



THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary  Public

**Date:** 9/12/2014

**GAIN Report Number:** IN4079

## **India**

**Post:** New Delhi

### **Rise of Online Grocery Retail**

**Report Categories:**

Market Development Reports  
Market Promotion/Competition  
Promotion Opportunities  
Retail Foods

**Approved By:**

Adam Branson

**Prepared By:**

Priya Jashnani

**Report Highlights:**

Growth in India's online retailing for food and groceries is a function of the rise in total internet users from 120 million to 213 million in the past year as well as a fall in mobile handset prices and a rise in smartphone penetration. Online food and grocery retailing outlets have increased from 14 in 2013 to 44 as of September 2014. Growth in online retail use has been greatest among younger and professional population segments.

## **Target Audience for Online Grocery Retail Trending Upwards**

With an estimated population of 1.2 billion and an emerging retail market, India's online retail sector is showing fast changes. According to the Internet and Mobile Association (IAMI) of India, there were 213 million internet users at the end of 2013; including mobile and broadband users. With mobile handset prices falling steeply and a rise in smartphone penetration among younger audiences, online retailing has emerged as a primary retail channel.

## **Benefits Outweigh Concerns and Help Consumers Overcome Biases Against Online Retail**

Indian consumers are overcoming biases against purchasing items without prior inspection and the safety of automated/online transactions. This shifting tendency is brought about by competitive pricing and the convenience of shopping for groceries from the comfort of one's own home. Consumers are seeing that online retail provides some benefits over going to *kirana* stores (independent small grocers) or store-based retailers' outlets. The availability of multiple payment methodologies such as online banking, credit cards, debit cards, and cash-on-delivery have meant that it is convenient for urban Indian consumers to shop online while saving both time and money.

## **Opportunities and Challenges for Continued Growth in Online Grocery Retailing**

Several internet grocery retailers have been launched over the past few years (see Table 1, below). Bigger online retailers, including Amazon.IN, are reportedly getting into the online grocery space.

Domestic products dominate the product categories, but most online retailers carry some imported food items. Note: Given the complexity of importing food products into India, online retailers currently rely on local distributors for supplies.

India opened its market to imported food products just ten years ago and distribution of imported foods tends to be limited to major cities. However, importers are expanding their traditional distribution to smaller cities and online sales could be a way to reach consumers that are even farther from major population centers. Presently, most online retailers limit their distribution to a particular city, but operations may expand quickly if some business models prove successful. As Indians go abroad for school, vacation, or business and return home, many develop a fondness for particular foreign foods or brands that are not available in some of the more isolated cities and regions. As such, supplying these consumers from online outlets could present an opportunity in the marketplace.

Online retailers are competing with *kirana* stores that provide quick (often within an hour) home delivery and credit to neighborhood consumers. Compared to these stores, online retailers will need to overcome delivery challenges (e.g., traffic, poor roads, and greater distance/cost). Nevertheless, online retailers enable consumers to similarly bypass parking and traffic congestion in most Indian cities while providing better selection than a neighborhood store.

## **Table 1. India: Selected Online Grocers in India**

<b>Website</b>	<b>Domestic or Imported Foods</b>	<b>Cities operating in</b>
<a href="http://www.aaloo.in">www.aaloo.in</a>	Domestic	Mumbai
<a href="http://www.ekstop.com">www.ekstop.com</a>	Domestic and Imported	Mumbai
<a href="http://www.localbanya.com">www.localbanya.com</a>	Domestic and Imported	Mumbai
<a href="http://www.eemli.com">www.eemli.com</a>	Domestic, imported and local fresh fruits and vegetables	Mumbai
<a href="http://www.bigbasket.com">www.bigbasket.com</a>	Domestic and Imported	Mumbai, Bangalore, Hyderabad
<a href="http://www.naturesbasket.co.in">www.naturesbasket.co.in</a>	Domestic and Imported	Mumbai, New Delhi/NCR, Hyderabad and Pune
<a href="http://www.fishvish.com">www.fishvish.com</a>	Fresh sea food	Pune
<a href="http://www.rationhut.com">www.rationhut.com</a>	Domestic	Pune
<a href="http://www.mygrahak.in">www.mygrahak.in</a>	Domestic and Imported	Delhi
<a href="http://www.dilligrocery.com">www.dilligrocery.com</a>	Domestic	Delhi
<a href="http://www.eazygrocery.com">www.eazygrocery.com</a>	Domestic	Delhi
<a href="http://www.onekirana.com">www.onekirana.com</a>	Domestic	Delhi
<a href="http://www.easyration.com">www.easyration.com</a>	Domestic and Imported	Delhi
<a href="http://www.grocerywalk.com">www.grocerywalk.com</a>	Domestic	Delhi
<a href="http://www.gopeppers.com">www.gopeppers.com</a>	Domestic and Imported	Delhi
<a href="http://www.get929.com">www.get929.com</a>	Domestic	Delhi
<a href="http://www.homefills.com">www.homefills.com</a>	Domestic	Delhi
<a href="http://www.yzury.com">www.yzury.com</a>	Domestic and Imported	Delhi
<a href="http://www.farmerzden.com">www.farmerzden.com</a>	Domestic	Delhi
<a href="http://www.tazastuff.com">www.tazastuff.com</a>	Domestic	Chandigarh
<a href="http://www.zopnow.com">www.zopnow.com</a>	Domestic and Imported	Bangalore
<a href="http://www.towness.com">www.towness.com</a>	Domestic and Imported	Bangalore
<a href="http://www.jiffstore.com">www.jiffstore.com</a> mobile app	Domestic and Imported	Bangalore
<a href="http://www.vokav.com">www.vokav.com</a>	Domestic	Bangalore
<a href="http://www.momgrocery.com">www.momgrocery.com</a>	Domestic	Bangalore
<a href="http://www.irely.in">www.irely.in</a>	Domestic and Imported	Bangalore
<a href="http://www.kiranawalla.com">www.kiranawalla.com</a>	Domestic	Bangalore
<a href="http://www.youmart.com">www.youmart.com</a>	Domestic	Bangalore
<a href="http://www.chennaionlinegrocery.com">www.chennaionlinegrocery.com</a>	Domestic	Chennai
<a href="http://www.veggibazaar.com">www.veggibazaar.com</a>	Fresh produce	Chennai
<a href="http://www.kovaigrocery.com">www.kovaigrocery.com</a>	Domestic	Coimbatore
<a href="http://www.kada.in">www.kada.in</a>	Domestic	Trivandrum
<a href="http://www.homespices.com">www.homespices.com</a>	Spices	Hyderabad

<b>Website</b>	<b>Domestic or Imported Foods</b>	<b>Cities operating in</b>
<a href="http://www.grocerszone.com">www.grocerszone.com</a>	Domestic	Hyderabad
<a href="http://store.perigreensafefoods.com/">http://store.perigreensafefoods.com/</a>	Domestic	Hyderabad
<a href="http://www.foodshoppy.com">www.foodshoppy.com</a>	Domestic	Hyderabad
<a href="http://www.andhrakart.com">www.andhrakart.com</a>	Domestic	Andhra Pradesh
<a href="http://www.saltsoap.com">www.saltsoap.com</a>	Domestic	Kolkatta
<a href="http://www.aaramshop.com">www.aaramshop.com</a>	Domestic and Imported	Delivery in 37 cities through independent grocers
<a href="http://www.farm2kitchen.com">www.farm2kitchen.com</a>	Organic products	Delivery across India
<a href="https://daily.ebay.in/">https://daily.ebay.in/</a> (T.F. Food Limited, part of Ebay)	Imported	Delivery across India
<a href="http://www.healthkart.com">www.healthkart.com</a>	Health and wellness supplements	Delivery across India
<a href="http://www.homeshop18.com/groceries/">http://www.homeshop18.com/groceries/</a>	Domestic	Delivery across India
<a href="http://www.organicgarden.co.in/">http://www.organicgarden.co.in/</a>	Organic products	Delivery across India

*Source: Company Websites and Industry Sources*

Note: The above information has been sourced from industry sources or through the company websites.

USDA does NOT in any way endorse or guarantee the accuracy of the information contained in the above table.