
3.	Mass retail	Mass retail still accounts for a high overall % of consumer demand in India.	<p>The Indian mass market is highly price sensitive – this restricts UK food and drink imports to high end retail and HORECA. Consumers are prepared to compromise on quality over price.</p> <p>Shelf space for products such as confectionery and biscuits is highly crowded and competitive.</p> <p>Out of stock lines for imported products are common within Indian retail, and this is often down to shipping duration and pinch points in the internal supply chain.</p>
4.	Online and ecommerce	Potential growth in online retail in urban areas. Predominantly mass market focussed, though high-end online retail is beginning to emerge.	Imported food and drink products are more commonly found in high end, gourmet food stores and not online.



Retail market in India

- ❑ The food and drink market in India is worth £305 billion and is expected to reach £500 billion by the end of the 2020s according to Santander Insights and the FDF.
- ❑ The Indian grocery retail market is currently the sixth largest in the world. The retail sector in India is emerging as one of the largest sectors in the economy. It contributes 10% of GDP and 8% of employment.
- ❑ Indians typically spend around 50% of their income on groceries.
- ❑ The retail sector remains highly fragmented and dominated by traditional and informal formats such as street vendors, stalls (kiranans), and independent shops (mom and pop shops), these formats account for 98% of the total retail market.
- ❑ However modern retail formats, including supermarkets, hypermarkets, online and cash and carry have been established in India for the last 15 years and are expanding quickly.
- ❑ Online food retail is still relatively new in India, with this platform restricted to larger cities such as Mumbai and Bangalore.



Retail market in India

- ❑ Over the next couple of years, online sales are expected to double due to both international players, such as Amazon Food, entering the market, as well as local players, such as Big Basket, expanding in other key cities.
- ❑ The IGD forecasts that the Indian retail sector is to grow rapidly over the coming years with a CAGR of 6.3% between 2017 and 2022. It will become the third largest grocery market in the world behind China and the US.
- ❑ This growth is driven by a strong economy, young population and rising disposable incomes.
- ❑ The gourmet food market has witnessed a major transformation in recent years. In 2017 this sector was valued at \$1.3 billion and was growing at a rate of 20% per year, according to the Indian Brand Equity Foundation (IBEF). This provides an opportunity for UK gourmet food and drink producers.



Retail channels of distribution

There are two main grocery retail channels in India:

- ❑ **Organised** also known as modern retail – supermarkets, hypermarkets and cash and carry (approximately 2%).
- ❑ **Unorganised** also known as traditional retail – street vendors, market stalls and “mom and pop” independent shops (approximately 98%).

How retail channels in India are changing:

- the organised retailing sector is rapidly expanding its operations within India with the rise of modern retailing formats like supermarkets, hypermarkets, convenience stores and other forms, such as online and vending machines.
- the modern retail format is mostly dominated by Indian players, but recently due to the changes in the FDI policies and economic reforms introduced by the Indian government, foreign players have also entered the Indian retail industry.



The Indian retail sector - opportunities

- ❑ UK imports can be highly competitive in the Indian market due to the quality and range of products offered, particularly in cheeses, high-end biscuits and confectionery.
- ❑ Indian retailers are often keen to explore new ranges that they previously be unaware of would through most Indian importers – products that show genuine innovation and are new to market.
- ❑ Increased sales can be achieved through investment and brand activity in India (e.g. sampling, promotions, marketing resources, advertising). This was visible in many of the stores we visited.

The Indian retail sector - constraints



- ❑ Indian importers do not always do full justice to brands if they are unable to offer the expertise and product understanding required by the customer. Thus UK suppliers that visit India, in order to understand the market and undertake promotional work tend to do better.
- ❑ To sustain growth therefore, UK brands needs to be patient and willing to invest in market development activities, including spending considerable time in country.
- ❑ Retailers are heavily reliant on importers for supply and, as such, availability vs demand is often a challenge. Out of stock lines for imported products are common within retail. This is often down to the length of time it can take for products to get from supplier to retailers and unexpected pinch points in the supply chain.
- ❑ Imported food and drink products are more commonly found in high end, gourmet food stores and not in the mass market retail.
- ❑ Retailers are also looking to reduce costs for their customers, whilst retaining the same quality products.
- ❑ Being able to stand out in this sector is therefore a challenge, but potentially lucrative, for any UK supplier that can do this.



Foodservice market in India

- ❑ India has a dynamic and fast paced food and drink hospitality sector and as such is full of potential opportunities for UK exporters.
- ❑ There is strong growth in domestic and international tourism. This is not least due to the increase in the availability of affordable domestic flights.
- ❑ The pace of urbanisation, rising income levels and the application of technology have all boosted the hospitality sector and have driven demand for non home-cooked food, such as Italian, Japanese and Chinese cuisine.
- ❑ India has one of the highest millennial populations whose food habits are more adventurous than those of previous generations.
- ❑ Eating out mid-week has become more of the norm, as opposed to it being only a weekend activity, especially in up-and-coming urban areas like Bangalore.
- ❑ The HORECA sector is often supplied by cash and carry wholesalers, such as Metro and Reliance Market.



Foodservice market in India

- ❑ Younger Indian consumers in particular are becoming increasingly willing to experiment with restaurants serving international food.
- ❑ There is growing use of technology in the Indian food service industry, for example digital menus, interactive smart tables, etc.
- ❑ The use of restaurant delivery apps are becoming the norm in urban areas, good examples are Swiggy, Uber Eats, Pizza Hut and Zomato.
- ❑ Healthy options and a strong interest in specialist diets (e.g. gluten free, vegan, organic) are in growth. This is due to consumer preferences and demand.
- ❑ The largest sector within the foodservice market is affordable casual dining restaurants (ACDR), followed by quick service restaurants (QSR) and then premium casual dining restaurants (PCDR).
- ❑ Business travel is an important and growing sector, and although it only accounts for 5% of total tourist expenditure, it tends to be a high spend area.



Foodservice market in India

- ❑ It is also worth noting the expansion of international hotel chains across India (planned before the COVID-19 pandemic, and so may change):
 - of the leading international hotel groups, Marriot is reporting to open an additional 20 hotels in India by 2021, in addition to its existing portfolio of 98.
 - the Hilton Group will add a further 18 hotels to its present 15 properties and Berggruen Hotels (operating in India under the Keys Hotels brand) a further 20.
 - the Louvre Hotel Group, which has a portfolio of 1,200 hotels globally, plans to double earnings in India to account for 10-15% of its overall business.
- ❑ These hotel chains will be keen to source international products, including UK products, to service their guests.
- ❑ There are potential opportunities for products which UK businesses are particularly proficient/adept at producing, including but not limited to: cheese, beer, meat alternatives and biscuits.



Indian foodservice & the UK insight

- ❑ There is an interest in high-end UK products suitable for buffet style catering, especially in the more international hotels, where there is evidence of UK brands, such as Colliers Cheese being used.
- ❑ Five-star hotels tend to offer room gifts and high-end mini bars. UK products are often used for this purpose.
- ❑ Individual hotels have little control of purchasing food and drink products as this is nearly always coordinated on yearly contracts through the Head Office.
- ❑ Price, quality and product availability were considered as important factors, as menus and drink offerings are generally planned for the year ahead.



How do UK firms get to market?

Every prepackaged food must carry a label containing
(पैकेज खाद्य पदार्थ पर लगे लेबल में होना चाहिए)

1. Name of the food
(खाद्य का नाम)

2. List of ingredients
(संघटकों की सूची)

3. Nutritional Information
(पोषणकारी जानकारी)

4. Declaration regarding Vegetarian and Non Vegetarian
(शाकाहारी व मांसाहारी संबंधी घोषणा)

5. Declaration regarding food additives
(खाद्य योजकों संबंधी घोषणा)

6. Net weight/quantity
(सुद्ध परिमाण)

7. Lot/code/batch identification number
(लॉट/कोड/बैच न. पहचान)

8. Date of manufacture
(निर्माण की तिथि)

9. Best before/Use by date
(से पूर्व उत्तम/तारीख तक प्रयोग)

10. Instructions of use
(प्रयोग करने के लिए अनुदेश)

11. Name and complete address of the manufacturer
(निर्माता का नाम व पूरा पता)

FSSAI



- Tariffs - 0% for ASEAN/China, ranging from 30-100% for WTO/EU/UK/US.
- UK firms must work with a trusted Indian importer.
- Food and drink products must adhere to the Food Safety and Standards Authority of India's (FSSAI) import requirements.
- The vast majority of food and drink imports from the UK are shipped by sea.
- The main seaport used for UK is Mumbai due to close proximity to large urban populations.
- Help to access the market is available through the UK India Business Council and DIT.



How do UK firms get to market?



- ❑ Many UK companies have been doing business in India for some time – there are a number of trusted and respected brands that have successfully established routes into the Indian market.
- ❑ Market focus: high end retail and HORECA - though each channel has a different service needs that UK businesses need to be aware of.
- ❑ UK brands that invest time and money on the ground tend to do better.
- ❑ Terms of business are standard for international trade, however payment duration in India can be longer than in other countries, up to 60 days.
- ❑ A long-term plan is essential when doing business in India as some things take longer than in other countries.



Indian food & drink Importers - overview

- ❑ There are an estimated 5,000 food and drink importers in India, with offices in the main cities to ensure they can supply their customers.
- ❑ Many importers import consolidated products, as the market for one product alone is often not large enough to justify full containers.
- ❑ There are two different types of importer – either an importer who prefers to deal exclusively with a brand, or those that do not request this, in order to stock their products. Most UK products are imported through an established and trusted importer, such as Chenab or Sunbeam Ventures.
- ❑ The importers that had exclusivity deals appear to be more invested in supporting the brands in the marketplace with promotions and sampling.
- ❑ The leading importers are generally enthusiastic (and complimentary) about UK brands and products, associating them with both safety and quality. However they have concerns about competitiveness and the ability of UK firms to supply on consistent basis.



Indian food & drink importers - opportunities

- ❑ **UK food businesses need to consider identifying and working with a trusted partner in India, so that the brand can supply the market at the best possible price.**
- ❑ Delhi and Mumbai are the biggest markets for imported food and drink products, followed by Bangalore and Chennai.
- ❑ Indian consumer tastes are shifting towards healthy and premium foods; especially as disposable income rises and Indians become more “Westernised”.
- ❑ India is also fast becoming a hub to access other SE Asian markets, which could provide an established UK brand with an opportunity to manufacture products under licence.
- ❑ The opportunities in both retail and HORECA should not be ignored. The channels should be treated differently though, as they demand different products. For example the HORECA sector is primarily focused on price and consistency of supply.
- ❑ A brand can successfully be developed with the right importer/distributor and a degree of promotional support – promotional literature, shelf wobblers, product sampling etc.



Typical UK supply chain to India



Shipping: up to 1 month



Customs: 1 - 2 weeks



Truck: 2 - 5 days



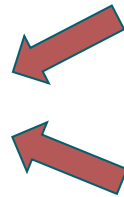
Importer storage: 1 - 2 months



Truck: <1 day



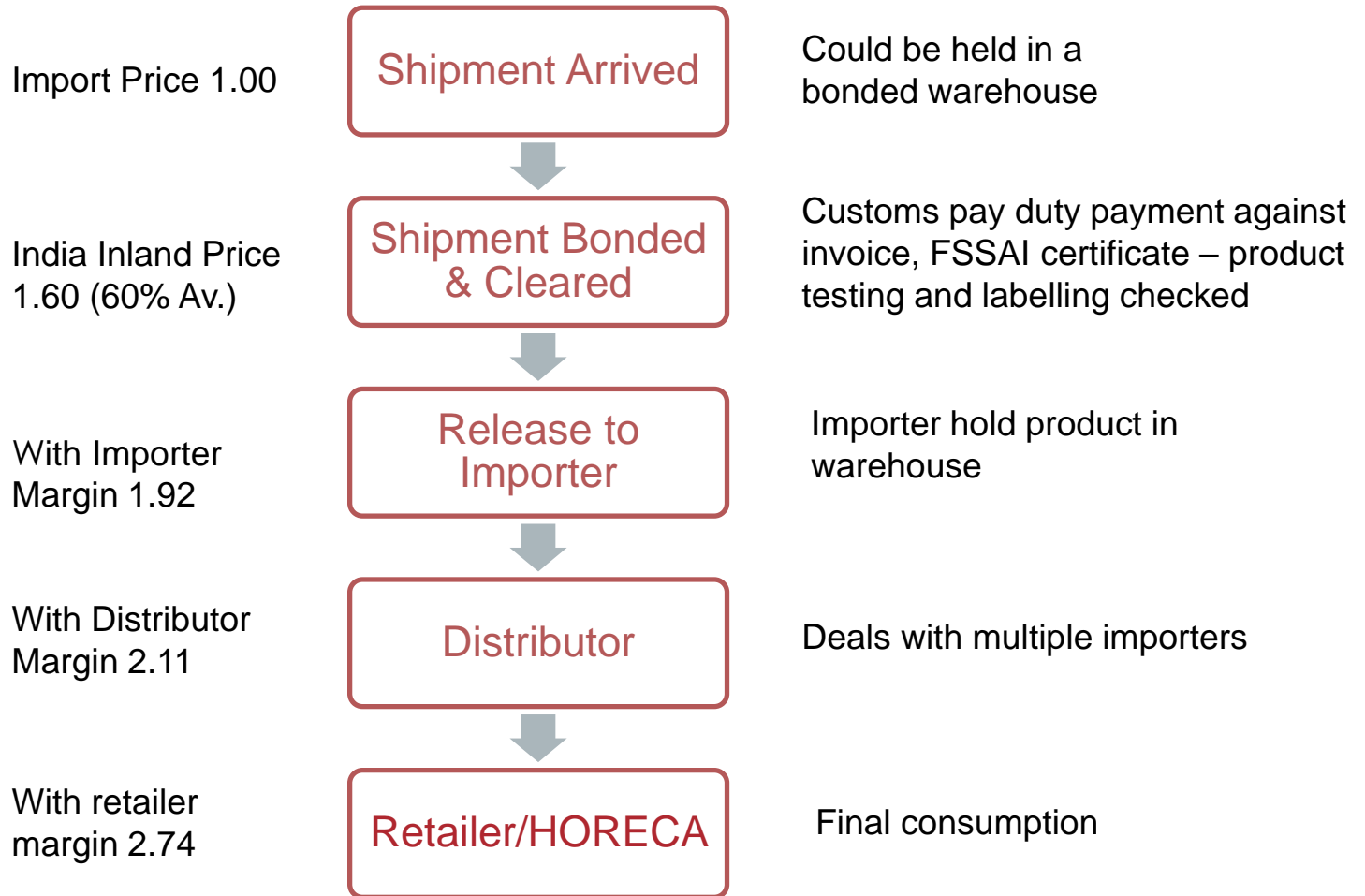
Distributor storage: 1 - 2 months



Retail/HORECA



Typical Indian supply chain & pricing





Import overview - step #1

- ❑ Prior to the arrival of the food consignment by air or seaport in India, the importer must prepare an authority letter in favour of a registered customs handling agent (CHA), addressing the FSSAI authorised officer.
- ❑ While awaiting the arrival of consignment, the CHA listed in the authorisation letter will file an application for clearance of consignment with the Department of Customs established on the Bill of Entry.
- ❑ After this, a Government Customs Agent will verify the consignment after clearance of customs formalities and payment of customs duty.



Source: FSSAI



Import overview - step #2



- ❑ On obtaining the customs department clearance, the customs handling agent must file an application in the Food Import Clearance System (FICS) of FSSAI to obtain the No Objection Certificate (NOC).
- ❑ The documents required to be uploaded in the FSSAI platform for FSSAI clearance are:
 - Importer Exporter Code issued by the Director general of Foreign Trade (DGFT)
 - FSSAI Business License
 - Bill of Entry
 - Examination Order generated by the Electronic Data Interchange (EDI) System of Customs, therein requiring NOC from the FSSAI
- ❑ There may be a requirement for an additional documents (product dependent).

Source: FSSAI



Import overview - step #3

- ❑ Once an application is made in the Food Import Clearance System with the above documents, an FSSAI Officer will verify the documents and may request more information if required.
- ❑ If the application is accepted, the Indian importer will be requested to deposit fees for FSSAI clearance based on the number of samples.
- ❑ The FSSAI Officer will also fix a date and time for visual inspection of the consignment.
- ❑ During the visual inspection of the consignment, the following will be verified:
 - the physical condition of the consignment for visible insects and fungal infestation.
 - that the valid remaining shelf life of the product is more than 60% of its original shelf life at the time of import clearance.
- ❑ The samples of imported food are then sent by the Authorised Officer and then analysed by the laboratory as defined in the Food Safety and Standards Act and Regulations. The lab is required to send its report within five days to the Authorised Officer with an opinion about the product tested to be either conforming or non-conforming.

Source: FSSAI



Import overview - step #4

- ❑ This involves compliance with the FSSAI packaging & labelling regulations, and the product-specific labelling requirements.
- ❑ Dealing with labelling deficiencies, namely:
 - name and address of the importer
 - FSSAI logo and license number and the veg/non-veg symbol
- ❑ After the visual examination, the FSSAI officer would draw two samples from the consignment for testing.
- ❑ One of the sealed and labelled samples will be sent to a randomly selected laboratory. The second food sample would be stored in appropriate conditions for re-testing if the need arises.



Source: FSSAI



Import step overview - #5

- ❑ If the authorised laboratory issues an opinion report confirming that the food consignment conforms with the FSSAI regulations, the FSSAI Officer would issue a No Objection Certificate (NOC) or a Non-Conformance Certificate (NCC).
- ❑ The food product would then be cleared for import into India and released from the customs warehouse.

Source: FSSAI



Typical supply chain margins in India – various channels

(source: Promar based on trade research)

Distribution Channel	Typical Margin Ranges
Clearing and forwarding agent	2 – 6%
Wholesaler	2 – 6%
Super stockist	3 – 7%
Distributor	7 – 12%
Importer	5 – 35%
Retailer	15 – 60%



Terms and conditions of business

- ❑ The customs process can be lengthy for the importer (and UK exporter), especially in terms of the documentation and licences required.
- ❑ Each product must carry the correct labelling and be appropriately packed to clear customs.
- ❑ Some Indian importers mentioned that obtaining the money for a shipment before sending products should be a priority when dealing with Indian businesses, although this was not a requirement from either party.
- ❑ Credit terms for established trading partners can range from 30 to 90 days.
- ❑ Getting payments from India can at times be an onerous process, but is largely seen as part and parcel of doing international business.



Terms and conditions of business

- ❑ As volumes begin to increase, it is not unreasonable to assume that Indian importers will seek a more flexible approach from UK suppliers on payment terms.
- ❑ It is advised that secure terms payment are used across India through a letter of credit or documentary collection through a bank. Open account transactions are not allowed in India. When dealing with Indian importers, the terms of delivery and payment of goods should always be stated.
- ❑ Indian law does not regulate over late payments and legal settlements in India can be a lengthy and expensive process.
- ❑ Taxes in India are levied by central government and state governments. The national Goods and Services Tax (GST) unifies India's economy into a common market as GST replaces more than a dozen indirect taxes.
- ❑ The most up to date information can be found on the National Investment Promotion and Facilitation Agency website: <https://www.investindia.gov.in>



Other supply and contract stipulations

Retail

- ❑ Listing fees – these vary by store and can range from £0 to £2,000 per product.
- ❑ The consistency of supply is important and needs to be guaranteed, especially in larger stores.
- ❑ Shelf life – a minimum 70% of total shelf life is required on the product. Customers are cautious of products with a short life.
- ❑ In store sampling is favoured by many retailers as a way of raising brand profile.
- ❑ Many retailers are willing to work with any size UK company, as long as they can meet the contractual obligations.

Foodservice

- ❑ Consistency of supply needs to be guaranteed as menus and drinks listings are often planned 12 months ahead by leading hotel groups.



Promotional support

- ❑ Store visits highlighted limited in store promotion activity.
- ❑ Some of the retailers interviewed mentioned that this was as a result of their 'premium' image that did not lend itself to this sort of activity.
- ❑ Introductory offers are liked by retailers – an initial 3-4 month support to raise brand awareness.
- ❑ A long-term commitment to support the brand in country is ideally required – those that are supported tend to do better than those that are not.



Laughing Cow sampling in
Simpli Hamdhari's

How do Indian companies find new UK food and drink suppliers?



New suppliers are identified through a number of channels:

❑ Retailers

- Importer pitches and product catalogues.
- Attend trade shows (pre-COVID-19) – international and in India (see overleaf for more details).
- Direct approaches.

❑ Importers

- Attend trade shows (pre-COVID-19) – international and in India (see overleaf for more details).
- Web searches and trade publications.
- Direct approaches made by overseas consolidators and manufacturers.

❑ Foodservice

- Attend hospitality trade shows and events – international and in India.
- Direct contact made by overseas consolidators and manufacturers.
- Approached by importers.

Indian food & drink trade events*



Trade Events	Location	About	Website
Anufood India	Mumbai	B2B trade for the food and beverage industry and retail market	http://www.anufoodindia.com/
Foodtech Asia	Srinagar and Nepal	Exhibition on bakery, food processing and food and hospitality sector	http://foodtechasia.in/
Nutrition Summit India	Mumbai	Innovation and advances in the functional foods, dietary supplements and health food sectors	https://nutritionsummitindia.com/
Food and Hotel India	Mumbai	Premium food and hospitality trade show	https://foodandhotelindia.com/
Chocolate and Bakery Expo	Mumbai	Exhibition covering the chocolate, confectionery and bakery sector	https://www.cbexindia.com/
Express Food and Hospitality	Various throughout India	B2B trade show for the food and hospitality industry	https://mumbaiexpo.foodhospitality.in/index.html
Craft Drinks India	Bangalore	Trade show and conference for the beer, wine and spirits sector	http://craftdrinksindia.com/
India HoReCa Expo	Coimbatore	B2B platform for buyers and decision makers in the hospitality and foodservice sector	http://www.indiahorecaexpo.com/
Hotel, Catering and Bakery Expo	Bangalore	Exhibition for hotel, restaurant and catering products	http://www.hrcexpo.com/
India Brand Expo	New Delhi	Multi sector product exhibition	http://brandexpo.in/index.php
India Foodex	Bangalore	International exhibition on food products, retailing, processing and packaging	https://www.indiafoodex.com/
Sial India	New Delhi	B2B networking and innovation exhibition	https://www.sialindia.com/
India Food Forum	Mumbai	Trade exhibition and conference for the retail and foodservice sector	https://www.indiafoodforum.com/
World Food India	New Delhi	Global platform for stakeholders in the food processing sector	http://www.worldfoodindia.gov.in/
Food Ingredients and Health Ingredients India	New Delhi	B2B event for food and health ingredients in the processing and packaging industry	https://www.figlobal.com/india/en/home.html

* Information correct pre-COVID-19 pandemic, so may have changed as a result of restrictions



Barriers to overcome in India

- ❑ India is a high import duty market for countries like the UK, the US and others from the EU, meaning high point of sale (POS) prices are hard to avoid. This can be a challenge when a brand is looking to boost sales, especially within the HORECA sector, which is heavily price sensitive. China and ASEAN countries have an advantage due to their FTAs with India, though India may well be a market for the future for UK food and drink brands.
- ❑ It is worth noting that once a product becomes established, UK companies should be prepared for it to be potentially reproduced/copied by a local manufacturer and placed on the market at a lower price point. This recently happened to a high-end UK crisp producer, with the product and packaging being replicated in a similar way. A strong USP and distinct brand link to UK provenance can help combat this.
- ❑ Using multiple importers can cause a lack of direction for a brand in the market, with many Indian importers preferring to operate on an exclusive basis. This in itself is a challenge, because a brand needs to select the right importer to “champion” the product.
- ❑ Adequate shelf life is also essential – a product needs to have at least 70% shelf life when it reaches the end consumer. Consideration therefore also needs to be made in regard to product storage, distribution and shelf life.



Non-tariff barriers

- ❑ This process of dealing with customs and related administration can cause up to two weeks of delays at the border for an importer. The associated costs that come with this are sampling, storage and handling; this figure might be up to £2,000 – £2,500 for a container over a two week period in a worst-case scenario.
- ❑ Consequently there is a demand vs availability challenge that most, if not all, importers and retailers face, whereby an order can take up to two months before it reaches the final customer.
- ❑ Add to this the price of the final product, and it can be up to 50% from cost, insurance and freight (CIF) level.
- ❑ Legislation within the food industry in India can change often and part of the challenge can be keeping abreast of any amendments in this area.
- ❑ There are reported differences in the way shipments are handled and accepted at customs points throughout the country. For example, a shipment that would be accepted through Mumbai might not be at Chennai.

New product development (NDP) & technical support



Short shelf life product on the shelf in Nuts and Spices, Chennai

- ❑ Some importers offered technical advice and support to retailers where needed. NPD activity will be an important part of the service package in the future in a fast moving market.
- ❑ The information supplied on UK imported products packaging tended to be adequate and met FSSAI requirements to trade in the Indian markets.
- ❑ The biggest concern raised by retailers and importers was shelf life, this was also mentioned during the interview with FSSAI. Products are required to have a minimum shelf life of 60 – 70% of the total on arrival.
- ❑ There were instances where imported products were reduced on shelf, due to a short shelf life.



Labelling requirements

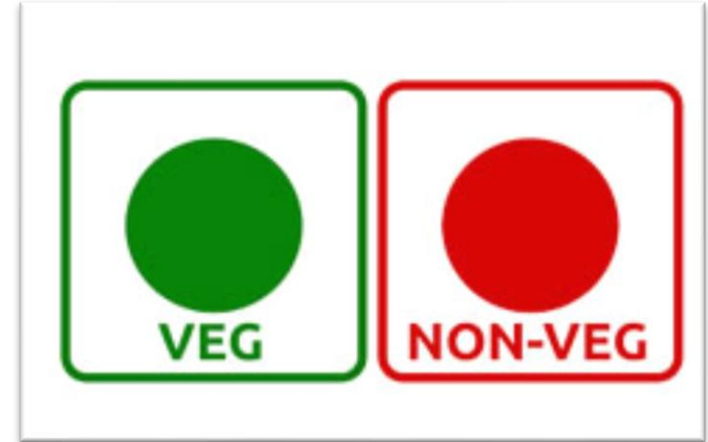
Every prepacked food entering India must carry a label that includes:

- Name of the food
- List of ingredients
- Nutritional information
- Declaration regarding vegetarian and non vegetarian
- Declaration regarding food additives
- Net weight/quantity
- Batch identification number
- Date of manufacture
- Best before/ use by
- Instruction of use
- Name and complete address of the manufacturer
- Maximum retail price



Vegetarian labelling

- According to the law, vegetarian food should be identified by a green dot in a green square and non-vegetarian food with a dark red dot in a dark red square.



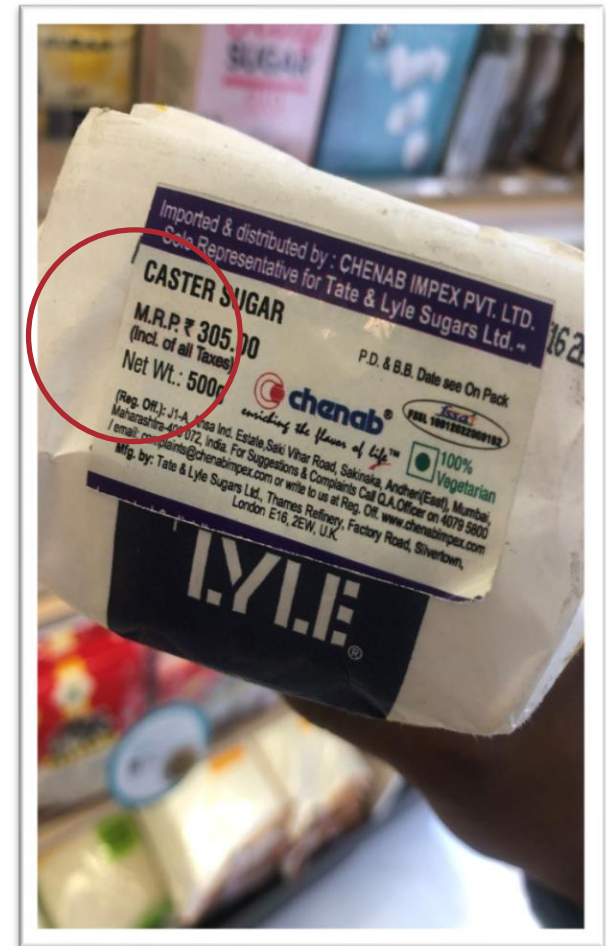
- The symbols follow the Food Safety and Standards (Packaging and Labelling) Act of 2006, which received mandatory status in 2011.





Maximum retail price

- ❑ A maximum retail price (MRP) is a manufacturer calculated price that is the highest price that can be charged for that product in India.
- ❑ However, retailers may choose to sell products for less than the MRP. The MRP differs from systems using a recommended retail price (RRP), because in those systems, the price calculated by the manufacturer is only a recommendation and not enforceable by law.
- ❑ All retail products in India must be marked with the MRP. Officially, shops cannot charge customers over the MRP. Some shops may charge slightly below MRP to draw more customers to their stores (e.g. Reliance Fresh - 2% MRP).
- ❑ In some remote areas, tourist spots and in situations where a product is difficult to obtain, consumers are often charged over the MRP level.





Packaging

- ❑ UK food and drink exporters must be able to meet latest FSSAI Food Packaging regulations – the latest version was issued in January 2019 (these are available online and are regularly updated).
- ❑ The aims of the regulations are to protect the food contents from microbiological, chemical, physical and atmospheric contaminants in order to safeguard consumer health.
- ❑ The regulations ban both the use of recycled plastics in food packaging and the use of newspaper and such other materials for packing or wrapping of food articles – they also reference specific Indian standards for printing inks for use on food packages.
- ❑ Manufactures of products and importers need to be aware of these regulations and ensure packaging materials are compliant, especially with the drive in the UK to use more innovative and sustainable packaging sources.
- ❑ Further information of specific product packaging requirements can be found on the FSSAI website.



Constraints to developing UK exports

Nature of Constraint	Comments	Required Actions to Mitigate
Lack of market presence and/or trade representation	Several importers commented on the lack of UK visibility at trade events and support towards the promotion of UK products.	Plan for additional in country support and visibility.
Price competitiveness	A low-priced product in the UK becomes a premium product in India after the addition of import duties and margins.	Target only the high end and more premium market with UK products - focus on where the UK can compete and not on where we cannot.
New product development (NPD) and innovation	UK is seen as leading the way in innovation and NPD.	Caution and awareness around in-country copying.
Logistics of supply from the UK	Products take a significant amount of time to reach the end retail market in India.	Work with a trusted and long-established importer and UK consolidators, undertake in country research and work with relevant trade associations/industry representatives.
In country distribution and storage	The ambient supply chain is reasonably robust in India, however the cold supply chain is still at an early stage and so may face challenges.	Suppliers need to work with importers and retailers to ensure that product quality is maintained at all times, offering support and guidance where possible.



Constraints to developing UK exports

Nature of Constraint	Comments	Required Actions to Mitigate
Promotional support and marketing	In-country marketing is key to the success of a product, this was encouraged by importers and retailers.	Undertake in-country marketing activity through being present yourself, working with a retailer or attending trade events.
Product range	Many imported products into India offer a limited range.	Understand the market and consumer tastes, only export suitable products that Indian consumers can identify with.
Tariffs and non-tariff barriers (NTB)	This is out of the control of suppliers.	UK Government actively engage with suppliers and manufactures to identify opportunities and input feedback into any future trade discussion.
Low interest from the UK food sector	Lack of awareness of market opportunities and latest market insight data.	Offer business support – UK and overseas to encourage trade. Provide test trade opportunities/trade missions – limit risk.
Strength of competition	Main competitors – India, China, USA, ASEAN countries and EU suppliers are all strong competitors.	Awareness of trade agreements and transportation costs.
Finances - exchange rates and T&C of supply	These can change and fluctuate month by month.	Undertake extensive research to fully understand current market conditions and any potential supply constraints.



The impact of COVID-19

- ❑ At the time of our field research, the COVID-19 pandemic had not presented itself in India. What the long-term impact of this will be on the Indian food and drink sector is uncertain, but from our research, COVID-19 could impact the food and drink market in the following ways:
 - the online grocery sales adoption rate is likely to increase at a faster rate – opportunity to develop more cost effective and better serviced distribution channels, along with subscription models.
 - an increase in demand for health and superfood product categories.
 - for the immediate future, food and drink demand from hotels and restaurants is likely to remain highly depressed, as both business and tourist travellers look to avoid India.
 - transport links from the UK to India may face disruption – both air and sea, adding further challenges to the supply chain.
 - the most affluent consumers in cities such as Mumbai, Delhi and Bangalore will be less impacted by the downturn and are expected to cut back the least on imported food items.