

Trends in e-commerce for Food & Beverage Industry in India

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Abstract- India is one of the hot spot for many industries as it is having very large consumer base. With digitalisation in India, the new door of e-commerce is opened in India. E commerce is on boom in every sector of India. The Food and beverage industry is major part of glossary sale. In India, there are various challenges and opportunities, which are need to be address for the growth of the sector. There are many advantages of digitalisation like saving money, proper utilisation of resources and time saving. With introduction of mobile technology, the e-commerce in India is speed up. This development is being driven by a blend of rising web entrance, a drop in data access cost, a move to smartphones, and a stream of credit to buyers and micro enterprises. The B2B and B2C business is also having very big impact of this digitalisation. As retailers also prefer the online ordering as the delivery is timely. People are preferring order online due to many reasons and convenience is the major motivation factor. There are diverse aspects of e-commerce in Food and beverage industries. This paper targets to give overview of this sector especially in India.

Key Words: - Food Sector, E-commerce, Beverage Industry in India, New trends in food sector.

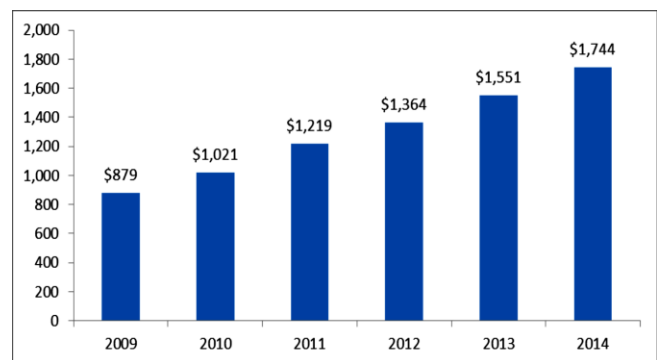
I. INTRODUCTION

In simple words, transacting or facilitating business on the Internet is called e-commerce. Ecommerce is short for "electronic commerce." It has been adopted by many industries in last 30-40yrs. E-Commerce is used for Electronic Payments, Information exchange, Online Auctions, Internet Banking, Online Ticketing and many more by many industries. The definitions of e commerce are different for every context and with developments; definition of e commerce tends to change regularly. From the point of view of a business, e commerce is considered as the way to use internet and other technical advancements to sell product and services to customers along with its advertisements. Other well-known definition of e commerce defines e-commerce as the usage of computers along with Internet to purchase and/or sell goods, services, or information. Frost & Sullivan's recent analysis about food and beverage industries shows that this sector will reach to 20 to 25 trillion USD by 2030. Food and beverage is largest retail category in many developed and developing countries but it is lagging in the segment of e commerce in most of the countries. Very less (about 1-2 %) sale is currently done in to food & beverage category but with recent developments and digitalisation, this trend is changing. In India, the digitalisation is taking roots with use of mobile phones. The apps and internet on mobile phones is enabling the sale of products online and food and beverage sector is not an exception. As India is having large number of population under 30years of age, this young population is taking control over the food and business patterns of India. Modernisation, Changes in food patterns and Lifestyle along with

digitalisation are becoming a key enabler for e commerce in India.

Indian Consumer

With consumer base of 1.25 billion people along with quickly growing retail market, India is becoming very vital place for many Industries. 100% FDI have also attracted many global players to expand their business in India. The lifestyle of Indian people is changing rapidly. The urbanisation is going on in India with high speed. Currently, about 32% of Indian population live in urban area. India have become country of youngsters, having 65 % population under 30years of age. The per capita income of country is increasing gradually.

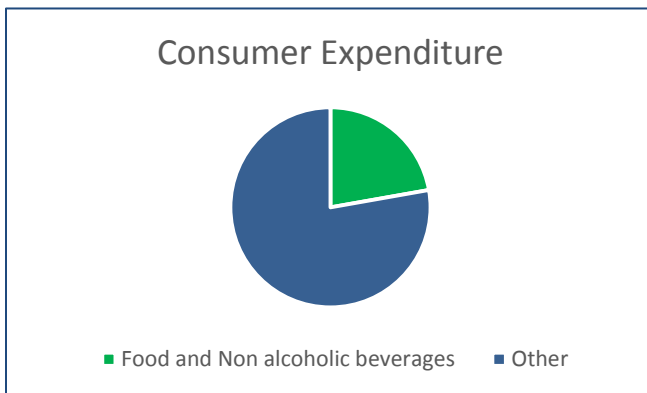


India: Per Capita Annual Income 2009 – 2014

(Source: Income and Expenditure, Euromonitor International)

Currently, in India there are more than 350 million users of broadband and mobile internet. Which is 40 % more than in 2013. Now smartphones are available at very low price in India about 1500Rs (23USD). Along with smartphones

many inexpensive data plan are also offered by operators, which are enabling the use of Internet by Indian customers. All this attributes have increased the availability and use of internet by Indian population. This shift in telecom sector have become boon for the e commerce. Use of internet in different rural areas is also increasing along with urban areas. Furthermore, it was found that in majority of families from rural area also have at least one mobile phone with internet connection. E commerce portals are used for purchase of many other products and services of fashion, electronic goods, tourism. With introduction of many fast food chains and online food, delivery system it was found that there is noticeable increase in online grocery sector. On food and non-alcoholic beverages consumer spend about 24 % among online grocery purchase.



Consumers in India are more prone to purchase food from traditional channels but since couple of decades, some people are using other methods too. The Internet played very vital role in increasing consumer awareness about the nutrition and quality of food. Internet also helping in acquiring about trends all over the globe along with price information. Internet also providing information and availability of different food products around the world.

Change in lifestyle have impact on the e commerce. As the people are busy and not getting time for shopping they prefer online shopping over traditional shopping. Convenience is major motivation for online shopping along with availability of products. It is also observed that individuals ordering food online are younger, with better educational background and having higher income as compared with other population.

Growth in E-Commerce and Growth in the Food & Beverage Industry

The global B2B e-commerce was having business of \$5.6 trillion in 2015. Many researchers forecasted that this would reach \$6.7 trillion in 2020, which is more than double of the B2C business, which is of \$3.2 trillion. This will be very

helpful for the food and beverage industry, which is currently having \$8.2 billion worth globally.

The giant companies in the sector like PepsiCo, Mondelz and General Mills have already perceived this trend and concentrating on their e-commerce trade. There is large scope of e-commerce in food & beverage industry as it is still not fully adopted e-commerce. With penetration of e commerce in this sector, this scenario will change. Now a days many grocery store area also offering their products online for convenience of special set of consumers. Keeping this trend in mind, many major players like amazon and Walmart are also expanding their business and including groceries. With the entry of this large multinationals in e-commerce, its just matter of time when all other players will jump in to the digital trend.

Food & Beverage businesses Slow to Adopt E-Commerce

Large food and beverage industries are fluctuating to e-commerce but the rate of B2B e-commerce is low in the sector than other sectors like electronic. It was observed that food and beverage sector was responsible only for 2.4 % of complete e-commerce arcade in 2015.

Contrasting with non-perishable things like hardware or attire, food and beverage items had exceptional logistic and storage prerequisites. Every item has shifting necessities with respect to cleanliness, temperature and packaging. Most of the food products have less shelf life as compared with other sectors. For such items, rapid processing in industries and fast delivery system is mandatory. Companies also need to pay more attention to expiry dates as consumers are going to consume the product and if the product is expired then it can be hazardous to them. Most of the raw material for this sector is also having short life span so the inventory management need to be very responsive for raw material as well as for delivery.

Selling Online: Supermarkets vs. Distributors

There are various plyers in the market in this sector but all the players have similar results for consumer preferences about way of delivery. More than half of the population want to use online delivery system. Now day's consumers are getting familiar with purchase of products online. The underlying phases of this are as of now obvious. While organizations generally submitted week-by-week requests with food and beverage wholesalers, an expanding number are presently putting orders through online supermarkets. This move is for the most part caused by the easy to understand interface, bring down expenses and above all, day-by-day delivery from these online markets. The majority of this makes it altogether more helpful for organizations to arrange their foodstuffs on the web, similarly as they do at home. Numerous associations like day cares, schools and offices will probably begin requesting their food items from online market gateways as

opposed to submitting a week-by-week request by means of a distributor. To abstain from losing such significant clients, it will be basic for wholesalers to receive internet business.

The Savings and Benefits of E-Commerce

Some may feel that internet business is just for the substantial food and drink organizations. Be that as it may, little or specialty organizations can likewise profit by online business to scale up their business. Notwithstanding offering comfort to customers, an online business stage gives tremendous advantages to the organizations themselves. As noted over, the perishability of merchandise is regularly referred to as an essential issue. Be that as it may, internet business really enhances the stream of items through the organization via mechanizing numerous repetitive and mistake delicate procedures that were customarily done physically, similar to arrange situation and handling. Subsequently, the diverse procedures inside the organization are better adjusted. This spares time and hassle, and altogether quickens the procedure, enabling products to be dispatched out speedier than at any other time.

The advantages are not restricted to effectiveness, however: online business additionally enables organizations to grow their business into different markets. For instance, organizations enhance web crawler rankings, ending up more unmistakable on the web. Since potential customers can discover them all the more effortlessly, even neighborhood wholesalers would now be able to effectively achieve clients the nation over – and even beyond. In addition, organizations can begin pitching to new sorts of customers: a merchant or distributor can enter the purchaser showcase, for example. So, web based business gives numerous chances to scale up organizations in the sustenance and drink industry.

Opportunities and Challenges Faced by the Sector

• Brands

With increase in the information, the consumers are becoming more global. They are getting used to brands. Fighting with other big brands is challenge for many small industries. As e-commerce in food and beverage is not old sector, there are very less brand in it. This is also an opportunity for creation of new brand.

• Large Consumer Base

With 1.25 billion population, India is one of the major consumer base for any sector. The purchasing power of Indian consumer is increasing with development of India. Digitalisation is taking place all over the country. Young generation is more inclined towards e commerce. Due to all of these reasons, India is becoming important consumer base e commerce in food and beverage industry

• Urbanisation

Urbanisation is one of the key enabler of e commerce. In India, the rate of urbanisation is very high. This increase in

Urbanisation is good opportunity for growth of e-commerce in food and beverage sector.

• Awareness of Different Cuisines and Food Cultures

With internet, the rate of information flow is very high. People are now getting information about nutrition and safety of food material. Along with this information, knowledge of different cuisines all over the world is available in India. Which is leading to demand of different international products in domestic market.

• Competition

Increase in e commerce provide opportunity for new players to sale there product on a big scale. This platform lead to high completion in different plyers, which will help for growth of this sector.

• Lack of Resources

India is a developing nation along with different problems of infrastructure and other electronic resources. E-commerce require digital resources for its growth. With use of smart phones and internet, India have managed to grow in e commerce but still digital resources are not enough for complete development.

• Lack of Digital Education

For e-commerce in food and beverage sector, require some basic knowledge of e commerce and efficiency to use basic e-commerce techniques. Indian customers still lack in such education, which need to address for growth of the industry.

• Trust on Quality

The trust on quality is also a big challenge for this sector that people in India are still not fully believed about the quality of product ordered online. The long-term use and quality maintenance will lead to trust building.

II. CONCLUSION

E commerce in food and beverage industry in India is in its infant stage as compared with other industries who have adopted e commerce long ago. Nevertheless, the growth of this sector is predicted by most of the researchers with internet and digitalisation. There are many challenges in front for this sector, which need to address. Nevertheless, the opportunities in this sector are unbounded.

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