



ONLINE GROCERY SELLERS PLAN A 'PHYSICAL' STEP AHEAD

According to reports, the online grocery market is roughly about 1/5th of the mature market. Despite a large presence in 25 cities, including Tier II and III, a popular brand like Big Basket is planning to penetrate the offline market with kiosks. So, why do brands make the switch?

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With India's largest online grocer Big Basket planning to take the offline route to aggressively expand, the spotlight is back on the timeless debate about whether brick-and-mortar has an advantage over e-commerce or whether omnichannel strategy is the beacon for a better future. Though categories like apparel, fashion and footwear, to name a few, have plunged into the e-commerce market and have been high-growth segments, the online grocery segment has been largely untapped, with less than 1% penetration in the market. Interest-

ingly, in the last few years alone, the number of e-grocery stores has posted a steep increase and from a mere 13 in 2013 the count rose to 44 in 2014.

Although not all have been able to sustain the competition, especially because grocery retail holds serious challenges like high-volume business, threat of perishable products and being labour-intensive, startups like Grofers, ZopNow, GrocerMax and Liscous have seen steady growth. However, the important question is this: At a time when millennials want convenience and don't mind paying a premium for good experience, what moves a brand to switch channels and change their strategies?

BRAND CONNECT

According to Healthy Buddha's co-founder Anurag Dalmia, although customers are aware of brand names and may have even used a particular brand's product, seeing the product physically and having the 'touch and feel' experience makes all the difference. "Irrespective of convenience of not having to stand in long queues for checkouts and better discounts online, invariably there will always be a section of buyers who want to visit the stores, see what they are buying and enjoy the 'real' experience. Even if they have already used a product and liked it, visiting the store helps them understand the brand better. A physical store, especially for groceries, is a perfect medium to promote the brand and connect with the customer," he says.

While Healthy Buddha is only available online, Dalmia reveals that the brand is considering a gourmet-hybrid model and hopes to open a concept store.

POPULATION CATCHMENT

"You buy a gadget maybe once in a year and an electronic product perhaps once in two or three years. But a customer buys

250
%

AMAZON'S
GROCERY
SEGMENT
ALONE HAS
POSTED
250%
GROWTH

groceries two to three times a week and that could only grow if they are delivered with everything they are looking for," says Big Basket co-founder and CEO Hari Menon. Backed by Chinese investor Alibaba, Big Basket is riding high on success. The online grocer is now looking at setting up thousands of offline kiosks stocked with daily groceries as part of its aggressive growth plan for this year. Big Basket is also planning to set up small stores in apartment complexes and offices as it targets customers who want to quickly pick up daily commodities. Also, the company is looking at introducing BB Instant, which will deliver products within two hours to a customer.

LARGER REACH

Though the way millennial shopping has changed, certain habits like visiting a nearby supermarket won't change, opines Trilochan Sastry, founder of Farmveda, whose products are available in 1,000 retail stores. "Online presence alone

BIG BASKET IS PLANNING TO SET UP SMALL STORES IN APARTMENT COMPLEXES AND OFFICES

won't reach all and with better supply chain management available now, omnichannel presence is the solution for brands to tap the market," he adds. With over 2 mn products in its grocery segment and more than 9,000 sellers on board, Amazon's grocery segment alone has posted 250% growth, as of November 2017, since its launch. The grocery segment in India has always been important one for both Amazon and Flipkart with both introducing their pantry line, but with Big Basket switching to the offline market, it is now to be seen what changes will impact the e-grocery stores. ©R



HEALTHY EATING HABITS TO LEAD MARKET CHANGE

According to Euromonitor International, the most important factor set to drive growth in grocery retailers in India during the forecast period in 2021 is set to be the rise of the healthy eating trend. The agency in its report, states, "As lifestyles continue to change, Indian consumers are on the brink of shifting back to eating at home more often, which in turn is likely to lead urban consumers to purchase groceries and other household supplies on a more regular basis."