



Food Packaging Overview in India **Trends Analysis**

Rajat Kedia
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INDIA: AN OVERVIEW

ECONOMY

9th LARGEST
economy
in the world

and likely to
be third largest
by 2030 (1)

MAIN INDUSTRIES

Automotive, textiles,
steel, biotechnology,
drugs and
pharmaceutical, and
food processing (4)

**GDP GROWTH
FOR FY 2016**
7.3% (6)

**FORECAST
GDP GROWTH**
FY 2017: 7.5% (13)

TOP EXPORTERS TO INDIA (7)

China, USA, Saudi,
Switzerland, UAE

TOP IMPORTERS FROM INDIA

USA, UAE, Hong Kong,
China, UK

COUNTRY FACTS



English is widely
spoken in business,
political and
commercial circles:
25% of printed
newspapers are
published in English



India has the world's largest youth population
with 356 million 10-24 year-olds

INDIA ACCOUNTS FOR...

2.4%
of the world's surface

17.6%
of the world's population

INDIA IS THE LARGEST...

Democracy in the world,
and English speaking
nation in the world

MEMBER OF THE G20

₹ CURRENCY
INDIAN RUPEE (INR)



CONSUMER MARKET

• **INDIA LABOUR FORCE STANDS AT**

496,960,163 MILLION (8)

3RD LARGEST ECONOMY IN

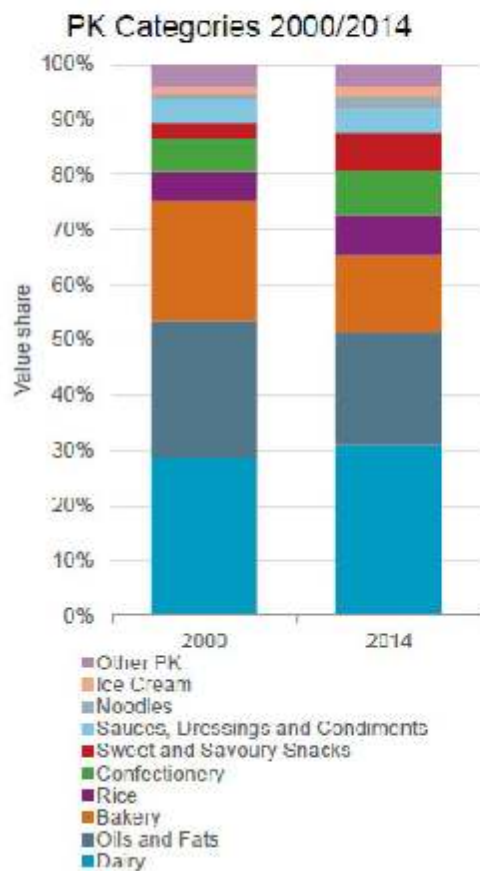
**THE WORLD BY PURCHASING POWER
PARITY, AFTER THE USA AND CHINA (9)**



In 2013: 45 Indian cities with population > 1 million (11)

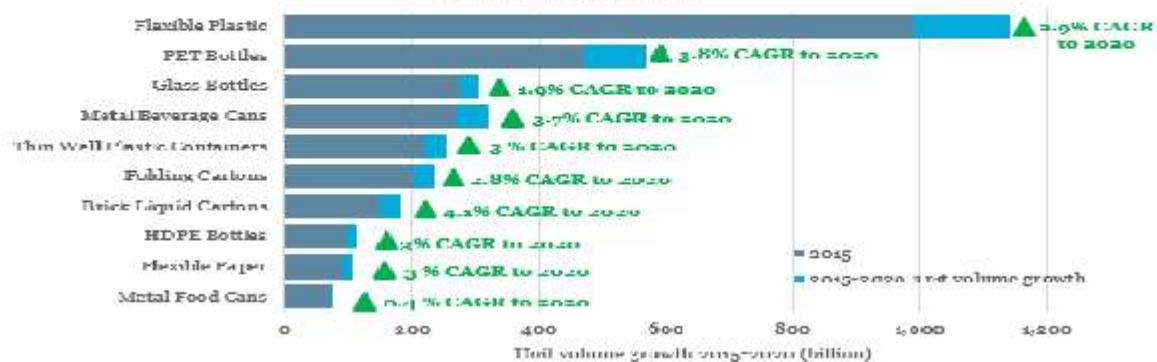
By 2030: 66 Indian cities with population > 1 million (12)

An analysis of the shopping basket

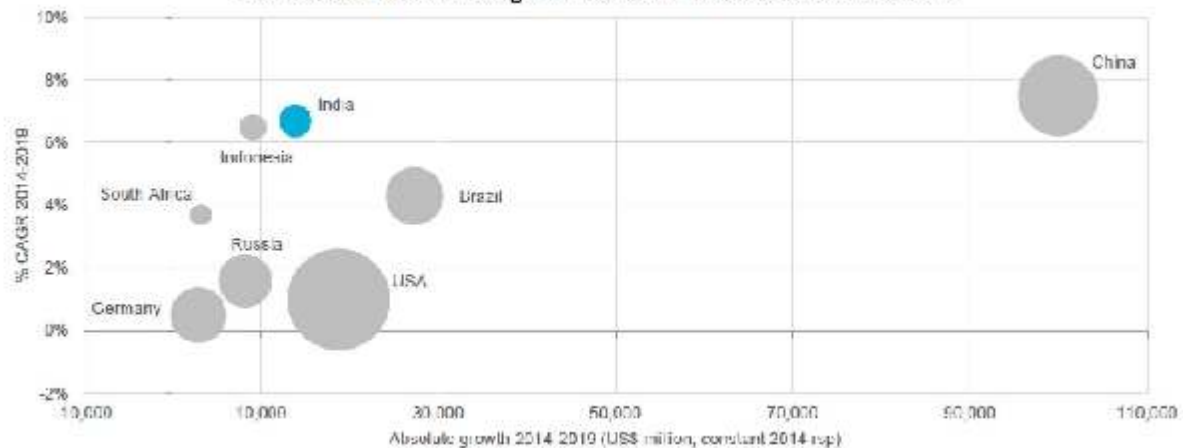


India vs. the rest of the world

Global Leading Pack Types in 2015 and Growth (2015-2020)



Selected Markets: Packaged Food Retail Value Growth 2014-2019



Note: The bubble indicates the size of the packaged food market in 2014



My thoughts and presentation are around

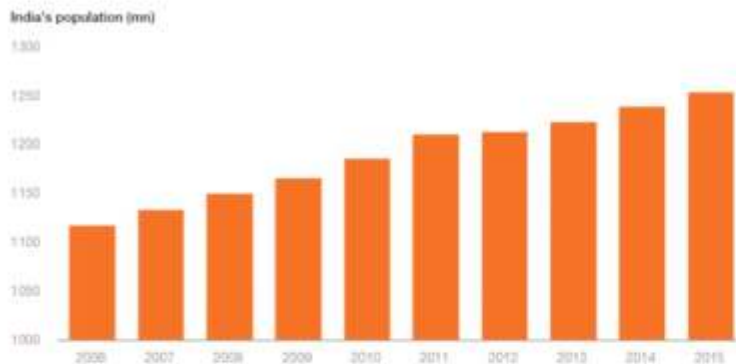
1. Various Trend Drivers in India

2. Resultant Trends that we are /will experience over the next 3-4 years.

3. Key Focus areas for marketers with emphasis on packaging

Driver 1: Changing incomes and demographic profiles

According to the latest Census reports, India's total population was estimated at 1,254 million in 2015 and is growing at the rate of around 1.2%.



Source: Tradingeconomics.com, Ministry of Statistics & Programme Implementation (MOSPI)

Trends are driven by drivers

Age profile of Indian population



Source: CIA World Factbook, 2015

Driver 2: Growing access to the internet and greatly increased use of smartphones

India has witnessed a dramatic growth in the number of mobile phone users in the recent past. Equally impressive has been the increase in internet access. Although mobiles allow us to stay connected, it is the convergence of internet access and smartphones that has resulted in tectonic shifts in consumer awareness, outlook and behaviour. Smartphones have been rapidly transformed from being just hand-held telecommunications devices to being a window to the world and are now a means of expressing one's opinion and individuality. It's also become the new retail store front.

Internet users and their penetration in India

	2014	2016	2018
Users	226.3 mn	321.8 mn	411.1 mn
Penetration (% of mobile users)	18.3%	25.4%	31.7%

Source: eMarketer, July 2015; Individuals of any age who use the internet from any location via any device at least once a month

Smartphone users and their penetration in India

	2014	2016	2018
Users	123.3 mn	204.1 mn	279.2 mn
Penetration (% of mobile users)	21.2%	29.8%	36.0%

Source: eMarketer, July 2015





Driver 3: Growing health and environmental consciousness

There have been wide climatic changes on our planet. Some of these have been due to natural causes and others the result of deforestation and atmospheric emissions from industry and transport, which have led to gases and aerosols being retained in the atmosphere. Although most of this has been an ongoing process for years, concerns and an outcry have come to the forefront only recently with the impact of these factors becoming far more perceptible than in earlier years. Weather patterns have also changed due to this. Smog is now a common phenomenon in most big cities. Health-related problems,

such as the growing incidence of respiratory disorders, skin diseases, food- and water-borne diseases, caused by the growing pollution of the air we breathe and the food and water we consume are also on the rise. This is driving consumers to become more conscious about what they are buying. In the past, browsing through the list of ingredients in fine print on packs was not common. Now, more and more consumers are giving equal, if not more importance, to the quality and source of ingredients than they did earlier. Regulations on product and environmental safety are becoming stronger by the day.

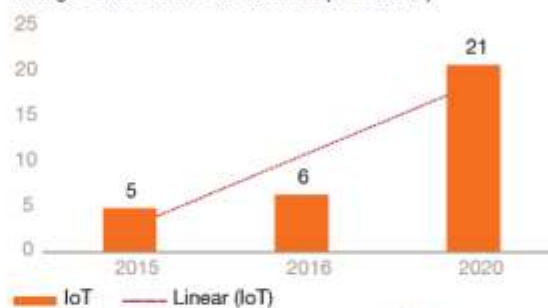


Driver 4: Technological innovation

Today, businesses are using technology in almost every sphere. However, most people view technology as a back-end support or at best an enabling platform. Consequently, most business managers have not devoted their time to gaining even a basic appreciation of the ways in which emerging technology can solve some of their customers' problems. This mind-set is about to change. With the market cap of new age companies such as Amazon, Alibaba, Google (Alphabet) and Facebook, to name a few, having surpassed a significant number of large traditional players, the importance of the new role played by technology in disrupting long-held business models is now being acknowledged. Technology can help businesses serve customers in a manner that was unimaginable before. From mobility, analytics, 3D printing, the Internet of Things, artificial intelligence

to machine learning, technology is bringing about revolutionary changes in creation, delivery and consumption of products.

Things connected to the internet (worldwide)



Source: Gartner; numbers are in billion





Driver 5: Rising complexity of decision-making for consumers

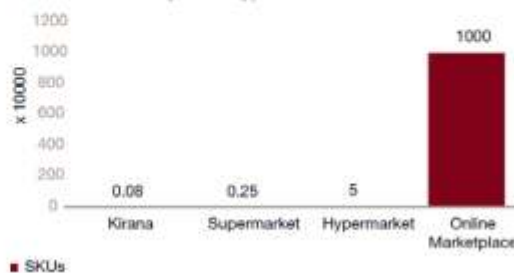
Over the years, the choices offered to consumers have gone through the roof. In the past, they would walk into a small *kirana* store and quickly buy what they needed. The number of brands and variants available were limited. If they needed help, advice was available from the owners of these shops; decisions were based on input from a trusted source, and the risk of the consequences of poor decision-making was low. Therefore, the cognitive load of a wrong buying decision was minimal, and consequently, making a choice was simple. All that has changed. With a rapidly growing economy and free trade, the number of products available has increased by leaps and bounds. While consumers have a huge variety to choose from, they also have many more product categories on offer. Earlier, one product served multiple consumer needs, now we have various brands, and within these are numerous variants and pack sizes catering to sub-segments with refined needs.

With the vastly improved quality of brands offered, making a choice is becoming increasingly difficult for most consumers. What compounds this is the fact that

modern formats of physical and online not offer the same level of help as the sho, small stores. While lack of variety caused co. move from small traditional stores to bigger an. modern ones, we now expect to see complexity d. them towards sources that will help to simplify and ease their choice-related and purchase decisions.



Number of SKUs by outlet type



■ SKUs

Source: PwC research

Just to recapitulate...

Driver 1 : Changing Incomes & Demography

Driver 2 : Growing Usage of Internet and Smartphones

Driver 3 : Growing Health and Environmental consciousness

Driver 4 : Technological innovations – everyday

Driver 5 : Plethora of options – confused buyer

Drivers are a reflection of change in our
culture and society;
they give rise to trends...

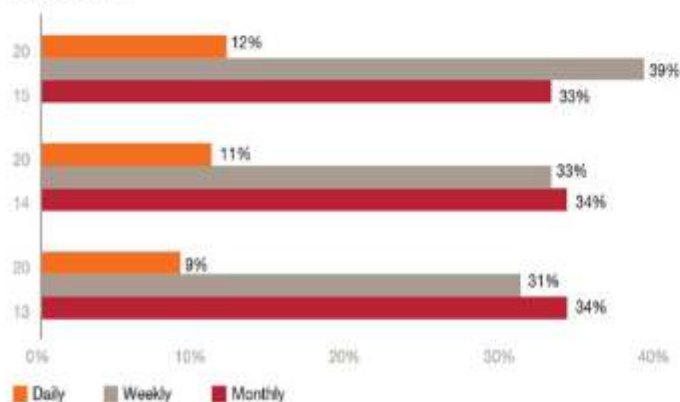
Trend1: Where, what and how, consumers' purchase decisions are changing.

Frequency of purchases made using smart or mobile phones in India in 2015



Source: PwC Total Retail 2015 survey

Online shopping



Source: PwC's "Total Retail 2015" survey

E-MONEY GAINS CURRENCY

	Transactions/day	Nov 8	Dec 7	% Growth (Dec 7/Nov 8)
RuPay Cards (eComm + POS)	Number (Lakhs)	3.85	16	315
	Value (Cr)	39.17	236	503
e-Wallets	Number(Lakhs)	17	63	271
	Value (Cr)	52	191	267
UPI	Number	3,721	48,238	1,196
	Value (Cr)	1.93	15	677
USSD	Number	97	1,263	1,202
	Value (Lakhs)	1	14	1,300
		Oct Avg	Nov Avg	
PoS	Number(Lakhs)	50.2	98.1	95
	Value (Cr)	1,221	1,751	43

Source: Ministry of Electronics and Information Technology

FOR MORE INFOGRAPHICS DOWNLOAD ISSUES OF INDIA 2015

Trend 2: How consumers want to be served is changing.



Factors that would improve the in-store experience: men



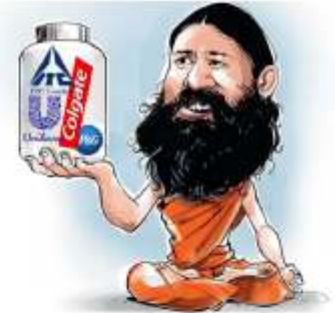
Factors that would improve the in-store experience: women



Source: PwC's Total Retail 2015 survey

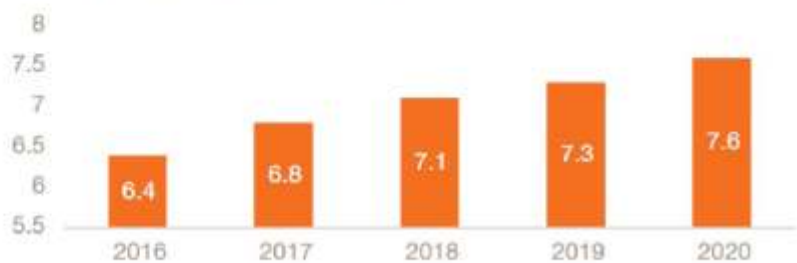


Trend 3:
Consumers are switching to healthy and environmentally safe options.



We are going back to the basics
Whether it's a fad or an evolution, time will tell

Market size of herbal products in India



US Billion Dollars

Source: Euromonitor, November 2015

Trend 4: Convenience is being redefined.

'don't just provide me a plethora of options,
but give me options that are
relevant for my needs'



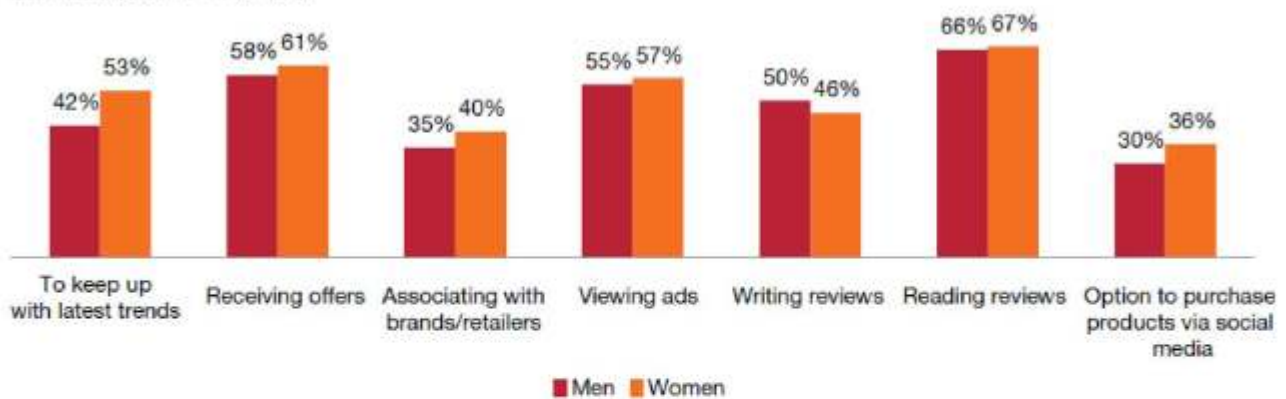
Trend 5: Social (virtual) networks are growing in size and influence

- From extolling to trolling, online social media has placed power in the hands of the consumer. This is the new 'Power of One'.
- Consumers have found that they can drive massive change by simply associating with like-minded people.
- 'Crowd clout' is helping them demand and get what they want. They can 'up-vote' or 'down-vote' a product with just a click.
- Good or bad experiences go viral in no time at all. And connecting with people for feedback has become really easy.
- This empowers consumers to make better and informed choices and reject bad ones. For businesses, this can either propel or dispel their products/propositions very quickly.

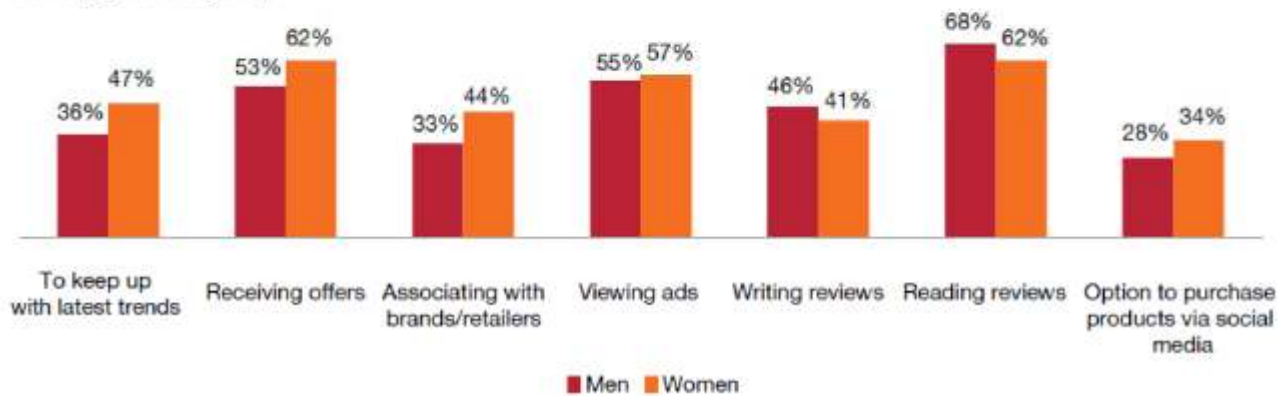


What are shoppers using social media for?

Millennials (age: 18–35 years)



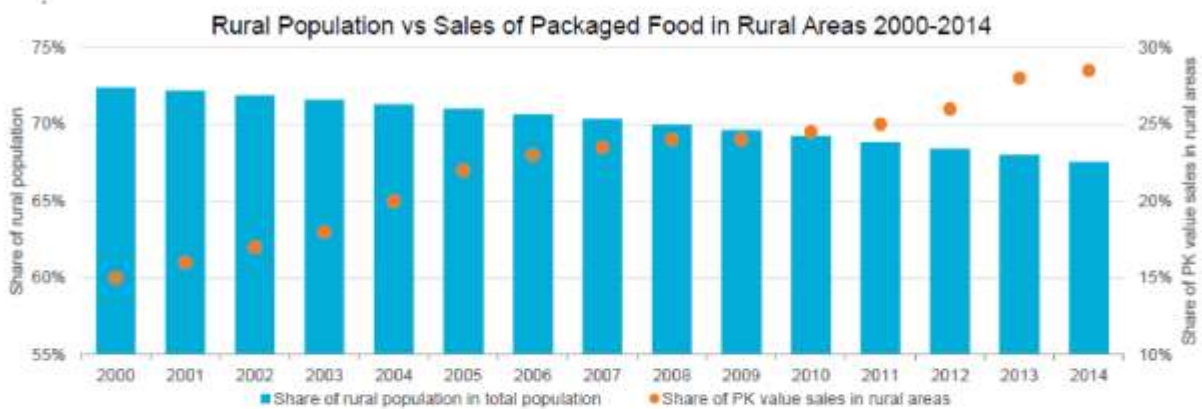
Gen X (age: 35–55 years)



Source: PwC's Total Retail 2015 survey



Rural Focus



- ✓ Smaller packs
- ✓ Flexible and handy packs
- ✓ Long shelf life

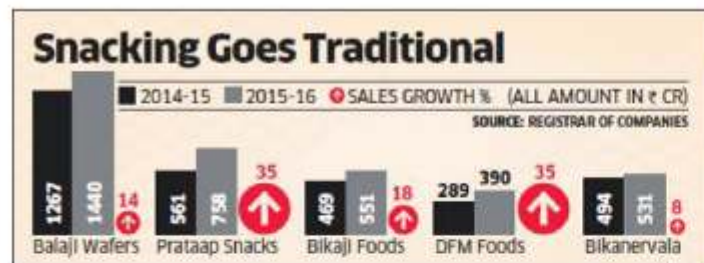


Shelf Stable options of packaging



- ✓ Smaller packs
- ✓ Flexible and handy packs
- ✓ Long shelf life

Evolution of NEW consumer segments



Find ways and means to ENGAGE the customer



The customer can decide on when he can prepare 'fresh' product to consume immediately.



Offering of Premium Products....

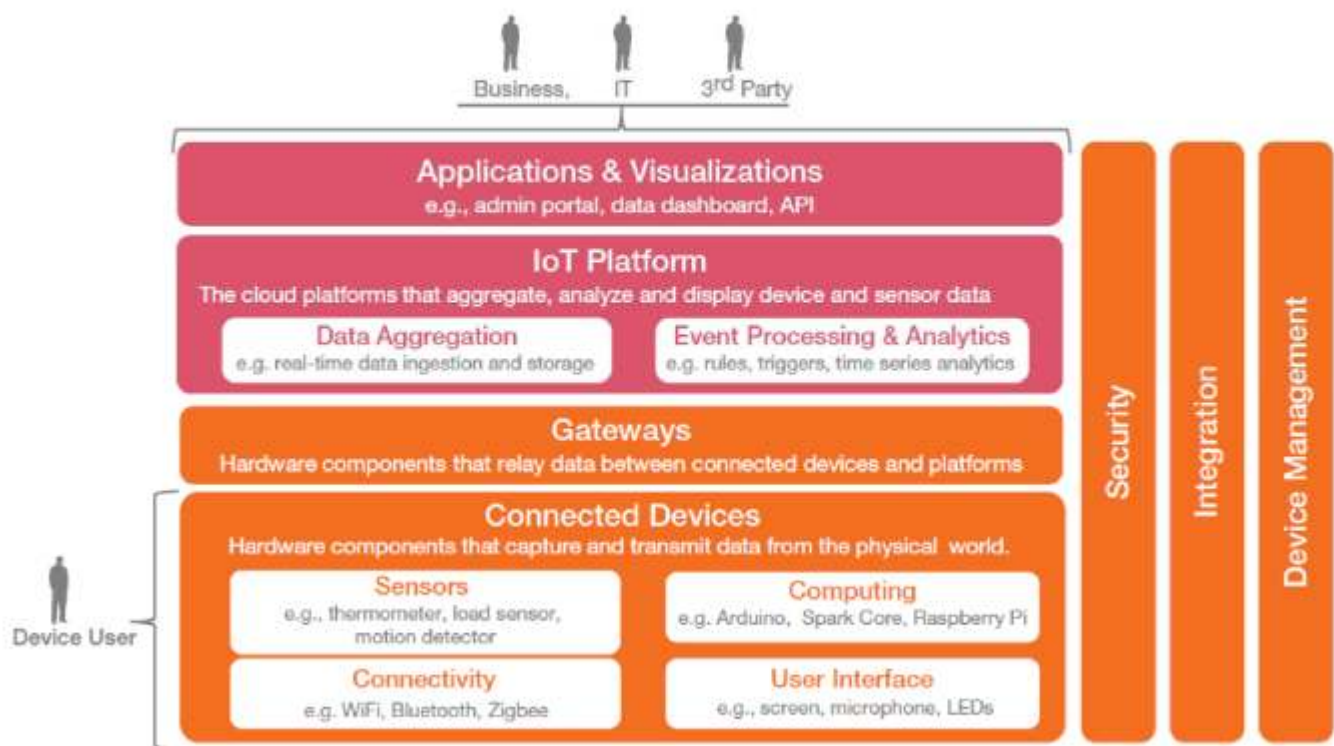
**Have cognizance of the impact
Of Digital Media**

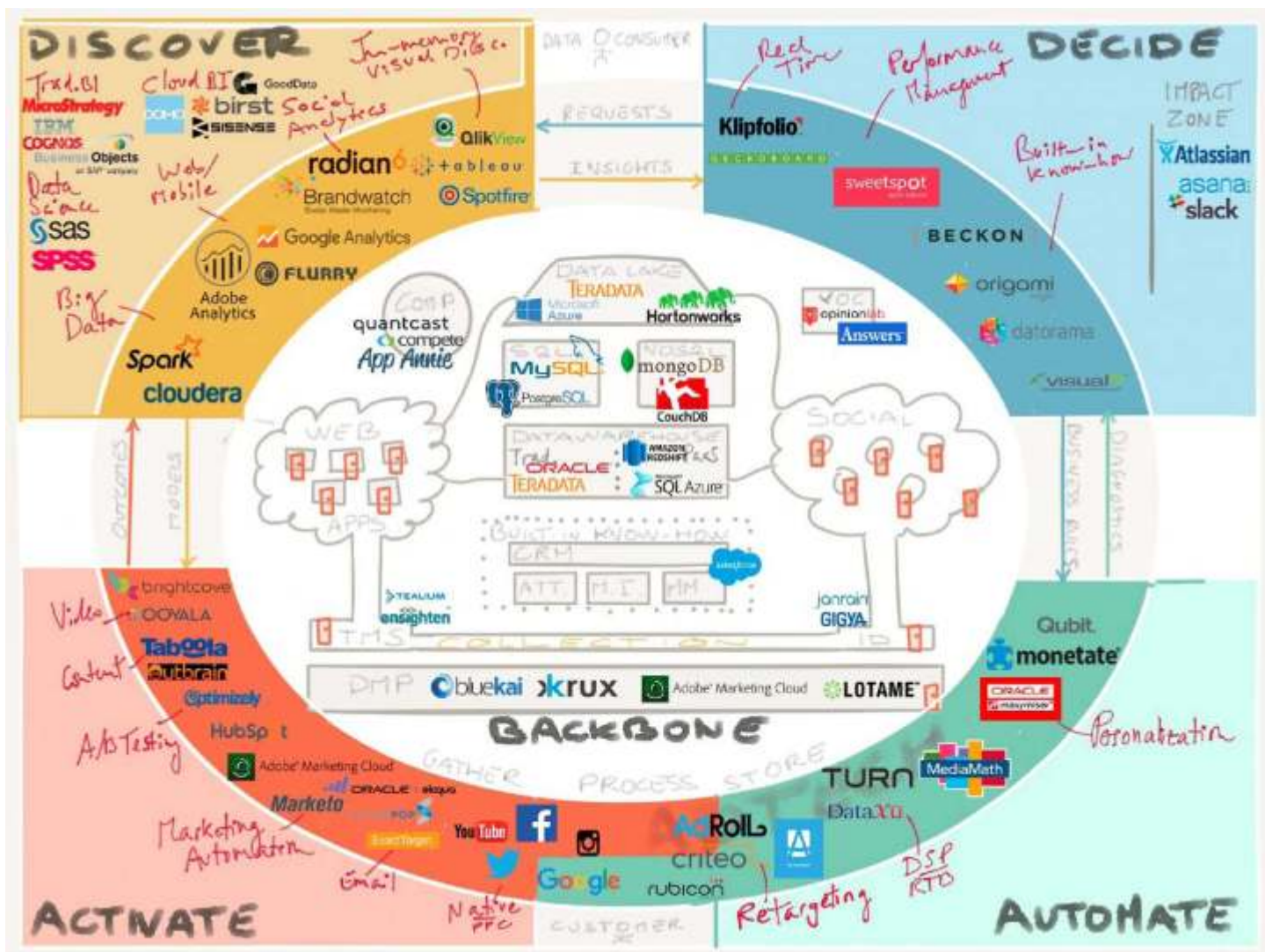
Recognize the growth of the private label...

Food dominates India's private label market.



Recognize the importance of Analytics based decisions

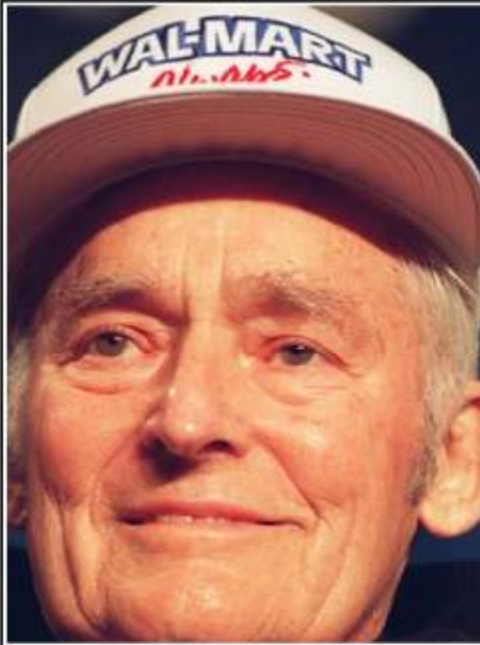




Anticipate the effect of Relevant regulations

1. GST
2. Shops and establishment act
3. Food safety norms (FSSAI)
4. Legal Metrology Act and (Packaged Commodities) Rules, 2011
5. Plastic Waste Management Rules, 2016 (PWM)
6. Consumer Protection Bill, 2015





There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.

— Sam Walton —

AZ QUOTES

Disclaimer

The thoughts and views presented here are my own and have not been influenced and biased, in any way.

All brand representations are solely for the purpose of explanation or are shown as examples. Some are comic, solely for the purpose of entertainment.

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Manjushree
ADVANCED PACKAGING SOLUTIONS

Rajat Kedia

Manjushree Technopack Ltd
rajat.kedia@manjushreeindia.com