

Changing face of Mithai Shops: An opportunity up for grabs

If you glanced at any local Mithai shop around Diwali time last year, you would have noticed that the proportion of space occupied by gift packages of Ferrero Roches, Cadburys & Nestle far outnumbered the space occupied by mithais. Some media reports peg a 30% drop in sale of dairy based Indian sweets, which has a Rs. 2500 cr annual market. Rewind the clock 15 years and one can recall sweet memories of mithai shopping from oversized counters proudly encroached outside the mithai shops. In summary, Mithai shops are transforming rapidly and wide mal-practice of dairy food adulteration is accelerating this transformation.

Local food supply of dairy products to urban cities is increasingly coming under suspicion. Urban consumers are shunning India sweets and seeking new alternatives. This sign of consumer activism will have a profound impact on local mithai shop in the coming decade.

This transformation will throw open two interesting trends for FMCG companies and retailers to take note.

Consumers will migrate to new habits –

This is not a new inference. But it is important to note that food adulteration will force consumers for a switchover. We are already witnessing this change. Consumers, if not giving up completely on Mithais have started to make a switch to Chocolates, when it comes to gifting. Brand positioning of Cadburys, especially during the festive seasons have successfully challenged the domain of mithai – an unthinkable feat only a couple of years back. Biscuits, Cookies and Savouries are other food categories lining up to jump on this bandwagon. Imagine a new India of 700 mn people growing old on this trend. It will lead to very interesting futuristic scenarios. Processed cheese will replace paneer. People will make a stop over for a slice of pastry than for a piece of Gulab Jamun. Old age mithai walas will be replaced by new age Bakers. People will exchange gifts of latest flavours of organic tea than of khoya baarfis. In the coming decade this may snowball into a big opportunity for under penetrate food categories.

Increased share of food spent on packaged food –

The local supply of dairy products will face trust deficit of people. Hectic and busy urban life will make the consumers impatient and unforgiving for this mistrust. A consumer will not like to spend time doing authenticity and quality checks on the source of her milk sweets or paneer. This will manifest into a consumer response at two levels. One, consumers will reduce their spent on local dahi, paneer, cream and khoya. This does not mean that the need for these food categories will get extinguished. It will become dormant. Consumer will actively seek alternatives in safe, reliable and trustworthy options. Perpetual shortfall of Amul's milk products and Nestle curd on retail shelves are signs of this emerging trend.

Mithai shops can broadly be divided into two categories and these trends will play out differently to each of these categories. First category is "Destination Shop". These shops have had a long history. Each urban city or town can vouch for one such shop. These shops have built a strong reputation and an unprecedented staying power. Such shops will survive and even thrive. Some such shops will take a branded route. Das of Kolkata is one such example. Others will augment their shelf space and or introduce quick service restaurants. Haldiram and Bikanerwala have done both.

Second category is "Neighbourhood Shop". These shops sell mithais and local dairy products but offer limited product differentiators. Consumers patronize them for accessibility. These shops will undergo a complete makeover in the next decade. Sketches of this trend are already beginning to emerge. A walk in any such shop will reveal that a significant proportion of shelf space in these shops is assigned to non-mithai categories. Though an ideal mix is yet to emerge and shop owners play a game of hit and trails in its pursuit. Consumers are also confused about the positioning of these shops. They still think it is a mithai shop. But when they visit these shops they end up buying packaged savouries, beverages or chocolates as an afterthought.

This is an interesting picture of challenges and opportunities. On one hand Mithai shops are searching for a unique position in the market but on the other they offer unique last mile delivery advantages. This is an exciting opportunity to food categories such as packaged food, processed food, health food & beverages, kids food etc.

Capitalizing on this transformation of Mithai Shops will unearth hidden opportunities for many categories that are waiting to grow because of infrastructure challenges. These categories can aspire to associate with Mithai shops and open up vast square feet of readymade retail shelf space. The question is – who will be the torch bearer.

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