

Impact of covid pandemic on Ready to eat/Ready to cook Durables

By

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Abstract/Executive summary: The unprecedented covid pandemic has crippled the economy and impacted the global trade to a great extent. Moreover, the distribution mechanism is also facing the hiccups on interim rise in consumption due to the critical impact on the supply chain, production, and deliveries of vital commodities. (Magzter, 2020) This instance emerged RTE (Ready to Eat) & RTC (Ready to cook) foods as an alternative as consumers can save much time and energy and make their life convenient. In this paper we address the opportunities that have been created for RTE/RTC food segment. To stand against this wave of uncertainty organizations are coming up with various marketing strategies to ignite the ray of hope that would kickstart the growth in the markets of India. (Deivendran, 2019)

Keywords: Economy, global trade, supply chain, RTE/RTC durables, distribution

Introduction: RTE/RTC foods are expected to reach \$647 million by 2023. Tasty Bite Eatables is the first company who introduced ready to eat food in the year 1987 (Deivendran, 2019). RTE is nothing but the packaged food items and RTC in simple terms defined as the food products that need some preparation like heating/boiling before consumption. Rising urbanization, increase in the percentage of working women and in few scenarios we can also say that increment in the brand consciousness is an alleviated demand for the India's contribution to global consumption trend (IBEF, 2020). In addition to this the consumers spending pattern took a huge spike and using e-commerce to purchase the products and reducing the frequency of visiting outlets. This instance clearly reiterated the shift in consumer trends and necessity of establishing potential touch points to offer a delightful customer experience (Conway, 2020). In the current scenario based on the factor of purchasing capacity majority of the RTC food market is concentrated in Metro and Tier 1 cities. Most of the times lack of proper infrastructure and storage of products turns out to be a gruelling challenge when overall growth of the RTE/RTC category is concerned (Redseer, 2019). In our study we highlight the critical challenges faced by RTE/RTC categories and also provide the possible solutions based on the analysis on inputs received from our target audience.

Literature review:

The attention of Indian consumers on variants, flavours, and ability of decluttering the huge amounts of available information driving the consumer motivation to minimize their decision-making time and paved a way to host of opportunities for RTE players. The interesting fact is from the past decade RTE segment is witnessing significant transformation with the focus on distribution network in order to establish a strong footprint in India. On the top of all these challenges and opportunities the variance between demand and supply is huge which is a boon to brands for gaining prominence by flattening the impact curve of pandemic (Khatri, 2020)

Especially with the changing lifestyles and rise in dual income families millennials are pushing organizations to serve ready to eat products to a great extent. To cater to tastes and preferences of the larger audience organizations started using different medium of communication regarding on the go food option. Delivery apps also evolved in the last decade and resonated the potential of the demand for ready to dishes(singh, 2017).

In terms of brand perception specifically for RTE/RTC segment, Nestle Maggie seems to be at higher end. The presence of urban consumers and rise in the percentage of working women lead brands to be sensitive to these cultural mindsets as predominantly Indians generally do not prefer packed and preserved food. Even the increase in the number of brands started catering according to the consumption pattern and attracting huge traction of consumers(Sharan, 2010).

Research objectives:

To study the critical challenges to succeed in RTE/RTC categories

To evaluate the core reasons for the significant spike of ready to eat and ready to cook durables

To analyse the possible solutions for the critical challenges in RTE/RTC durables

Research methodology and data analysis:

As part of our research study, we conducted both primary and secondary research to perform deep analysis to understand the impact of global pandemic in the segment of Ready to Eat and Ready to cook durables. Accordingly, to draw these final conclusions various Newspapers, company blogs, official sites and articles of leading consulting firms has been taken into consideration.

Primary research was carried out to understand various reasons behind the spike of RTC/RTE segment which created an opportunity to provide better quality and safety standards. It was done by conducting

a survey through online questionnaire.

To achieve the mentioned objective, we had the following research design. The sample size includes 100 respondents including under graduates/Postgraduates, working professionals and business owner and home makers ranging from the age group of 16 to age group of 50. In terms of segmentation I chosen Age and Gender as my segmentation variables. Moreover, to pursue detailed analysis we made use of various tools such as bar graphs, pie charts and line charts with the obtained responses. The methodology of research is purely based on the facts and insights that we collected through secondary research and the responses we received through the questionnaire as part of primary research.

Profile of the target sample: We included males and females of the age group ranging from 16 to 50, where the sample size comprises of students, working professionals and home makers.

Source of the data:

Primary research: Sample size of 100

Secondary research: Newspapers, official sites, blogs, and articles published by consulting

firms.

Period of the study: This study was conducted for a month.

Secondary research:

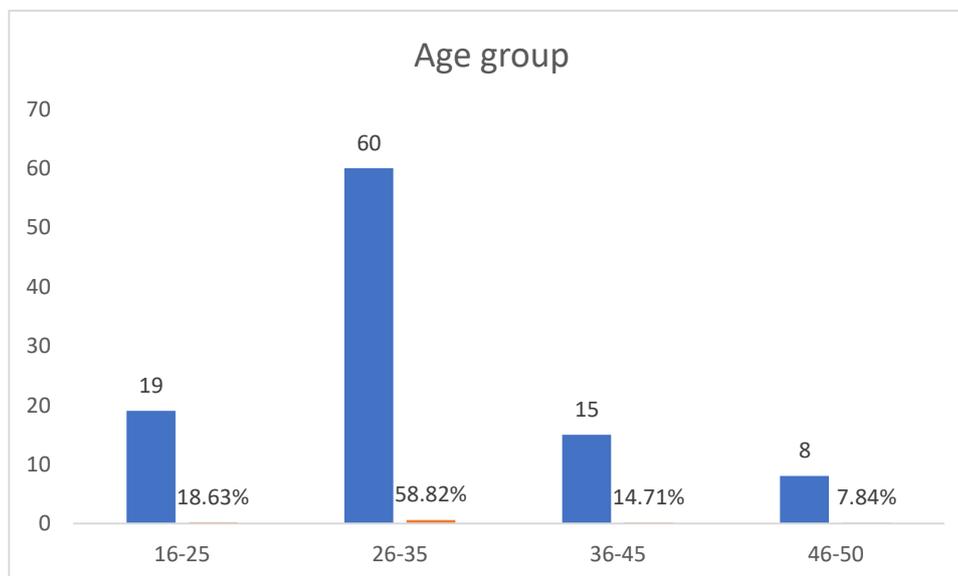
Changing demographics, advent of technology, increase in per capita income, government initiatives, industry trends all these factors are the core reasons for the spike in demand for evolution of QSR and food processing units. Lack of essential infrastructure such as cold storages and in some cases the distance between manufacturing units and retail stores are turning out to be a serious challenge for the growth trajectory of RTE/RTC segment(AgriXchange, 2017).

As per expert's opinion organisations are focussing on improved shelf life and packaged products, rising popularity of convenience foods increased the entry barriers for new entrants which is a core challenge. Most importantly pricing and brand loyalty are the two main attributes which are to be taken care with utmost focus and need to Silverline the consumers preferred choice(BusinessWire, 2020).

As per the food trends post covid pandemic due to change in dietary patterns and inclination of focus towards more hygiene and safety there is a clear dip in foot fall to restaurants and food markets. Impact on seasonal workers made this situation more vulnerable where the percentage of food production also drastically reduced. To address these challenges maintaining productive capacities and launching of new value-added products is an absolute essential(ETBrandEquity, 2020).

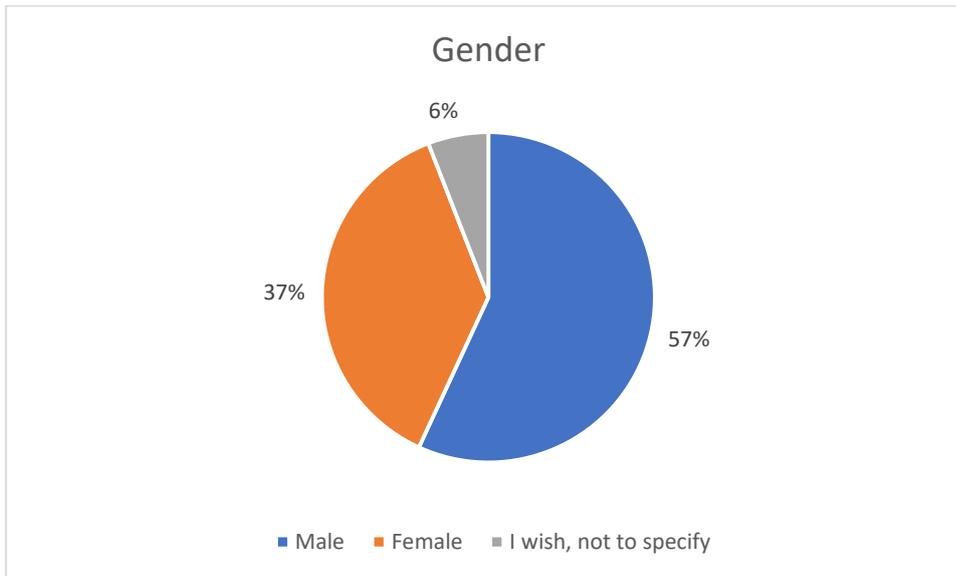
Primary research: Primary data collected with the sample size of 100

1) Please specify your age group



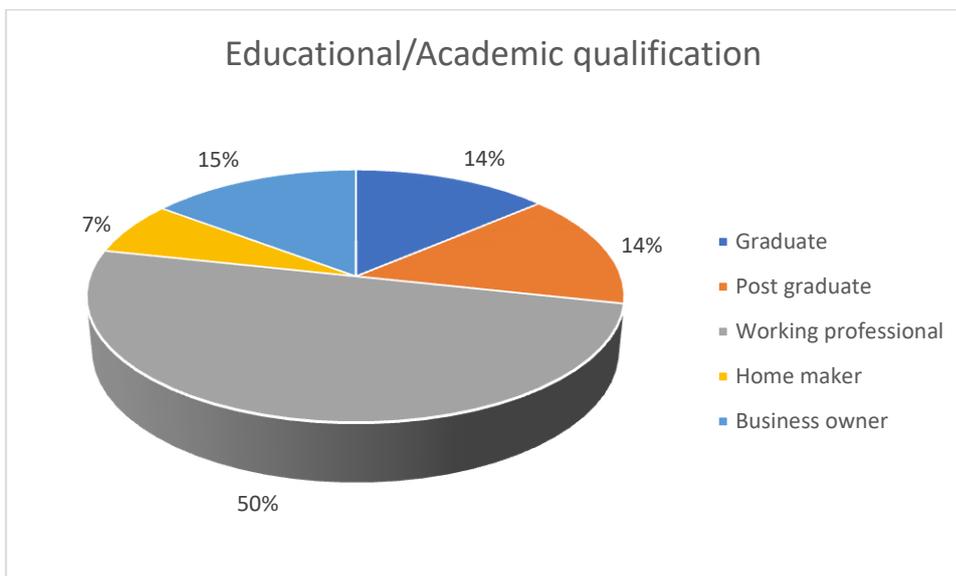
As per the data age group of 26-35 are more followed by age group of 16-25 and 36-45. Even there are few respondents of the age group 46-50.

2) Please specify your gender



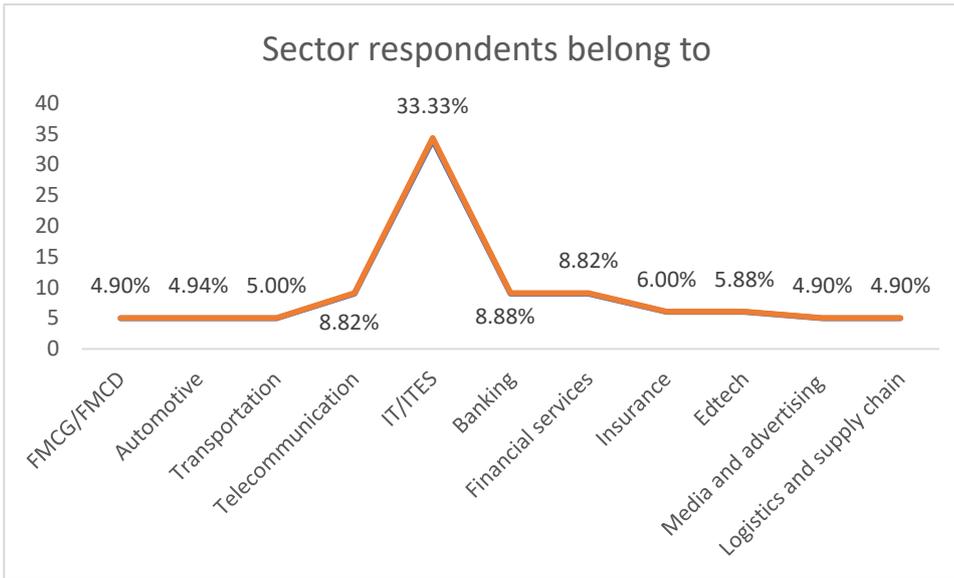
According to the data, there are 58% of the male respondents followed by 37% of the female respondents .

3) Please select your academic/professional qualification



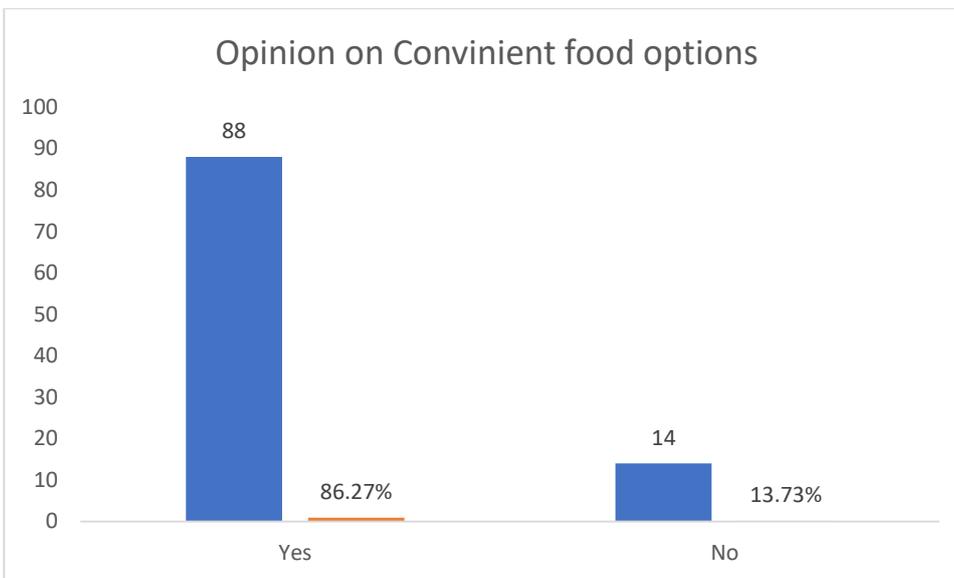
Majority of the respondents are working professionals followed by Postgraduates/ graduates and business owners. Even home makers have contributed their opinion.

4) Which sector do you belong to



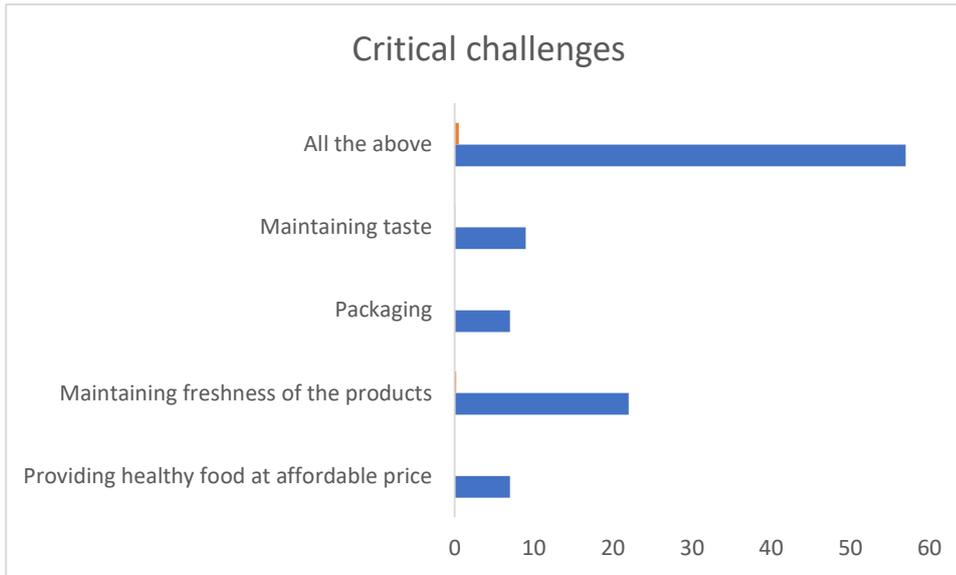
Most of the respondents are from IT industry followed by Banking, telecommunication, Financial services and insurance respectively.

- 5) Do you agree in the current scenario consumers are highly interested in convenient food points



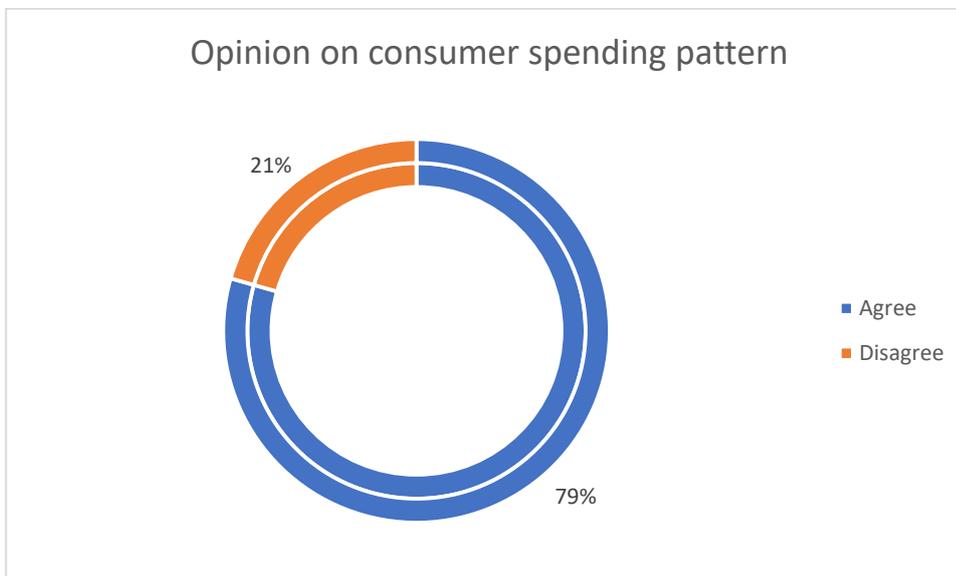
As per the data most of the people are agreeing that their preferences are inclined towards Convenient food options.

- 6) Which of the below do you think are the critical challenges to succeed in RTC/RTE categories.



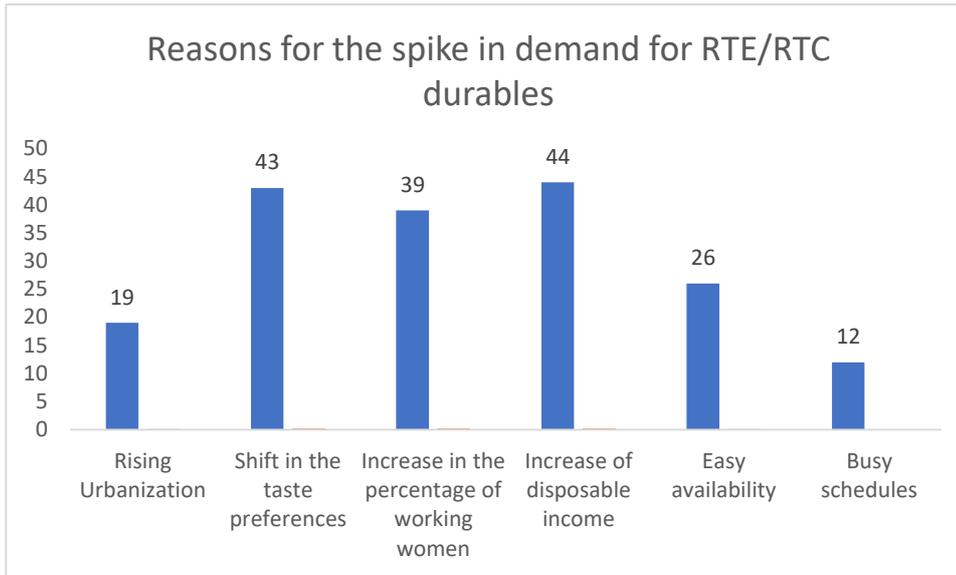
Majority of the respondents opine Maintaining taste and freshness of the products , providing healthy food at affordable rates and in few cases even packaging are the critical challenges faced in RTE/ RTC vertical.

7) Do you agree consumer spending pattern on home cooking hiked during the pandemic



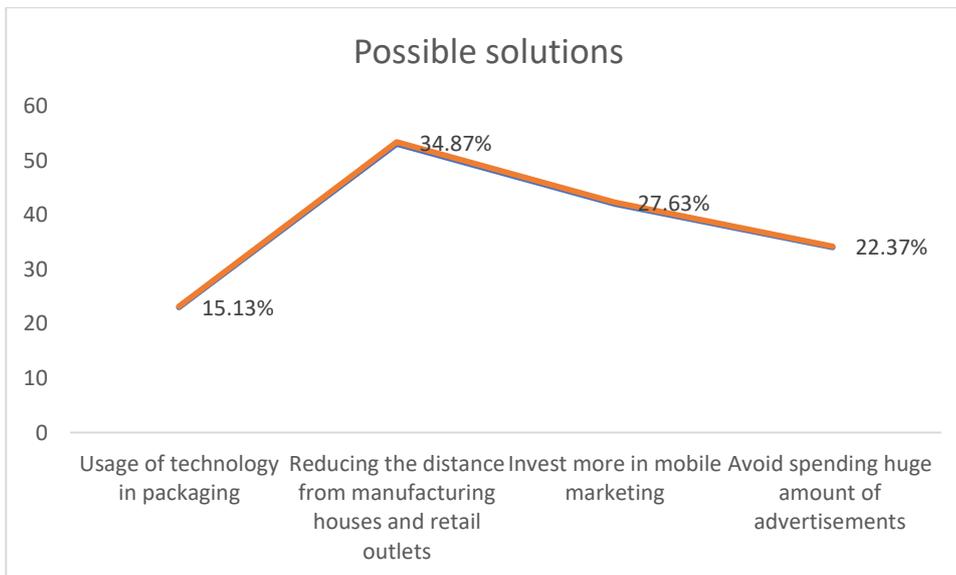
Respondents are clearly agreeing that the spending pattern has increased significantly.Only 21% are disagreeing where their lifestyle influence could be the reason for their opinion.

8) Which of the below reasons do you think are responsible for spike in RTE/RTC durables



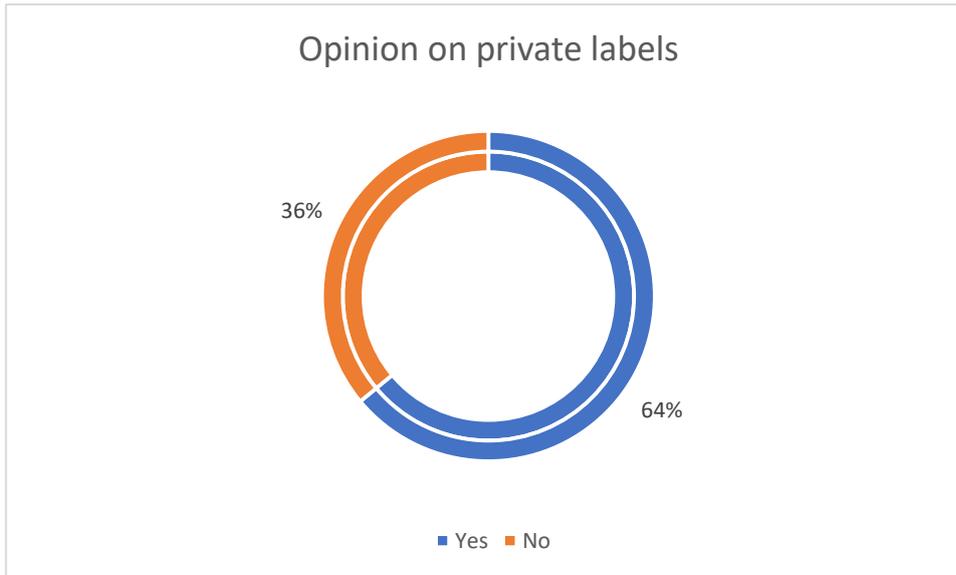
According to the data respondents opine increase in the disposable income , shift in taste preferences followed by rise in the percentage of working women are the critical reasons for the spike in demand for RTE/RTC durables.

9) Which of the below do you think are the possible solutions for the challenges in RTE/RTC durables



Majority of the respondents opine reducing the distance between manufacturing houses and retail outlets followed by investing in mobile marketing are the most competent solutions to sustain in RTE/RTC segment.

10) Do you agree that the increase in private labels in ready to mix food category using better quality and safety standards



As per the data, people clearly stated their opinion that due to the increase in private labels in the ready to mix and ready to eat category the quality and safety standards are high.

Conclusion:Based on the inputs from the respondents and our analysis from various newspapers, journals, and reports from consulting firms we depicted few solutions for our core research objectives. Maintaining taste and freshness of the product, providing hygienic good and even in some cases packaging drives the traction of the consumers preferences and moreover the rising urbanization, significant shift of preferences towards convenient foods due to the current scenario and the rise in the percentage of working women fuelled the demand for RTE/RTC durables. To address these issues based on our analysis, using modern technology in packaging and investing in mobile marketing are picked as the most feasible and sustainable solutions.

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