

Gourmet Foods

Over the years the class of food consumed by Indians has experienced incredible transformation. Growth of organised large to small format/ speciality retailing, surging economic growth, rising disposable income, urbanisation, exposure to global cuisine/ food habits & newer locations, growth of speciality food & beverage space and relaxation in regulatory restrictions are catalyst to the growing gourmet food and beverage market in India. Slated at USD 1300 million, the Indian gourmet food market is growing at a CAGR of 20% and is expected to cross USD 2800 million by 2015.

This gourmet retail space has witnessed rapid expansion in last five years and seen a strategic shift from traditional, low cost products to premium upgrades such as Washington apples, Australian Kiwifruit, Swiss chocolates, French cheese and Italian pastas. Chocolates, cookies, juices, pasta, olive oil, honey, sauces and salad dressings and certain fruits are the prime categories constituting bulk of gourmet market in India. Apart from these categories, ingredients such as truffles, artichokes, asparagus, Australian lamb and Norwegian salmon have found their way into the Indian food and beverage space.

Indian consumers now have both the willingness and ability to try new products. Urban residents are by and large the major regulars of gourmet food in India. The urban populations have higher earnings when compared to their rural equivalents and spend over 40 per cent of their income on food alone enhancing the quality of products consumed. Young urban Indians are increasingly experimenting in their kitchen with exotic global products, a trend set in by expats, returning NRIs and corporate executives. The core target remains to be 16-40 years with exposure to taste and usage of such products and willingness to pay premium for better culinary taste.

Apart from the urban elite consumers, hotels, restaurants are the other major consumers of gourmet food products in India offering seasoned international variants such as Peking duck with Ossetra caviar, Kanzuri Shrimp, Jamón Ibérico Pata Negra - the gourmet ham sourced from acorn-fed pigs, and contemporary sushi in increasing number of fine dining speciality restaurants such as Hakkasan, Le Cirque, Megu, B Bar among more to enter.

To fulfil this increasing demand, there are enough third party importers already bringing in these products facilitating ease of availability. These importers have paved way for number of brick and mortar gourmet retailing concepts across India and no longer restricting the sale in only select retail stores across the country. Today almost all the stores ranging from small departmental stores to big retail chains sell imported food products. An array of gourmet focused retail chains are expanding in the market which includes names such as Natures Basket, Nuts & Spices, Foodhall, Le Marche etc. The rise of increasing online gourmet retail space is another indicator of consumer adapting to the newer taste and lifestyle and include names such as thegourmetbox.in, yzury.com, deliciousnow.com among others.

In terms of product demand, the consumer preference is slowly shifting and replacing the usual products on the kitchen shelf. The synthetic Mozzarella is slowly being replaced with the sharp-flavored Parmesan, Broccoli is favoured over the traditional cauliflower, and bell peppers are adding more than just color as toast toppers.

An increasingly health conscious consumer segment has propelled the olive oil market in India. Brands like Leonardo, Cola Vita, Bertolli and Fragata etc. which were only known to five star hotels a couple of years ago are today easily available through retail outlets. The olive oil market is around USD 80 million in value now, and is expected to grow at a rate of 45%- 50% annually for the next five years. While the increase in import is around 49% the per capita consumption in India is still well below the international average. Health attributes, such as the absence of cholesterol, has increased the consumption of olive oil by affluent Indian households. The consumption of Extra Virgin olive oil has increased by 35% and of Pomace olive oil has increased by 14% in past one year. Given their rising aspiration for the finer things in life, urban Indians are also scouting for ways to get a taste of the world in their own kitchens.

The growing popularity of gourmet cheese in India is largely due to the increasing exposure to the world. Gourmet cheeses, along with olive oil, have truly arrived in the Indian market and are well accepted by the affluent and middle class. The imported cheese market in India is growing at a rate of 30% and cheeses varieties like Haloumi, Fiore Sardo or Flower of Sardinia, Parmigiano Reggiano, Stilton, Provolone, Mozzarella, Roquefort, Gruyere, Camembert, Feta etc. can be spotted in retail outlets across the metros.

Pasta is one of the most popular items in the gourmet foods category along with olive oil and cheeses. The universal popularity of Italian cuisine and the emergence of organized retail have boosted the consumption of imported pasta in India. The market size of pasta is expected to grow by 25-30% annually. Barilla, De Cecco and San Remo are the most popular brands of imported pastas in the USD 14 million to USD 15 million-worth Indian market.

With rapid urbanization and change in eating habits, sauces and condiments have occupied a substantial shelf space in the Indian gourmet outlets. While mayonnaise, ketchup and olives are the most popular, others such as chilli, soya, gherkins etc. have also gained wide acceptance. The growing demand for sauces and condiments comes from both individual customers as well as institutions such as hotels, restaurants and clubs. Heinz, Tabasco, Remia, Barilla, Prego are some of the famous imported brands.

Apart from these high volume driven categories in gourmet space, there are newer products/ categories that are being increasingly adopted by the Indian consumer. These include fresh/frozen berries, greek yogurts, preserved lemons, yuzu fruit (east Asian fruit-hybrid mix of mandarin, orange and lemon), tagines (vessel to cook Moroccan dishes), salad leaves (radicchio, kale, Chinese lettuce, arugula, watercress), Grains (Quinoa and Couscous), Egg Replacements (200g pack is equal to 66 eggs), Gluten free foods and Processed Butter.

The gourmet market poised to grow owing to both demand and supply forces but is surely impeded by the challenges such as limited product/ segment awareness, management of shrinkage, wastage and vendor management for proper product replenishment, limited product shelf life and restriction on import and FDI. These challenges have kept many players at bay for a long time and we expect now due to FDI opening up, we would witness the growth of such players.

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