

Voluntary Report – Voluntary - Public Distribution

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Report Name: A Glimpse into Kochi Retail Food Import Landscape

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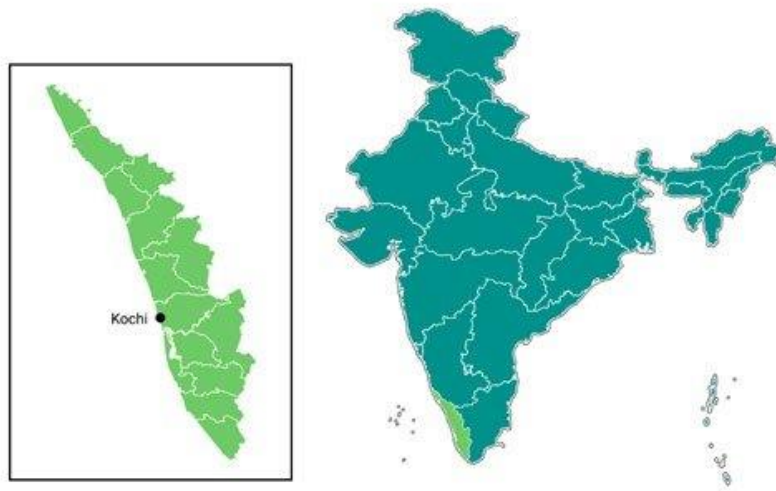
Report Highlights:

Kochi's young, educated, and well-traveled population offers promising opportunities for U.S. exporters. An inclination towards health-conscious choices is driving demand for nutritious and fresh fruits, along with healthy snacks and seeds. Moreover, there is a market for premium products. During festival seasons, Kochi's rich gifting culture provides a special window for exporters to showcase their products. Understanding these dynamics and leveraging them effectively will be crucial for U.S. exporters aiming to establish a foothold in this market.

Introduction to Kochi

A significant trade center for centuries, the port city of Kochi attracts tourists from across the country and the world and has become one of the most-visited tourist destinations in south India. Additionally, the city has evolved into a hotspot for Information technology (IT) and multinational companies that benefit from lower operating costs compared to major cities. The current metro area population of Kochi -classified as a Tier II city- is approximately 3.5 million and is growing by approximately two percent annually. Tier II cities in India are experiencing significant economic and infrastructural advancements, attracting investments, and fostering business growth. Kochi presents promising opportunities for U.S. agricultural exporters. Kerala is among the top ten states of India in terms of per-capita gross state domestic product (GSDP). Kerala's per-capita GSDP was \$2,087 in 2022-23; with the corresponding national average at \$1,387.¹

Figure 1: Geographical Location of Kochi in India



Consumer Profile

The state of Kerala holds the highest literacy rate in all of India at 94 percent². The working-class population ratio for the age group between 15-59 years in Kerala is 55.2 percent.³ Most residents are married couples with one or two children, and majority of the population works in the IT sector, and many are well-traveled Non-Resident Indians (NRIs) who are more aware of and discerning about different products and are open to experimentation of new products. The state language is majorly Malayalam, followed by Hindi, English and Tamil. Shopping habits in Kochi reveal a preference for fresh produce, typically purchased three times a week, while packaged food items are usually bought during two to three monthly store visits.

Kochi's Retail Sector

Lulu Hypermarket is the biggest hypermarket in India and accounts for 20-30 percent of the market, while local shops, like Ajfan and Green Angadi Hypermarkets dominate the rest. Lulu sees an average footfall of approximately 50,000 customers per day, and their best-selling products are cashews and

almonds, with smaller product packets mostly purchased, suggesting that consumers prefer more manageable portions.

Figure 2: U.S. Food Promotion in Lulu Hypermarket, Kochi



In terms of fruit offerings, Lulu Hypermarket showcases 12 to 16 different apple varieties. After the reduction of tariffs of several U.S. products, prices on apple varieties like pink lady fell from \$4.79 to \$2.38.

Imported products make up about 30 percent of the store's stock keeping units, and Lulu leadership shared that customers are particularly drawn to new products, reflecting a market openness to innovation and variety. To aid customer decision-making, the country of origin is clearly labeled for all food products, which helps in differentiating them during store promotions. Stores like Green Angadi are investing in employee training by sending staff to other markets to learn best practices, ensuring they stay updated with global trends. A significant trend observed was the growing health consciousness among consumers which has led to an increased demand for nutritious and exotic food items like citrus fruits, cherries, and avocados. Specifically, pumpkin, sunflower, watermelon, and flax seeds are becoming increasingly popular, while berries with added sugar are declining in popularity as consumers are seeking out healthier alternatives.

Kochi's Imported Fruit Sector

Kochi's fruit market is characterized by a diverse range of fruits sourced from various parts of the world, and is heavily influenced by consumer preferences, pricing, and quality. Popular imports in Kochi

include apples, cherries, berries, and citrus fruits, with a noticeable trend towards exotic options like avocados and cherries. Avocados are now becoming a mainstream part of café culture, with health-conscious consumers increasingly driving demand for nutritious and diverse choices. Other fruits, such as plums and pears are also widely available. The supply chain for imported fruits in Kochi involves storage in temperature-regulated areas to maintain freshness and quality. Importers often prefer to import into Chennai port and transport goods via refrigerated trucks, which has proven effective for maintaining the integrity of the produce.

Gifting Culture

With significant religious diversity, Kochi's gifting culture is more robust than in other parts of the country and provides expanded opportunities for the incorporation of U.S. origin nuts and dried fruits as the traditional offerings. Major festivals such as Diwali, the festival of lights celebrated in October or November, Onam, a harvest festival celebrated in August or September, and Vishu, the Kerala New Year celebrated in April, see a 30-40 percent surge in gifting among families, friends, and corporations.

In addition to festivals, weddings in India are celebrated grandly and gifting plays a crucial role in these celebrations. It is customary for people to share dry fruit hampers with their guests to accompany the invitation cards. This tradition underscores the importance of gifting in social and cultural contexts in Kochi, making it a significant market segment for U.S. exporters to consider.

E-Commerce and Online Sales

E-commerce has revolutionized shopping in India, especially in major cities like Bangalore, Delhi, and Mumbai where groceries and essentials can be delivered within 10-15 minutes from brands like Zepto, Zomato, and Swiggy mart. Kochi's online sales contribute less than one percent of total retail sales. While these platforms thrive in major metros, their growth here remains slow, however, there is a growing trend in Kochi of consumers using Business WhatsApp for direct and personalized shopping experiences.

Recommendations for U.S. Exporters:

1. Capitalize on Kochi's gifting culture by offering attractively packaged nuts and dried fruits.
2. Collaborate with local importers to navigate the market efficiently.
3. Ensure product offerings align with local tastes and dietary preferences, particularly in the snack food market.
4. Explore the niche market for imported food items like organic and health foods, ethnic condiments and sauces, and processed gourmet foods.
5. Participate in trade shows and events to enhance market visibility.
6. Adapt packaging and marketing strategies to resonate with Indian consumers.
7. Familiarize with labeling requirements for seamless market entry.

Source: ¹ [Economic Review 2023 | State Planning Board, Thiruvananthapuram, Kerala, India](#)

² [Literacy rate in India | Bihar lowest at 61.8%, Kerala highest at 94% - India Today](#)

³ [Exploring New Business Horizons in Kerala - Invest for Success \(investindia.gov.in\)](#)

Attachments:

No Attachments.