# Consumer Behavior towards Frozen Foods post Covid -19

***Gadre Marine Export Pvt Ltd.***

# Lockdown and Unlock Panic

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***Background***

1. Post Covid Impact India announced the first lockdown from 24th March 2020 for 21 days.

2. This was further extended till 3rd May and then till 17th May.

3. Post this there was a staggered unlock depending on Red, Orange and Green zones

4. Various other activities like Restaurants, Banquets , parks , Malls , Cinemas opened in phases in different states with regional / National restrictions

5. Apart from Food / Medical related business all other sectors had severe impact of this lock down and customer fear of moving out

# Channel Impact post Covid

***As consumption / Purchase of any products happens through various channels its important to know the channel impact from Pandemic***

1. Majorly 2 channels cater a Consumer – In Home ( catered by Retail – MT/GT/Online ) and Out of Home ( Horeca – Restaurants , Catering etc )

2. HoReCa which is a high consumption channel was strongly impacted due to lockdown restrictions and fear in consumers to venture out

3. Modern Retail had a negative impact as most of them are housed in malls which was avoided by customers

4. On other hand GT and online channels showed strong growths in sales for most of the food categories

# Overall Consumer Behavior

1. **<u>Panic Buying</u>** – Due to uncertainty on lockdown / availability, Pantry stocking increased multiple folds

2. **<u>Avoid Crowded Areas</u>** – Market areas including wet markets were avoided to maintain social distancing

3. **<u>Brand Loyalty</u>** – Increased towards known brands with belief of better hygiene norms followed by Brands

4. **<u>Packaged Food</u>** –Quick shift towards less perishable ( higher shelf life ) products in all categories like Milk , Atta , chicken and seafood

5. **<u>Work from Home</u>** –Higher consumption at Households

# Overall Consumer Behavior

1. **<u>No Domestic support</u>** – As many consumers avoided maids / cooks at home considering safety aspects, Ready to cook / cleaned & cut vegetable's or chicken or seafood showed high traction.

1. **<u>Frozen Foods</u>** --Overall acceptance towards frozen increased with new consumer behavior. Hygiene, convenience and shelf life were the key

2. **<u>RTF</u>** – Ready to Fry has increased cuisine share of household as Kid's spend almost 100% time at Home ( online school ). This category earlier was not a big part of tiffin as most of the products are consumed hot.

# Impact on Frozen Foods

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1. Huge loss in sales from HoReca segment in Q1 & Q2 2020. Situation getting towards normal in Q3

2. Retail Channel flourished for Frozen Brands due to following reasons :
   - Higher In house snacking as work / schools were from Home
   - More Faith in Branded foods than wet market
   - Ready to Eat / cook to avoid domestic help
   - Higher shelf life and limited visits to market
   - Small scale parties / get together at home than going outside

3. Most of the Frozen food companies showed a decent retail growth of 2-3 times in Q1, Almost 50% in Q2 and 25% in Q3. Growths were different for different Brands depending on geographic reach and supply chain efficiency

# Upcoming Challenges and Proposed Solution

***Challenges for Frozen Category***

1. Even with changing consumer behavior, Freezer infra in Indian retail is insufficient to cater the need.
2. With focus moving towards GT & Multiple brands / Sub categories in frozen, 100% availability and reach proximity remains a Primary challenge
3. This challenge can be overcome if we have exclusive frozen Food counters in small / large format similar to international markets
4. With increased consumer acceptance on Frozen and Manufacturing brands with supply capacity, the selling channel remains the bottle neck

***Proposed Solution***

1. PFNDAI can propose to Ministry of Food Processing for possibile subsidies for opening of Exclusive frozen counters. These can be as below
    - Soft Loans
    - GST exemptions / benefits
    - Support on core assets like Freezers

# ***Thanks***