FROM THE DESK OF THE CEO (14/24)
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"The bamboo that bends is stronger than the oak that resists" Japanese proverb

TAKE-HOME MESSAGES FROM FRESH PRODUCE INDIA

A speaker at the recent Fresh Produce India expo stated that younger consumers are "body conscious, not health conscious" – they either binge or they diet. This is food for thought – are these future consumers keeping in shape through healthy eating, or through fad diets, supplements or other means? Gen Z make up 43% of the Indian population. Understanding what drives their eating and buying decisions is important.

In a previous newsletter I mentioned John Hey's five key trends in the Indian market. His first trend concerned the consumer market. Understanding the evolution of the market is key to positioning fresh produce for the future. Influencing just 2% of the Indian population to consume more fresh produce is equivalent to adding the entire population of Australia, and 4% would add a Germany. Such is the strength of the Indian market. There is a rising middle class, with many moving into urban areas, with an average age of twenty nine. Health and wellness need to be stressed – not just being body conscious.

The second trend was digitalisation. Buying airtime and data is affordable to most people in India. I purchased a Sim card and 5 GB for just R100. India leads the way in terms of population biometrics – all linked to their identity number. This will assist Artificial Intelligence in drilling into the lives of the population. Advanced analytics will aid in identifying the consumers' needs and habits, and assist in directing messaging and product placement in line with buying habits and needs. Apps are being developed in India to assist with government services, mobile payments and even farming decisions.

Trend 3 is changes in retail. Although only 1% of retail is in the online space, there is room to pursue *all* routes to the consumer. Traditional retail is also not as prevalent as in the West, with most fresh produce sales taking place through corner stores or hawkers. Home deliveries also move significant volumes.

Trend 4 is the growth in domestic production. South African producer Westfalia is now producing avocado in India, while blueberry production is increasing. This is not seen as a threat to imported products, but serves as a springboard for greater consumption. It may temper prices to an extent, but in doing so it makes the product affordable to a larger number of consumers. It also means greater investment in the cold chain, which benefits everyone.

The final trend is about infrastructure and government investment in it. This was visible for the delegation as we took the Mumbai Coastal Road from the airport to the hotel. Phase one is complete and the new road is a breeze, until you get back to street level and crawl through noisy, congested traffic. The second phase will be completed soon (the construction was visible everywhere) and will make the journey much easier. Throughout Mumbai, roads are being built above the city. On the drive to the municipal market we made use of these roads. You can move freely on elevated highways, but whenever you get to street level the congestion is terrible.

There has also been considerable investment in cold chain infrastructure. However, you still need robust and strong fruit, as once it leaves the municipal market during citrus season the fruit enters a hot (and in Mumbai, humid) environment.

The future of fresh produce looks good in India. Youngsters are teaching the older generation to try new fruit and vegetables, super fruits are starting to get traction, tier two and tier three cities are becoming more accessible as infrastructure improves, and as the cold chain improves shelf life is extended.

Never say never in India.