

EXOTIC VEGETABLES

In the 1990s, when international chains like McDonald's, KFC, and Subway forayed into India, the availability of quality raw material was one of the major challenges they faced. The agricultural supply chain was highly fragmented and inconsistent at every level. Even for basic ingredients like lettuce, there was no single company that could cater to specific requirements on a pan-India basis. Lettuce was grown in a limited number of areas, and its supply was seasonal. Again, demand was also restricted to some hotels and few farmers have shown their interest in growing it given the high perishability of lettuce and the lack of cold storage facilities. Thus, like most other ingredients, value chain had to be developed from scratch. These multinationals then contributed immensely toward developing agricultural technology and distribution infrastructure, from making available required seeds, encouraging drip irrigation, and providing perennial farming solutions, to developing postharvest infrastructure like cold rooms and refrigerated vans.

What was true of lettuce was also true for other exotic vegetables in India, like leeks, celery, zucchini, pak choi, broccoli, baby corns, and bell peppers, which were only used in either star hotels or super premium restaurants with ~85% of the required produce imported into India. Again, the retail market for these products was practically non-existent.

However, much has changed in the past two decades. The Indian food services sector has expanded rapidly, both qualitatively as quantitatively, and authentic Italian, Pan Asian, and Mediterranean restaurants have come up in all major cities, spurring a demand for exotic vegetables. The proliferation of mass media, with shows like MasterChef India, has encouraged Indian consumers to experiment with international dishes in their own homes. These consumers are better educated, have higher disposable income but less time, and, having travelled internationally, are more global in terms of food choices. On the whole, consumers are willing to include exotic ingredients as a regular feature when shopping for home and for eating-out as well.. Further, Indian chefs are now using exotic vegetables to create dishes like Tandoori Broccoli, Tawa Asparagus, Subz Miloni, etc. Sensing the enduring potential, organized retailers have further developed the value chain in order to service this heightened demand, which is growing at a CAGR of 20%. Both farmers and retailers have realized that growing exotic vegetables, in spite of the higher costs involved, yields higher returns as higher premiums can be availed for these products.

Due to the diverse climatic conditions, India is known for producing many varieties of fruits and vegetables and is in fact the second largest producer of fruits and vegetables. At the same time, it is also true that about 20% of all fresh fruits and vegetables are wasted due to poor postharvest infrastructure. Given these conditions, growing and selling exotic vegetables can seem to be an uphill task. These products require a specific climatic condition and soil type, as well as special harvesting and storage solutions which differ widely from traditional Indian production. The technological interventions required include soil matching, construction of temperature- and humidity-controlled greenhouses, postharvest cold rooms, sorting and grading infrastructure, and an efficient transportation system to deliver farm produce to retailers within a few hours and thereby keep the freshness intact. This translates to higher input costs, and higher associated risks, for all stakeholders including farmers and sellers. In this regard, the role of foodservice players, as well as organized retailers, is extremely critical. Farmers are now focusing on the demand-driven production of these vegetables, which assures them of a market via contracts with such consumers as big retail chains, hotels, and restaurants. These tie-ups are a very good example of forward integration by farmers and of eliminating intermediaries. Most retail chains are buyer-driven and tend to dictate the quality standards which need to be met by suppliers. These chains also create value by ensuring consistent quality, range of products, and freshness, to front-end consumers. As a result, one now sees exotic vegetables occupying a space of pride in the supermarket shelves.

Despite the various offerings available, and the promising growth in Metros and Tier I cities, the penetration of exotic vegetables is still at a nascent stage, especially in smaller cities. The higher price points of exotic vegetables, the uncertainty regarding their perennial availability, and their high perishability are some issues that need addressing. Again, while there is scope for higher degree of branding, the regional variations in eating habits imply that these vegetables are still not as widely accepted in smaller cities.

The exotic vegetables market is still expected to grow at a higher rate largely due to the growth of the organized foodservice sector, its premium nature, and the higher consumer demand. Investments in developing distribution and supply chain capabilities, especially in smaller cities, will certainly help convert non-consumers to consumers, and enhance the reach and usage of these vegetables. Also, the focus of international F&B players on these smaller cities will augment the awareness about, and usage of, these vegetables in these cities.

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