THE ECONOMIC TIMES

CHANGING PREFERENCES REALIGN MARKET

Mom-&-Pop Stores Embrace FMCG Gen Z

Startups grab 22% turf in kiranas, expanding as legacy names slow, show data

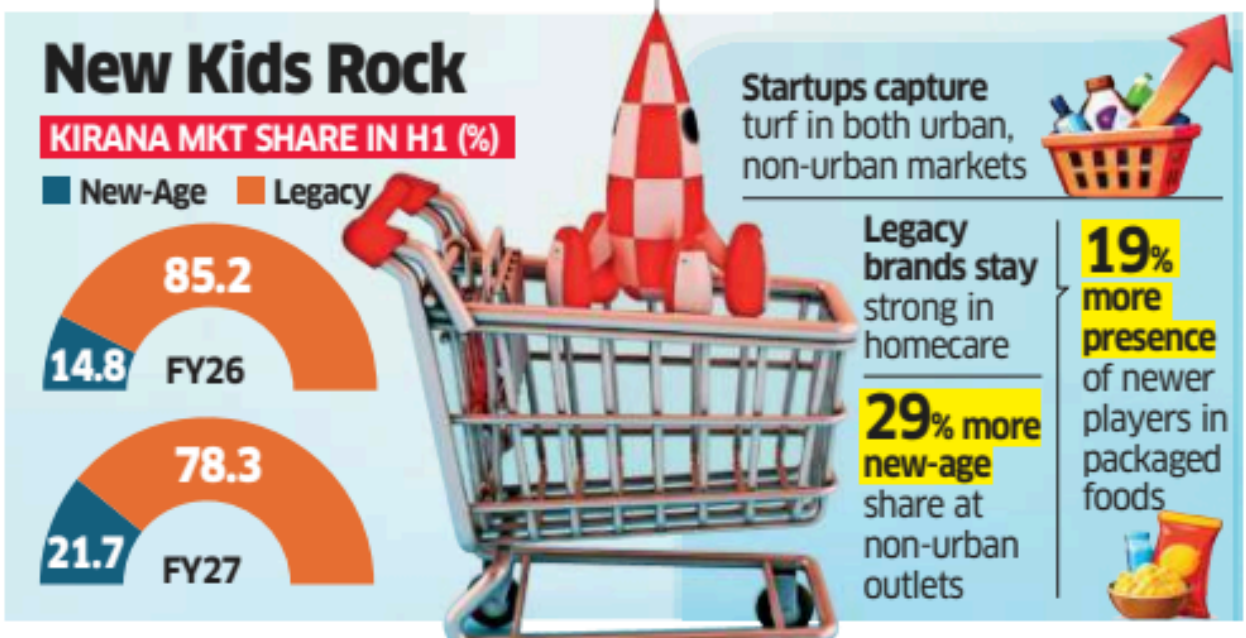
Aanya Thakur & Sagar Malviya

Mumbai: New-age consumer brands have increased their share of India's kirana market to nearly 22%, eating into the dominance of established fast-moving consumer goods (FMCG) companies in neighbourhood stores that have long been the stronghold of legacy players.

The market share of such brands rose to 21.7% in the first half of FY27, from 14.8% a year earlier, while legacy players' share fell to 78.3% from 85.2%, according to exclusive data from retail intelligence platform Bizom, which tracks 10 million kirana outlets.

"This is the first time in a long time that new players are creating a possibility of changing the market structure," said Tarun Arora, chief executive at health and nutrition brand Zydus Wellness.

Greater access to online and modern-trade channels is helping newer brands' reach, he said, adding that it is now important for established companies to understand changing preferences, rather than rely on past strengths.



"Consumer attitudes and preferences are changing, which we see manifested more online. Part is being manifested offline also," said Shankar Prasad, chief executive of Plum Goodness.

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Sustaining Momentum will be a Challenge

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Plum began as a digital-first beauty brand and now gets 30% of its revenue from offline channels, with about 35,000 physical touchpoints.

"For new-age brands, the real test now lies in sustaining this massive physical distribution network against the deep offline reach of the incumbents," said Parth Sethi, growth officer at Bizom.

These startups have also changed the economics of brand building by targeting urban, premium consumers willing to pay higher prices and launching products more rapidly, even if some fail.

"Getting products into stores is relatively easy, but sustaining distribution and building sales over time is harder," Arora said. "Higher retailer margins alone cannot secure shelf space, and initial trials do not guarantee lasting market share. Expanding into general trade remains expensive and time-consuming for digital-first companies."

The gains mark a push beyond online channels, where many new-age brands built their businesses as direct-to-consumer (D2C) players. During the September quarter alone, D2C brands expanded their kirana footprint by 200 basis points across urban and rural markets. Established brands lost 1.9% of their urban kirana outlets but increased their rural store count by 2.3%.

"It's the same consumer who goes and looks for the kind of products that new-age brands typically are driving better, which is around more science-oriented, more performance-oriented, clinical-oriented approaches," said Prasad of Plum.

SHELF SPACE

Retailers that were initially hesitant to stock higher-priced products have become more confident as consumers began asking for them, prompting a shift in allocation over the past two to three years, he said. Brands such as Minimalist, Oziva, Beardo, Yoga Bar, Mother Sparsh, Plix, True Elements, Cosmix and 4700BC were acquired by the likes of Hindustan Unilever, Marico, Godrej Consumer and ITC. The Bizom data excludes several digital-first brands acquired by large FMCG companies.



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