



# ON-LINE MEAT STORE : BUSINESS AND REVENUE MODEL



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## Online meat retailing services: New business models for young technology entrepreneurs

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### Introduction

India's ever growing middle class population is moving towards high-protein foods such as poultry meat, eggs, mutton and chevon. According to the sample registration system (SRS) baseline survey 2014 released by the registrar general of India, 71% of Indians over the age of 15 are non-vegetarians. Currently, in India only 18 percent protein requirement is met from animal source. Market Research and analysis data show that, there will be around 80 per cent growth in meat demand by 2022. A young demographic, with higher income are looking for meat solutions without compromising on health aspects. To meet this demand from urban and semi-urban population the concept of meat retailing came into practice. In India, the organized retail sector is growing at a CAGR of 15 per cent and food retailing is the major portion of this retail trade. Retailers say that the future of the meat category is promising and it will continue to grow at a healthy rate. People are very influenced by the trends in the West and the same practices are seen and being replicated here. The rising income and spending power of the middle class is playing a great role in creating demand for this category.

### Trends in meat retailing and marketing

Globally, food and meat retail is undergoing major shift driven by changing consumer needs and expectations, socio-economic development and technological advancements. Progressive food business houses are continuously transforming business models and trying new ways to attract and retain consumers. According to many studies, more than 90 per cent of the meat is sold through the wet market in the raw fresh segment. These traditional meat shops are usually a small outlets, with a platform on the side opposite to entrance, cutting of meat is done on wooden logs, fine tuning of pieces is done by using a knife. Unlike meat shops in developed countries or few outlets from organized retail chains, majority of consumers buy meat from freshly slaughtered animal from carcass displayed in front of the customer as he wants to see and believe what he buys. From a hygienic point of view, and even much more from an aesthetic point, a traditional Indian meat shop can be regarded as a no-go area. This gives meat retailing a huge opportunity for selling branded products through organised retail channels. But now people are becoming aware of the hygiene and quality of fresh and semi-processed meats and this segment is picking up and witnessing a huge demand and hence, there is plenty of scope to expand the business of meat retail marketing. This category of meat is growing at an excellent rate and has a promising future. The market for this category is expected to triple by 2020 (India Food Report

2016). The fresh meat category has also attracted some branded players but they are more focused on specific regions and are available within only a limited geography due to the short shelf life of products. Major institutional buyers are preferring the meat from retail shops. These shops are further gaining more acceptance in urban population. More and more hotels and caterers are using meat from major retailers for banqueting point of view. From a retail standpoint, there is an increased willingness of consumers to try chilled and frozen products and they are accepting it as a healthy and quick option. It is expected that with rapid urbanization across the country, wet meat markets will shrink and sale of fresh meat get restricted. With supermarkets and shopping malls spreading to even Tier II and III towns, it is expected that there will be greater support for the growth in the retailing of chilled/ frozen meat products. The major business in meat products is from the hyper and super formats. At the same time, frozen and chilled packed meat ranges are also gaining traction in small retail stores. Apart from offering a wide and varied assortment, there is also a much higher level of convenience that modern trade retailers have to offer vis-à-vis the open/ wet market. Convenience of shopping in a hygienic and comfortable environment, availability of a wider range under one roof, assurance of correct weight and quality, right pricing, cutting, cleaning are the key differences over the wet market, which encourage shoppers to buy meat products from organised retailers. The enhanced business is primarily due to the stores offering a superior level of convenience over the wet market.

### Major retail houses having meat category:

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|---------------------------------|--------------|
| 1. Godrej Nature's Basket (GNB) | 6. Food Hall |
| 2. Hypercity                    | 7. Dorabji   |
| 3. Star Bazar                   | 8. Haiko     |
| 4. Spar                         | 9. Big Bazar |
| 5. Spencer's                    |              |

### Challenges and opportunities in meat retailing

Meat and non-vegetarian products are highly perishable, needs strict hygienic and sanitary conditions for storage. The temperature control is critical in maintaining the freshness and quality of meat sold in the retail shops. These are the major reasons for small, traditional grocers for not selling the meat and related foods. Generally, non-veg retailing is not an easy business as it is difficult to manage the inventory and supply chain. Meat selling and retailing requires an end to end strong cold chain, sufficient storage space, merchandising/ display of products, skilled, knowledgeable manpower to handle

these ultra-fresh products. It is also important to get region-wise/ store-wise best vendors who follow all GMP/GHP/food safety standards while handling these products. Due to globalisation and trade requirements, dumping of meat and meat products at lower prices from developed countries is also a threat to domestic producers. Expanding the retailing to rural areas and making these convenience value added meat products available in all places is another challenge which must be addressed.

### Online and e-commerce in meat enterprise

A new research from a market intelligence firm says that India is currently second fastest growing meat market globally with a CAGR of 22%. The need for convenience is the key driver behind India's growing meat and poultry retail markets. The fresh meat industry with the current size in India (around Rs 1, 80,000 crore) is highly fragmented, and the unorganized market (butcher shops) comprising of 90 per cent of the total sector. The demand for fresh meat and the lack of quality options in the traditional 'seller-centric market' largely drive the online meat selling market in India. Online meat market is developing because of increased awareness on protein intake, preference of fresh meat and the lack of hygiene in the traditional meat markets. This business model has better supply chain management and technological intervention than the offline options. This growing market is completely untapped, giving a huge market opportunity for e-commerce and online start-ups. The digitisation of the market can also improve the value chain operation of the meat industry. Online market helps in bringing a quality product at a standardised pricing for mass market consumption. Online market can be targeted at both B2C and B2B customers. With consumers increasingly waking up to e-commerce and food technology, the online version of meat industry will certainly crack the business model. The current demand-supply gap in the meat industry is largely attributed to the capital involved in maintaining cold chain technology, the processing and preservation of meat, which results in sellers spiking up the price of the meat. The rise of frozen and processed meats initiated by modern retail supermarkets was primarily to gain consumers by using 'hygiene' as the USP. This is being taken advantage by growing start-ups in online meat market. The lack of holistic approach to standardize and regularize the system is a major challenge for these start-ups. A comprehensive approach to maintaining the entire supply chain, right from breeding of the animals to last-mile delivery is essential in running a successful online meat sale. Start-ups are developing a tie up with cold chain logistics firm, and keeping a close eye on suppliers. These start-ups have to set up plants, liaises with government bodies for tax exemptions, and consults on equipment, feeding and develop socio-economic understanding of the meat industry to succeed in this business.

### Major online-start-ups in meat retailing are:

- |              |                |
|--------------|----------------|
| 1. Licious,  | 4. MeatRoot,   |
| 2. EasyMeat, | 5. Good To Go  |
| 3. ZappFresh | 6. The Meatman |

### How to attract customer to online meat stores

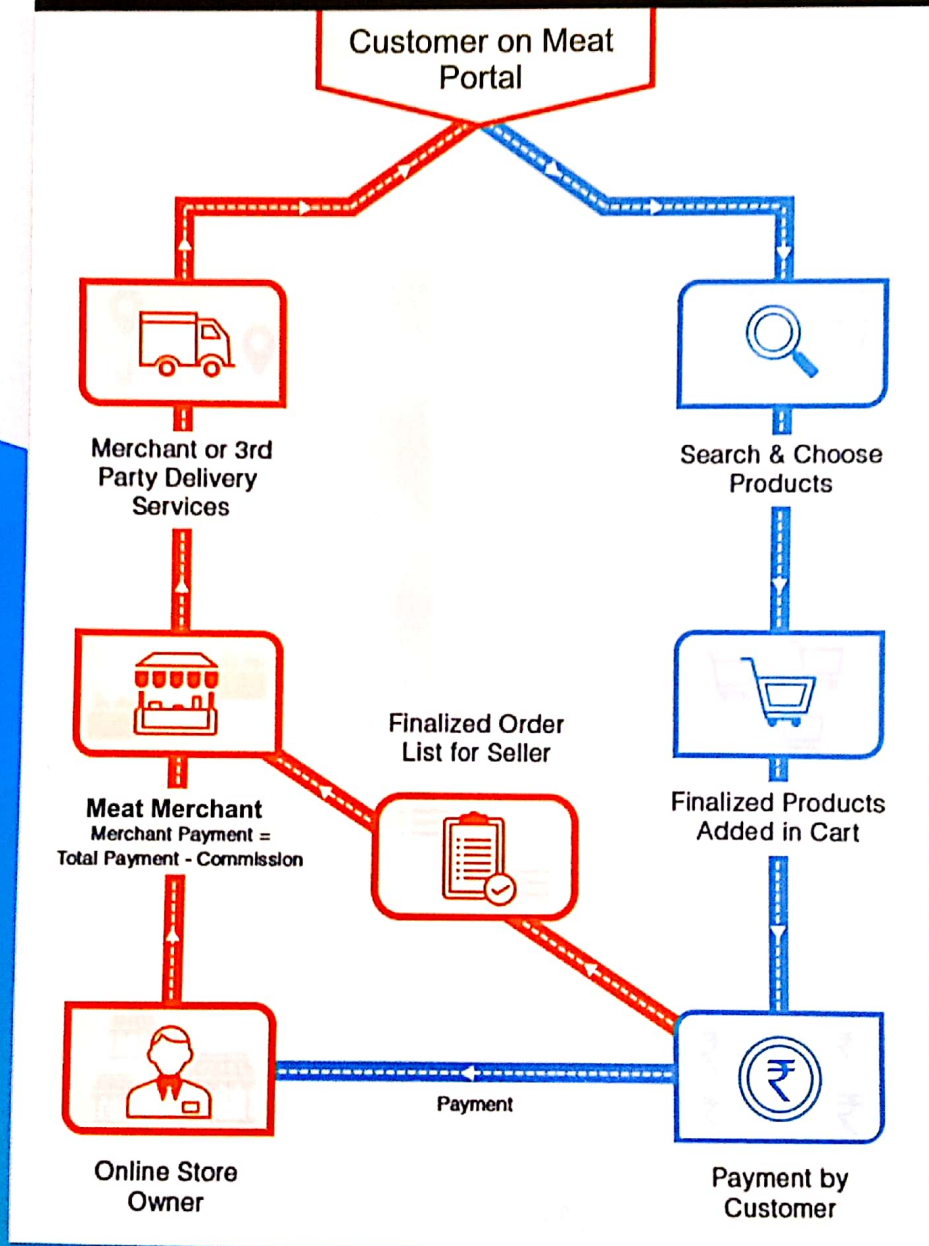
Launching meat section at traditional grocery stores is not an easy business and such products can be made available only if traditional grocers have a full-fledged cold storage or a tie-up with a vendor who has such capabilities. Nowadays, customers are shifting from buying non-veg from unorganized /open market outlets to modern retail stores where products are handled in a much hygienic way, stored at the right temperature, staff gives you the right product information, and they come with the experience of buying and prompt customer service. Hence assortment must be planned as per the requirement of the customers in the catchments. On the product front, taste and quality are the most profound factors coupled with the availability and visibility of the product to the consumers, which will drive the category performance. Retailers should strive to achieve this with the variety, freshness, availability and visibility of its products across all leading stores. Further, there has to be a continuous improvement and innovation in the products' bandwidth in order to keep up with the market trends and growing demand as everybody wants something different, something new type of product. Quality, variety and specifications based on consumer needs will be the growth drivers of meat retailing. Building the brand awareness about the product, nutritional balance and health awareness, hygiene and quality will be key parameters in shaping the category's performance. As disposable income goes up, young urban consumers will look for convenient cooking options. Therefore, convenience-led innovation in terms of product format, packaging offers potential for growth. Highlighting sourcing information, free-from products will enhance appeal among consumers looking for healthy and safe product options. Targeting specific demographics can also hold appeal. Innovations in packaging also provide the information about the quality and shelf-life of meat. Organized retailing helps to implement traceability in meat value chain and assures consumer safety.

### Major Steps to start online grocery business in India

- 1) Identify/decide delivery region
- 2) Register your business with local trade office and FSSAI
- 3) Arrangement of inventory / List grocers in the area and talk partnership opportunities
- 4) Develop local delivery system / Finalize delivery modules
- 5) Development of Website and App
- 6) Payment Methods
- 7) Marketing/ Customer Acquisition

## Business model in online meat retailing

# Online Meat Marketplace Business Model



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