Bizom India Kirana Report

Deja-vu with a better ending?

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Author's profile

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Akshay has had over 18 yrs of experience in areas of Marketing, Product, Sales across Internet, Telecom and IT businesses. Having worked in both B2C and B2B, it helps bring unique perspectives together from both worlds. In previous roles, he's led Business Development for Skype in India through their partnership with Sify.Prior to that he's had over a decade of proven expertise in being able to build and scale platforms and businesses for various telecom companies like Airtel and Idea among others.

Rohit Agarwal
Senior Data Scientist

Rohit is a Senior Data Scientist at Mobisy, where he leads a team of Data Scientists & Software Engineers, focusing on salesforce automation by applying state of the art ML & Deep Learning techniques.With 14 + years of industry experience, Rohit was previously with GE for with 11 years where he worked on conceptualizing, designing and prototyping a number of software & data solutions using cutting edge technologies for solving large industrial problems.

As a hobby project, Rohit launched a website http://bmtcroutes.in which aims at finding bus routes in Bangalore and is currently in top google search results. Rohit has a Masters in IT from IIIT, Bangalore and Bachelors in Computer Science from IET, Lucknow,India.

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Introduction

March-21 brought with it an explosion in the demand for summer products, which is in time for the vaccine rollout and IPL, making it seem like a big quarter is approaching. But hold on, The pandemic isn't over yet. The virus has reared its ugly head again and it's starting to affect India's biggest state for FMCG kirana sales.

However, if anything the FMCG industry has learnt over the last year, its resilience!

It's this resilience backed by technology that will help the industry tide over the crisis yet again.

March-21 saw a massive sales growth over last year (+33%) driven by

- An early & hotter summer that's kept demand strong,
- A stronger supply chain that has enabled the distribution workforce to become more mobile and remote
- The ability of consumer brands to manage supply more seamlessly as we prepare for more lockdowns

It's definitely deja-vu, but with a much better ending!

What's New in March 2021?

Kiranas are growing now more than ever and brands have new tricks up their sleeve to ensure sales remain up. We've added a number of new insights in Feb-21.

Festival analysis:

So did the festival of colours impact the colour of sales? In this report we have tracked down how kirana stores sales were impacted while India celebrated Holi amidst a pandemic.

Methodology

The data set used in this report includes ongoing business trends for the kiranas (at outlet level), particularly focusing on December 2020. Further, the benchmark used to analyse and evaluate the retail market include: companies that are using Bizom "The Retail Intelligence Platform" as their technology partner and have given their consent. Additionally we also analyse market trends from Bizom Retailer App, a B2B marketplace for brands, their distributors and retailers.

The trend within India, state boundaries and geo areas are analysed using publicly available data sources. For the purpose of this report, we have limited our analysis to seven categories of outlets.

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Executive Summary

Consumption levels during Mar-21 have remained strong with almost a third increase from the same time last year.

Remember last March when the nation went into complete lockdown? There was an upside to those dark days. Some part of the higher growth that we're experiencing now can be attributed to the lockdown. The steady and strong MoM sales growth indicates a robust demand despite poor Out of Home (OOH) consumption which hasn't bounced back to last year's levels.

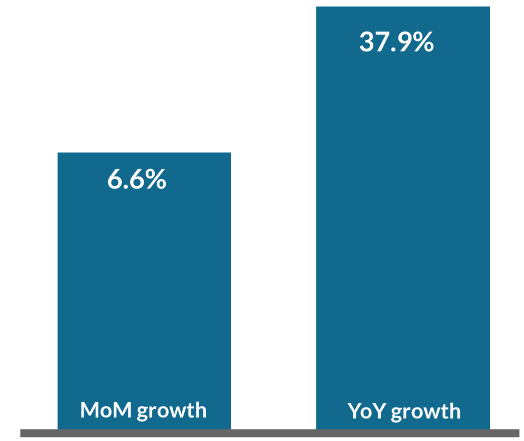
We can expect some solid results this quarter from FMCG companies on the back of the rise in consumption and prices. Though the price rise is due to the increase in input costs in a number of areas.

During Mar-21, the number of active kiranas was +6.6% higher than last month, making it the highest count of kirana outlets, ever! (up +37.9% YoY)

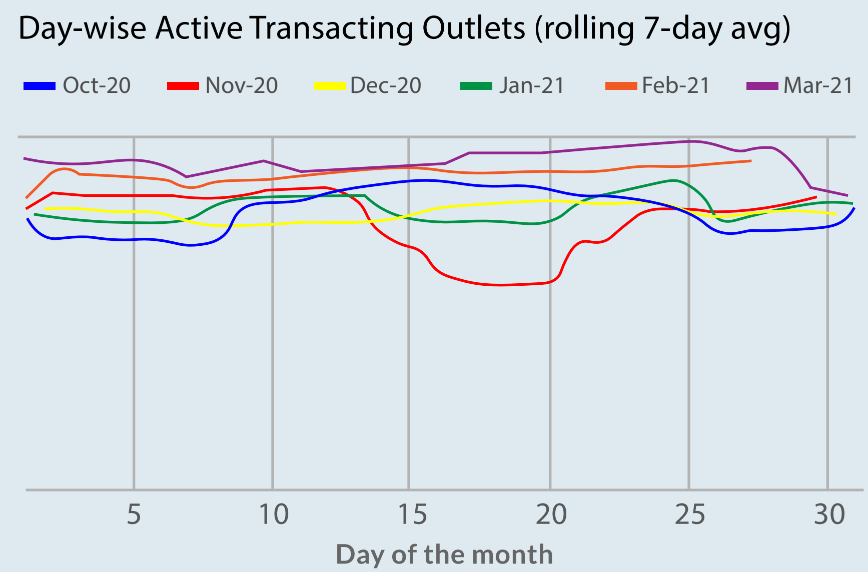
Number of Kirana outlets

Mar-21 recorded the highest number of kirana outlets ever at 4.69Mn. Owing to the lockdowns of last year which resulted in a 15% drop in Kirana outlets, this y-o-y growth stands out disproportionately.

Number of Kirana outlets in March 21



Day-wise open kiranas:



Mar-21 witnessed a higher consistency in actively transacting kirana outlets as compared to previous months. This led to a 6.6% increase in Active kiranas MoM. However, in the last week of March, 2/3rd of the kiranas remained closed due to Holi.

The monthly order value per kirana was down by -1.5% MoM in Mar-21 due to Holi.

However, everall sales of the month saw an uptick by 5%.

Category performance in March-21

A. Gaining categories

We're seeing strong performance from Summer products with **Beverages & Consumer durables** showing impressive gains driven by wider distribution & increased stocking at retailers. Improved movement and vaccine rollout had resulted in a good performance by Dairy which has posted double digit growth in sales MoM & also by the Packaged Foods category with its Ready to Eat products putting in a strong performance.

B. Steady categories:

Homecare products saw relatively steady MoM sales in Mar-21 though there was an uptick during the month-end sales push. Homecare sales can go up further in the coming months in response to the second wave of COVID-19.

C. Impacted categories:

Commodity products are seeing liquidation at kiranas due to earlier overstocking. Also, the severe price rise over the last two quarters has discouraged consumers from buying the products, leading to a drop in sales. Unlike last year, we're seeing no hoarding of these products as of yet as manufacturing & distribution remain consistent.

Personal Care is seeing the early effects of strain from the pandemic as restrictions are coming back. Last year, we saw a significant impact of the lockdown on this category due to people movement challenges. However, it does seem like this category will respond better this time round as supply & distribution both remain strong. But a slight drop in consumption can be expected.

Confectionery products saw a strong performance last year when we went into a lockdown driven by 'in home' consumption.But this year, we're seeing limited traction in sales at kiranas as we're looking at partial lockdowns being announced across India.

Where are the kiranas across India?

Top FMCG regions across India

Uttar Pradesh has leapfrogged Maharashtra as the biggest region for kirana sales while it remains in second position by the count of active kiranas. Kirana Sales went up by up +5.1% MoM (Equated Day Basis) driven by a 5.9% increase in the count of active kiranas in March 2021

Maharashtra dropped to second position in March 2021 in terms of kirana sales value and remained at the first position by count of Active kiranas.However, Sales (by value) was down by -1.8% MoM (Equated Day Basis) in March 2021 despite a 5.0% increase in count of active kiranas MoM. Reduced stocking driven by a wave of virus seems to have gripped various parts of the state and has impacted sales.

Across a number of cities we saw an impact in sales MoM in Maharashtra. Here's a snapshot,

	Total Sales Value of Kirana Stores
Mumbai	-1.2%
Pune	-10.8%
Nagpur	16.4%
Nashik	4.3%
Kolhapur	17.3%
Solapur	-20.8%

Karnataka climbed up a spot to the third position in terms of kirana sales in March 2021 & remained at the fourth position in terms of kirana count. This is because the value of sales were down by -4.1% MoM (Equated Day Basis) in March 2021 despite the number of transacting kiranas going up by 4.1% MoM.

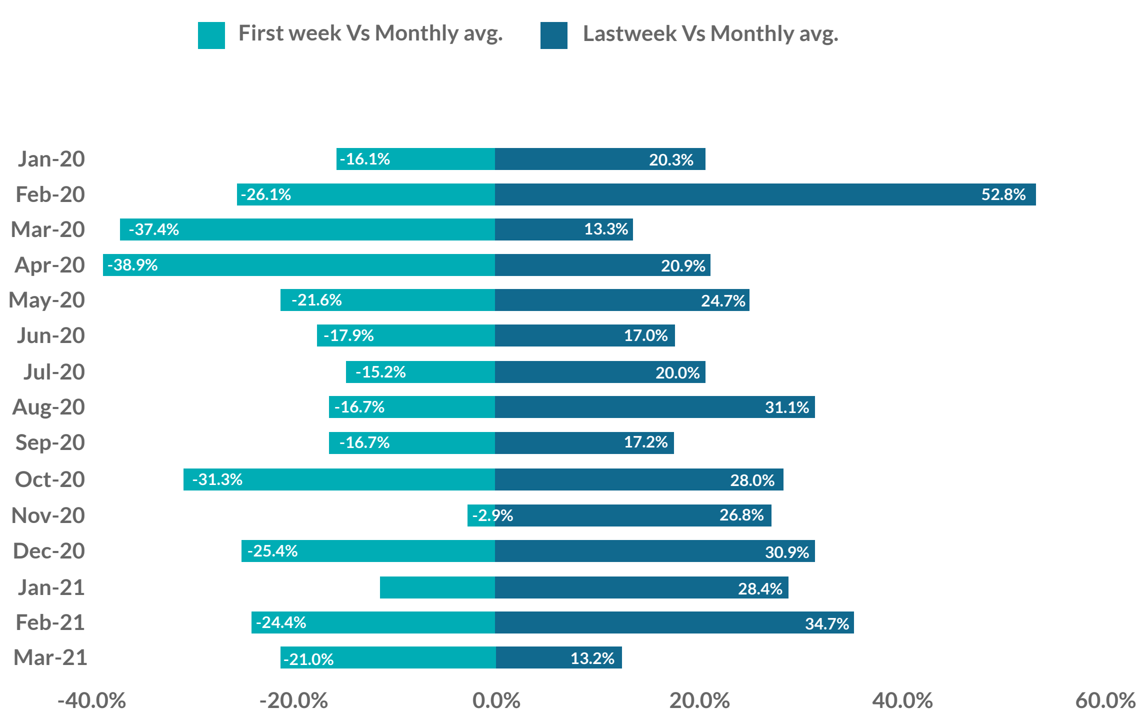
Andhra Pradesh dropped to the fourth position in kirana sales while it remained at the sixth position in count of active kiranas for March 2021. Kirana sales dropped by -10.3% MoM (Equated Day Basis) despite the count of active kiranas going up by +3.5% MoM during March 2021.

Gujarat remained the fifth biggest region in terms of kirana sales value and remained at the tenth position basis kirana outlet count. Sales (by value) jumped up smartly by +14.4% in March 2021 riding on the back of of increased stocking & a 4.9% increase in in Kirana outlets MoM.

What was the change in sales at the beginning of the March vs end of March?

March 2021 saw a muted month-end push due to the celebrations of Holi. It also witnessed a reversal from same-time last year when sales were lower during the last week owing to the lockdowns that were announced across the country.

Sales Variation in First & Last Week of the month



Category Wise Change in Stocking for Last Quarter

	Extent of Stock Dumping		
Category	Jan-21	Feb-21	
Beverage	Moderate stock dumping	Low stock dumping	No stock dumping
Commodity	Low stock dumping	High stock dumping	Low demand
Confectionery	Low stock dumping	No stock dumping	Low demand
Dairy	Moderate stock dumping	Low stock dumping	No stock dumping
Homecare	Very High Stock dumping	Very High Stock dumping	High stock dumping
Packaged Foods	Low stock dumping	Low stock dumping	No stock dumping
Personal Care	Very High Stock dumping	Very High Stock dumping	High stock dumping
Consumer Durables	Moderate stock dumping	High stock dumping	Moderate stock dumping

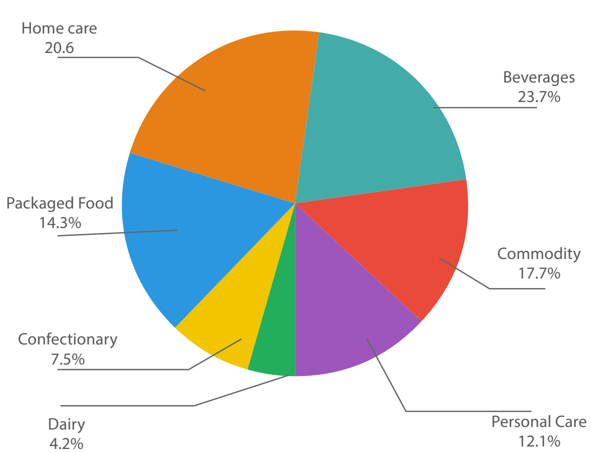
- No stock dumping: -5% to 5%
- Low stock dumping: 5% to 15%
- Moderate stock dumping: 15% to 30
- High stock dumping: 30% to 50%
- Very High stock dumping: 30% to 50%
- Demand / Supply chain issues : Below -5%

Overall performance:

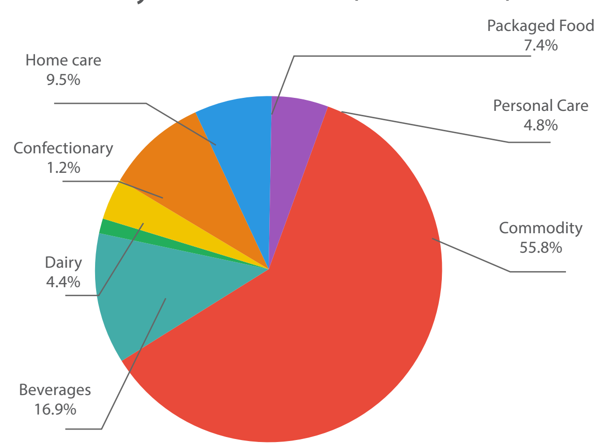
With a hotter summer upon us, we now see product availability increasing across categories in March 2021with Beverages in the lead.

Sales are also up by double digits MoM for Summer products including Consumer Durables and Beverages. We're also seeing a spike in demand for Dairy products.

Cateorywise Oulets (March-21)



Cateorywise Scale% (March-21)



Category-wise trends

Beverage

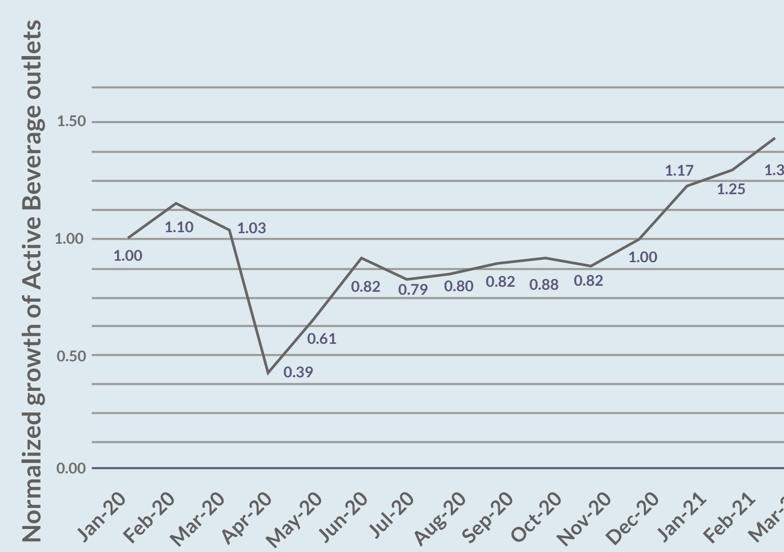
The distribution of Beverages in kiranas for March 2021 was up significantly (+10.7% MoM) which was driven by higher stocking and has led to a sequential MoM growth in sales by +37.8%.

Strong growth in sales is being particularly seen for Carbonated drinks & Packaged Juices currently.

Beverages March 2021 VS February 2021 trends

Active retailers: +10.7%, Avg. retailer monthly purchase: +24.4%, Monthly sales: +37.8%

Beverage outlets count (relative)



Top 5 Region
Uttar Pradesh
Maharashtra
Telangana
Madhya Pradesh
Kerala

Share of Top 5 Reions
50%

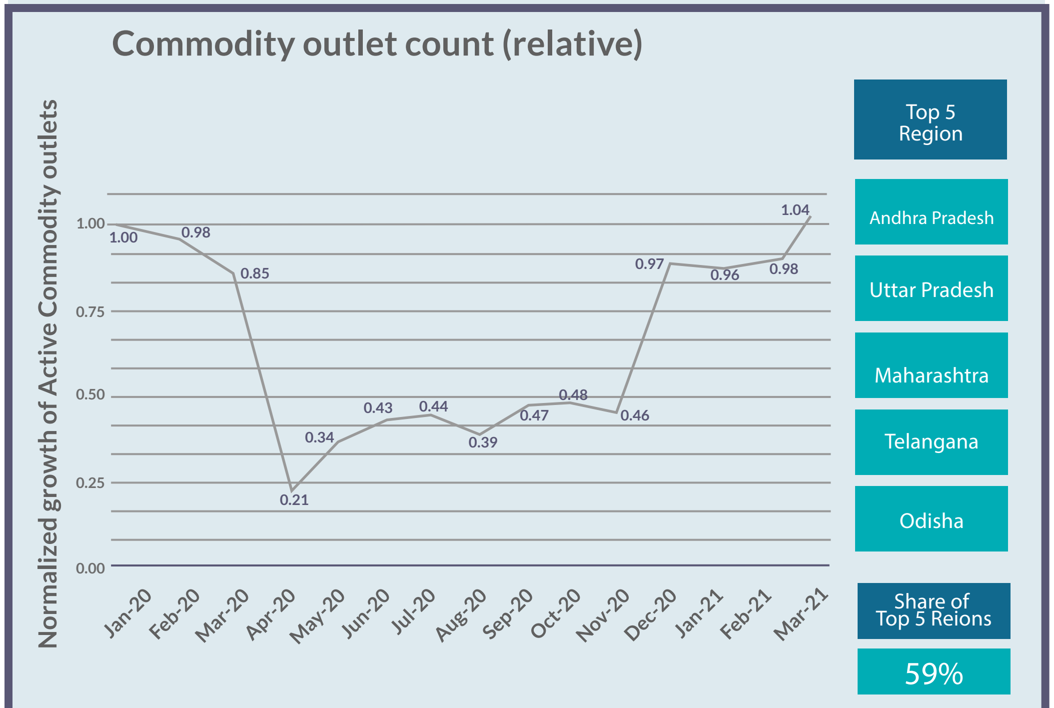
Commodity

Distribution of commodity products has got wider in the month of March. (+6.2%). However, the excess stock at kiranas which is getting liquidated resulted in a drop in average stocking levels per kirana that led to a drop in sales.

Also, consumers witnessed a significant increase in prices of edible oils e which could also start impacting consumption levels going forward.

March 2021 - February 2021

Active retailers: +6.2%, Avg. retailer monthly purchase: -14.4%, Monthly sales: -8.8%

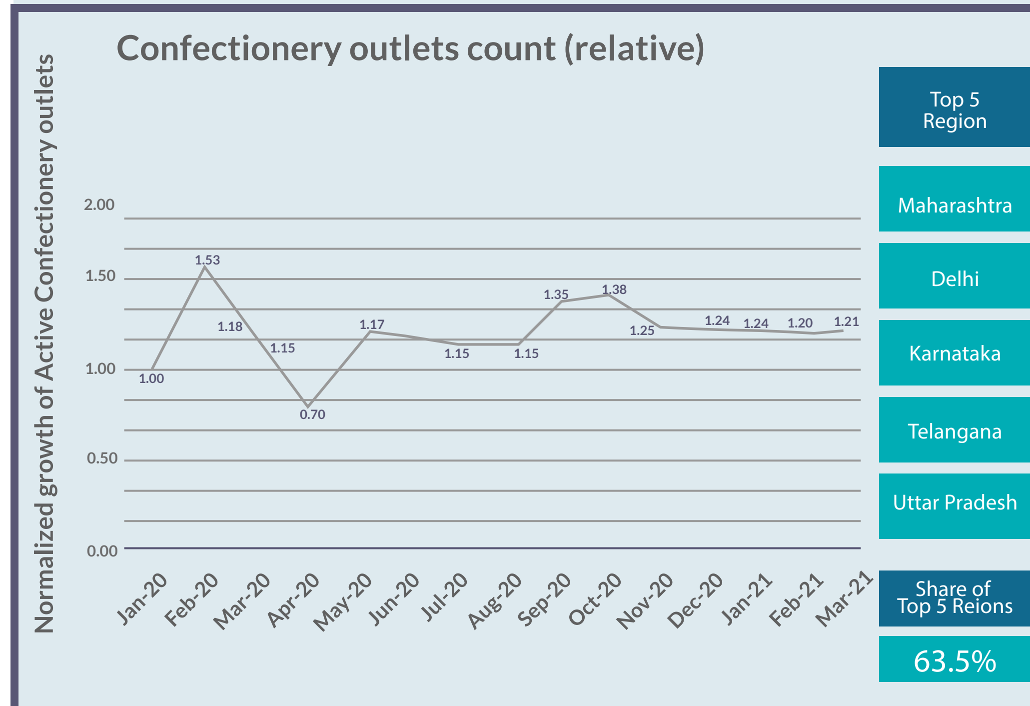


Confectionery

Last year, during the lockdown, Confectionery products saw an enormous growth driven by 'in home' consumption. This year though, it remains to be seen if the same consumption behaviour continues while we are set to go through the second wave of the pandemic. During March 2021, demand was still not very strong while distribution remained stable.

March 2021 - February 2021 trends

Active retailers: +0.9%, Avg. retailer monthly purchase: -6.9%, Monthly sales: -6.1%



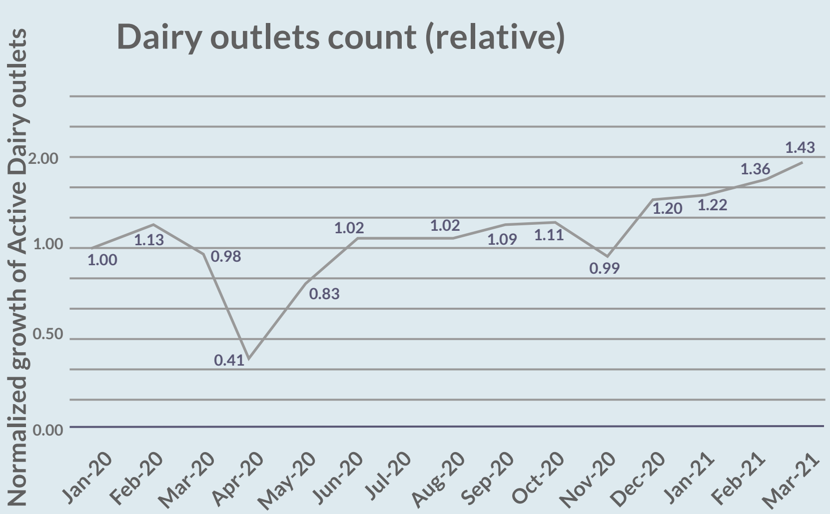
Dairy

During March 2021 , we saw a strong performance from the Dairy product category with MoM sales going up in double digits.

This was complemented by rise in distribution and stocking levels.

March 2021 - February 2021 trends

Active retailers: +5.1%, Avg. retailer monthly purchase: +9.1%, Monthly sales: +14.7%



Top 5 Region

- Madhya Pradesh
- Karnataka
- Uttar Pradesh
- Maharashtra
- Telangana

Share of Top 5 Reions

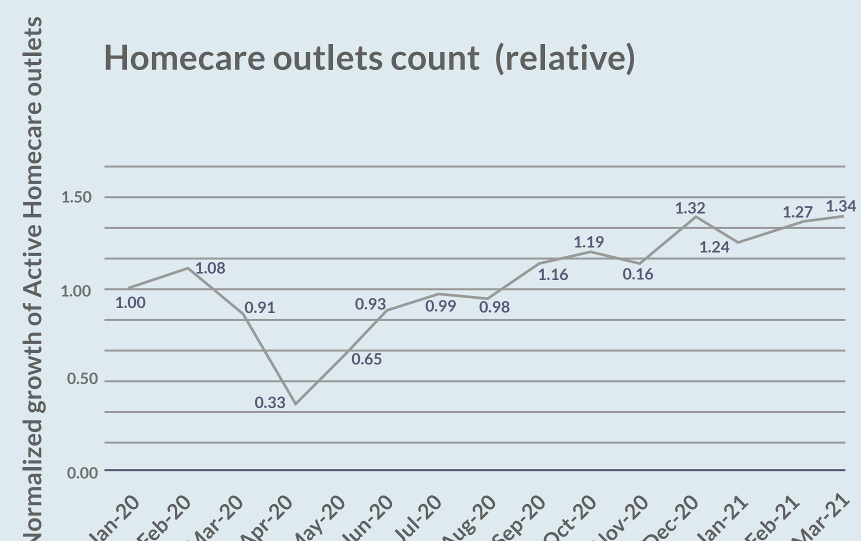
70%

Homecare

March 2021 - February 2021 remained the same at -2.0% driven by increased availability. With the second wave of the pandemic, we can expect to see the sales of homecare products growing significantly in the coming months.

March 2021 - February 2021 trends

Active retailers: +5.4%, Avg. retailer monthly purchase: +7.0%, Monthly sales: -2.0%



Top 5 Region

- Kerala
- Uttar Pradesh
- Maharashtra
- Karnataka
- Delhi

Share of Top 5 Reions

54%

Packaged Foods

The Ready to Eat category sawgood traction due to increased travel and mobility of people. However, we do think that this could get impacted in the months ahead as we see the number of COVID-19 cases rising across India and parts of India go into partial lockdowns.

March 2021 - February 2021 trends

Active retailers: +3.5%, Avg. retailer monthly purchase: +1.2%, Monthly sales: +4.7%

Packaged Food outlets count (relative)

Top 5 Region
West Bengal
Maharashtra
Odisha
Karnataka
Delhi

Share of Top 5 Reions
56%

Personal Care

The personal care category saw sales drop in double digits in Mar-21. This category consumption is dependent on people interactions & hence as we were moving towards free travel, we could have expected an increase in sales of this category. However, just when we were expecting travel & businesses to return to normalcy, we are now seeing new restrictions which have started impeding movement of people and return to work. This will continue to impact personal care products which was among the worst hit categories last year due to lockdown.

March 2021 - February 2021 trends

Active retailers: -3.3%, Avg. retailer monthly purchase: -10.9%, Monthly sales: -13.9%

Personal care outlets count (relative)

Top 5 Region
Uttar Pradesh
Maharashtra
Delhi
Karnataka
West Bengal

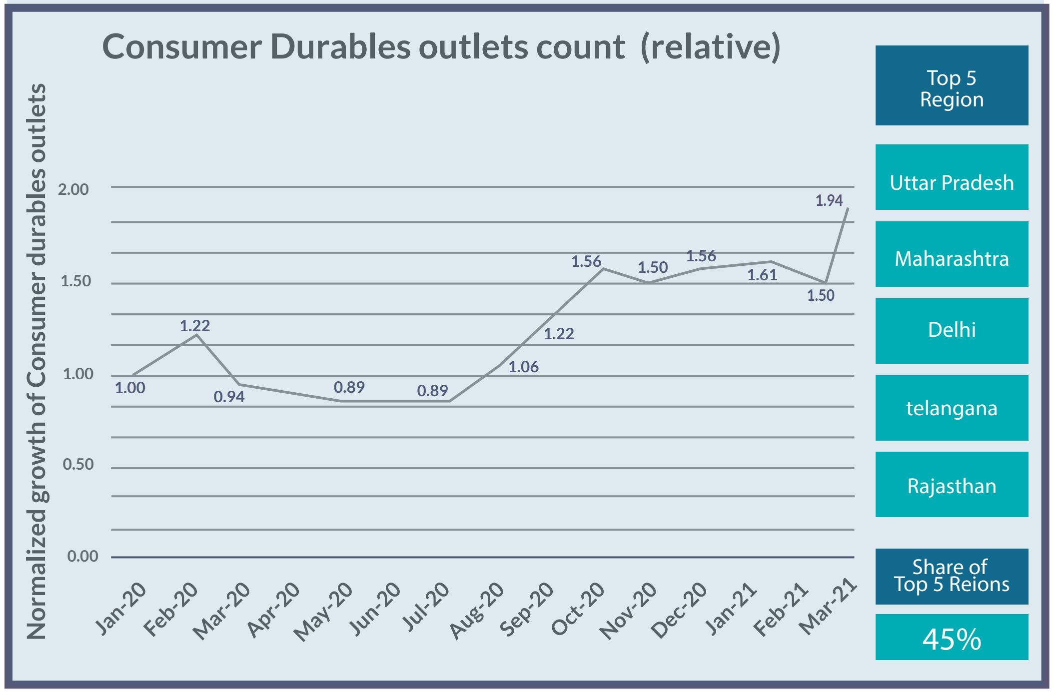
Share of Top 5 Reions
45%

Consumer Durables

March 2021 saw a strong performance for summer products including ACs, Fridges, Coolers etc. Unlike last year, this year shows very limited restrictions on movement and we also see that supply remains uninterrupted. Further, with IPL in progress during the Month of April and May,, we can expect a strong season for summer sales .

March 2021 - February 2021 trends

Active retailers: +29.6%, Avg. retailer monthly purchase: -0.2%, Monthly sales: +29.4%



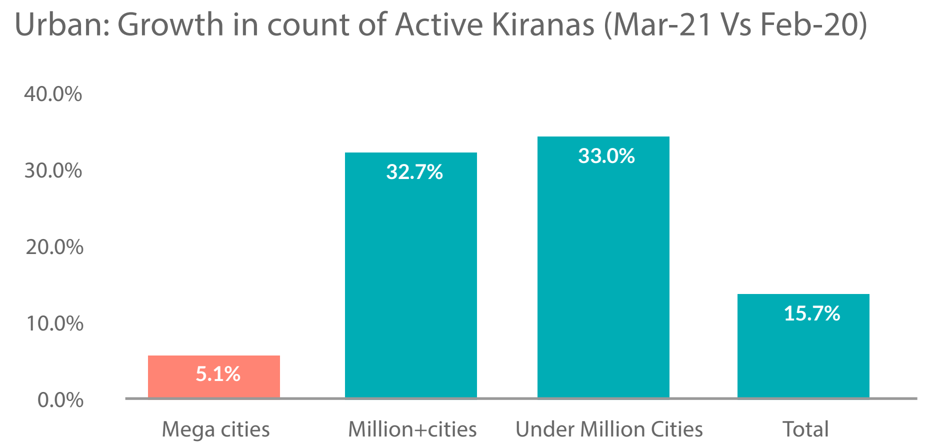
Urban/Rural Trends for Mar-21

We analyzed outlet growth in March 2021 in comparison to February 2021 (which was the last full month where there was no disruption from lockdown)

We saw a big jump in kirana outlets covered through direct distribution by brands across Urban & Rural regions, as brands have invested in improving direct distribution across both zones to hedge for distribution gaps which t happened on account of overdependence on wholesaling.

Growth of Active Kiranas in India (March 2021 VS February 2020)

To understand the source of growth in Kirana outlets, we further analysed Urban data.



It seems clear that the growth is fueled from outside of India's Megacities as brands start ensuring direct service to kiranas across tier 2 & 3 cities as well as rural towns of India.

Bizom's India Top 10

Bizom's India Top 10 cities for the year-end March 2021

A. Fastest growing cities, Mar-21

Amritsar was India's fastest growing city (by kirana sales) in Feb-21 followed by Rohtak. Kirana stock loading has been critical in driving this sales surge in Amritsar.

Fastest Growth in Mar-21 Vs Mar-20

Rank	No. of active Kiranas	Avg monthly sales/active Kirana	Total sales value
1	Rohtak	Amritsar	Amritsar
2	Jodhpur	Jaipur	Jaipur
3	Bikaner	Coimbatore	Asansol
4	Shimla	Asansol	Raipur
5	Rajahmundry	Ahmedabad	Guwahati
6	Udaipur	Vijayawada	Rohtak
7	Raipur	Guwahati	Coimbatore
8	Bhopal	Tiruchirappalli	Indore
9	Gwalior	Kochi	Vijayawada
10	Erode	Indore	Jodhpur

B. Highest number of active kiranas (abs), March 2021

Delhi remained the biggest city by number of kiranas and has already got back to its pre-COVID levels of consumption. However, cities like Mumbai, Bengaluru, Chennai & Pune witnessed lower levels of consumption than a year ago.

Rank	Mar-21	MoM change (Mar-21 vs Feb-21)
1	Delhi	-
2	Mumbai	-
3	Bengaluru	-
4	Hyderabad	-
5	Chennai	-
6	Pune	-
7	Kolkata	-
8	Lucknow	-
9	Ahmedabad	+1
10	Nagpur	-

C. Highest sales from kiranas (abs): March 2021

Maharashtra's two big cities have lost ranks due to the rising cases of COVID and some restrictive measures coming in place.

Jaipur is the biggest gainer in this list jumping six places to make its way into the top 10.

Rank	Feb-21	MoM change (Mar-21 vs Mar-21)
1	Delhi	-
2	Bengaluru	-
3	Hyderabad	+2
4	Mumbai	-1
5	Chennai	+2
6	Kolkata	+2
7	Pune	-3
8	Lucknow	-2
9	Jaipur	+5
10	Ahmedabad	-

D. Slowest growing cities, March 2021

Despite Election Season and with the second wave of the pandemic upon us, Kolkata saw a sharp drop in the number of active kirana outlets leading to a significant drop in sales.

Maharashtra, which is the worst affected state in this pandemic wave, has 6 of the 10 slowest growing cities by kirana sales.

Slowest growing cities (Mar-21 Vs Mar-20)			
Rank	No. of active Kiranas	Avg monthly sales/active Kirana	Total sales value
1	Bangalore	Nanded	Nanded
2	Mangalore	Tumkur	Tumkur
3	Durgapur	Solapur	Solapur
4	Pune	Rajahmundry	Akola
5	Aurangabad	Nellore	Nashik
6	Akola	Visakhapatnam	Pune
7	Surat	Kollam	Kollam
8	Mysore	Bellary	Bangalore
9	Chennai	Akola	Kurnool
10	Nashik	Thiruvananthapuram	Aurangabad

NOTE: RED shaded cities are those that are lower than a year ago nos

Definitions & Abbreviations

Kirana: This is typically the equivalent of a mom & pop store in India. A small, usually family-owned shop selling groceries and assorted products.

Active Kirana: A kirana making at least one purchase transaction from a brand in the given period is called an active kirana.

EDB%: Equated day basis, This is used to compare growth in two months with unequal days. E.g. comparing absolute sales for say Oct (31 days) vs Sept (30 days). Here, a growth comparison is made based on the daily average sales change in both the months.

MoM: Month on Month

RTC: Ready to Cook

RTE: Ready to Eat

Megacities: Cities with population of 5Mn+

Million+ cities: Cities with population of 1 to 5Mn