

Covid-19

EFFECTS ON FOOD PREFERENCES IN INDIA

Commissioned By:



Palette



Palette

Content



Key Takeaways



Introduction, Methodology and Sources



Key Drivers and Motivations



Growing and Declining Product Categories



Notable Patterns in Consumption and Demand of Food



Regional Analysis

Key Takeaways



Driver and Motivations Affecting Consumer Behavior

- Consumer decisions for choice of food are primarily driven by **Health and Taste**, followed by the consumer needs of Packaging and Distribution
- Consumers seeking **convenience and gratification with Frozen F&B items like snacks and frozen fruits** to make dessert. Popularity of frozen meals, however, remained low due to consumer perception of these being unhealthy
- An **accelerated shift to purchases through online and contactless channels** was observed during the pandemic, however, **delivery delays and unavailability** of items plagued e-commerce
- As the coronavirus and lockdown impacted incomes of many, consumers looked for **essential foods at discounted and affordable prices**



Growing and Declining Product Categories

- Like other Asian markets, in India too, consumer demand **increased for fresh produce, immunity boosting herbs and ingredients, certain frozen and instant foods, and raw materials** such as rice and flour
- While demand for plant-based protein, like **mushroom surged significantly, animal-based proteins - except chicken, eggs and fish - witnessed a decline due to consumer concerns of health, distribution and safety**

Key Takeaways



Notable Patterns in Consumption and Demand of Food

Preference for At-Home Consumption



- Consumers **preferred homemade food** and also eating within the premises of their homes
- This was driven by **closing down of dining out places, consumer feeling safer at home and more trust in quality of homemade food**

Demand for Vegetarian Diet and Eggs



- Increased interest in **vegetarian recipes as meat producers** in India dealt with **aftermath of misinformation and supply chain disruptions** during the lockdown
- **Vegetarian recipes and Eggs** benefitted from surge of **at home cooking and baking**

Simpler Recipes



- Consumers looked for **easy to make, quick and healthy meals in the absence of domestic help**
- An increased interest in **recipes requiring minimal ingredients**, such as “three-ingredient” recipes to make homemade meals with items available in home pantries

Wary of Wastage



- **Supply chain disruptions** gave rise to fears of local produce and dairy getting wasted
- **Economic crisis** making consumers more conscious about food and water wastage

Key Takeaways



Regional Analysis

North



- Ready-to-eat meals declined due to consumer perception of these being less healthy
- Natural ingredients such as Turmeric to boost immunity, preferred over vitamins and supplements

West



- Temporary uptick in demand for ready-to-eat meals
- Demand for vitamins and supplements to boost immunity in addition to garlic being the top natural ingredient for enhancing immunity

East



- Need for safety driving purchase decisions in addition to taste, health, distribution and packaging
- Temporary uptick in demand for ready-to-eat meals
- Need for immunity didn't surge as much as it did in other regions; natural ingredients like garlic for immunity

South



- Steady rise in demand for ready-to-eat meals in 2020
- Consumption of vitamins and supplements to strengthen immunity

About Ai Palette

Ai Palette is a trend-spotting platform powered by a comprehensive prediction engine and cognitive AI



The company helps **increase the success rate of F&B product innovations** with the use of predictive analytics, Natural Language Processing (NLP) and computer vision to capture trends in **real-time** from a diverse set of market relevant sources..

Using the Power of AI, brands can predict and identify flavor trends as they emerge locally.

The **algorithm is language agnostic** and so far has been trained to monitor and evaluate trends in **eight Asian languages, including English.**

Ai Palette Methodology

01 Identify

Identify **relevant local public data sources** and **sources of organic conversations online**, including social media and search engines. This data helps analyze **near real time trends** despite circuit breaker and social distancing measures

02 Collect

Collect the **millions of data points** from the data sources, structure & clean the big data

03 Analyze

Apply **Language Agnostic** proprietary **AI algorithm** to uncover consumer needs and **changing consumer preferences** amid COVID-19



04 Output

Identify **change in patterns and consumption of food items and beverages in India**



Data Sources

Data Point

Likes, Comments, Shares on Social media and Search queries - measure of popularity and resonance



Data Points

India: 54.6 million+



Time Period

January 2019 to April 2020

Data Sources

Local publicly available data sources in India

Social Media



Search Engine



Key Drivers and Motivations



Key Drivers and Motivations

Consumption Drivers based on Consumer Discussion January 2020 - April 2020

Health



31.09%

Health is an important need associated with food by Indian consumers

- ❑ Nutritious food on the rise for overall fitness

Taste



29.76%

Taste is a prime motivation in food for consumers

- ❑ Consumers interested in delicious and sweet foods

Packaging



12.39%

As the concerns around hygiene and stockpiling of food increased, packaging became an important factor

- ❑ Size of packaging is of consumer interest

Key Drivers and Motivations

Consumption Drivers based on Consumer Discussion January 2020 - April 2020

Distribution



10.60%

With disruptions in supply chain, distribution became a prime need driving shopping preferences

- ❑ Consumers prefer to stay at home and shop online as well as at grocery stores

Price

4.48%

Price of food is a concern when making purchase decisions

- ❑ Consumers seeking discounted, cheap and affordable food options

Surge in the need for nutritious food for fitness, weight watch, and boosting immunity

#1 Consumption Driver

31.09% Consumer Expressions mention Health



1.54%

Protein

1.43%

Nutrition

1.04%

Fitness

0.93%

Immunity

0.73%

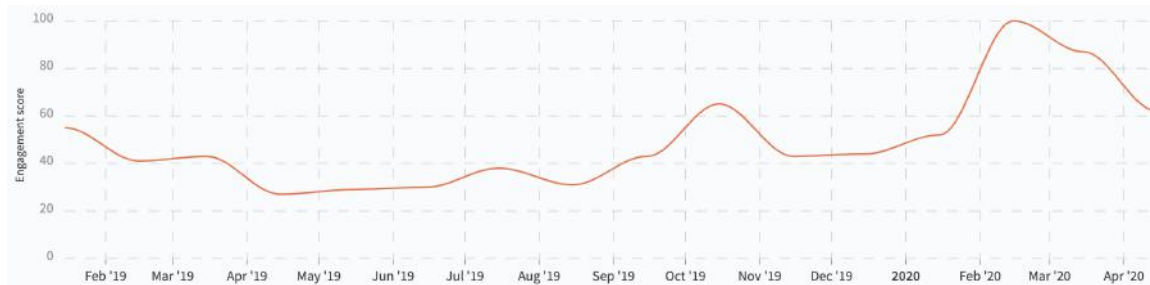
Weight

Health



16.97 Mn

Consumer Data Points



92% increase in Feb'20 vs Jan'20

Trend over 1 Jan 2019 – 30 April 2020

Base: 54.6 Mn consumer data points

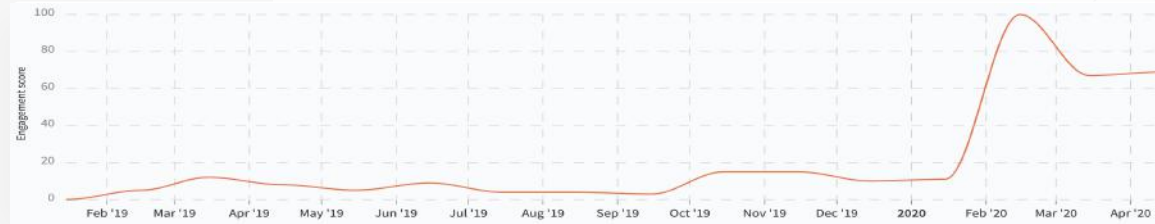
Health

Consumer interest in immunity and Vitamin C reached an all time high, however, Indian consumers' **focus is on Vitamin C from natural ingredients** instead of multivitamins or supplements

Immunity

507.5 k

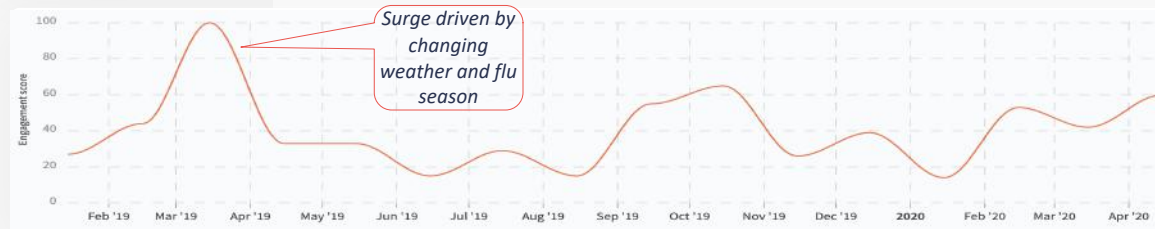
Consumer Data
Points



Vitamin

442.0 k

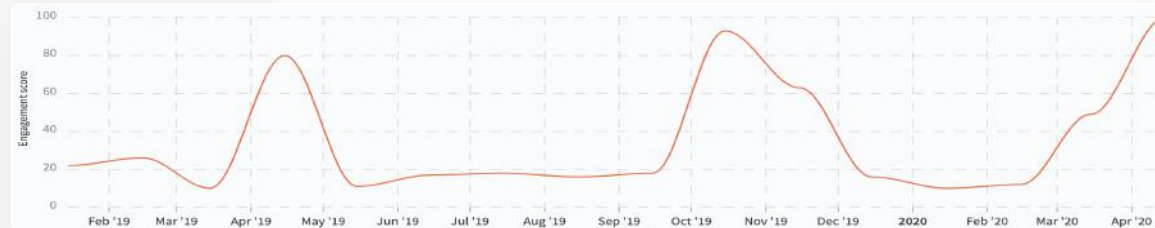
Consumer Data
Points



Vitamin C

180.1 k

Consumer Data
Points



Base: 54.6 Mn consumer data points

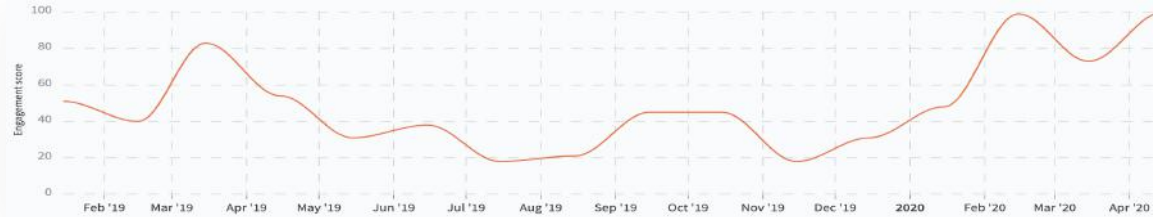
Health

Consumer focus on maintaining their fitness grew due to sedentary lifestyle amid lockdown, however, the **need is for overall health and fitness**, indicated by preference for food rich in nutrition

Fitness

567.56 k

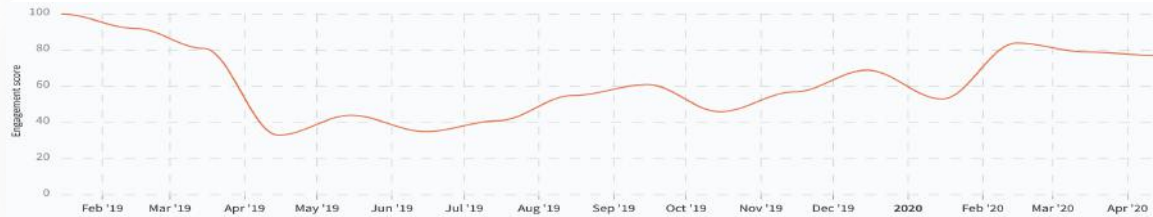
Consumer Data
Points



Nutrition

780.40 k

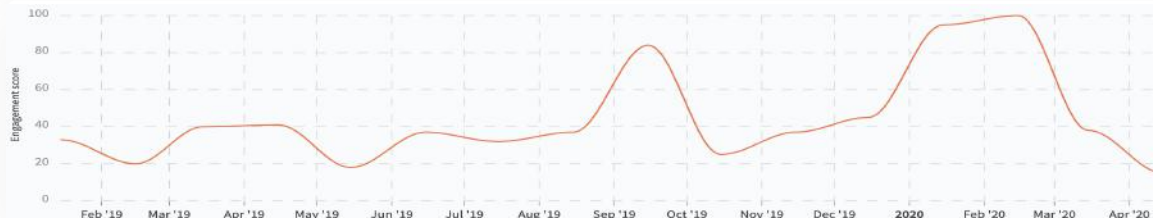
Consumer Data
Points



Protein

840.43 k

Consumer Data
Points



Base: 54.6 Mn consumer data points

Consumer interest in **tasty and delicious food peaked** as the effect of pandemic worsened in March 2020

#2

Consumption Driver

29.76%

Consumer Expressions mention Taste



9.05%

Delicious

5.22%

Sweet

3.25%

Salt

3.02%

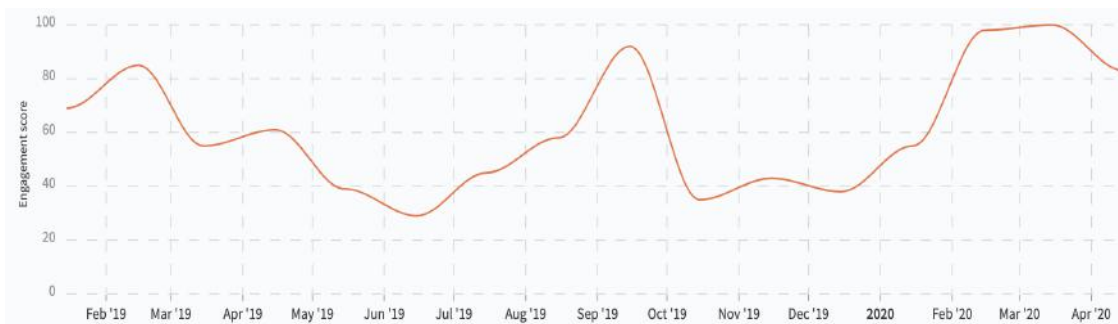
Spicy

Taste



16.24 Mn

Consumer Data Points



+78% in Feb'20
vs Jan'20

Trend over 1 Jan 2019 – 30 April 2020

Base: 54.6 Mn consumer data points

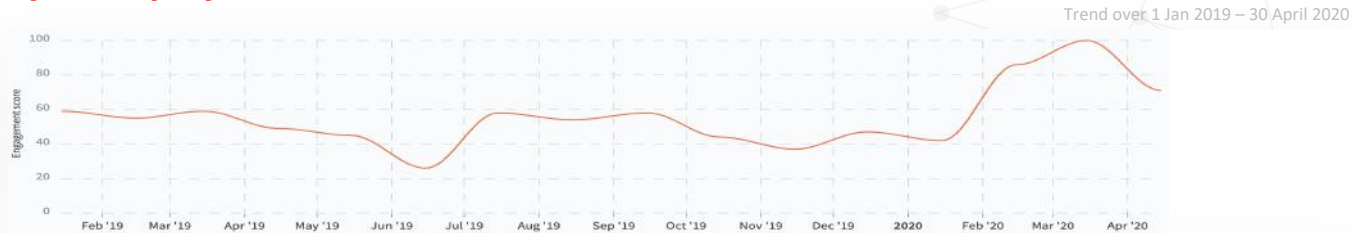
Taste

Consumers turned to **delicious food to seek comfort in the stressful times of Covid-19;**
craved more for **salty and spicy foods**

Delicious

4.91 Mn

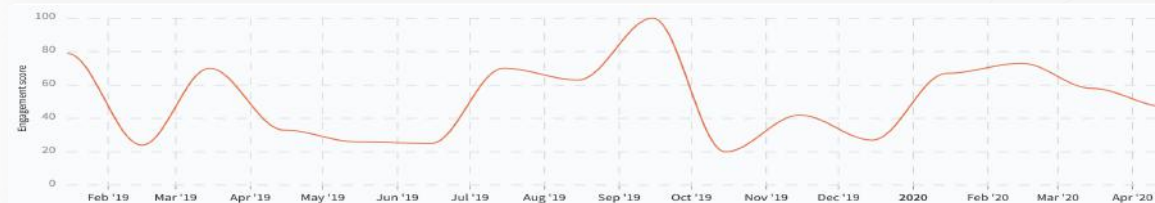
Consumer Data
Points



Sweet

2.85 Mn

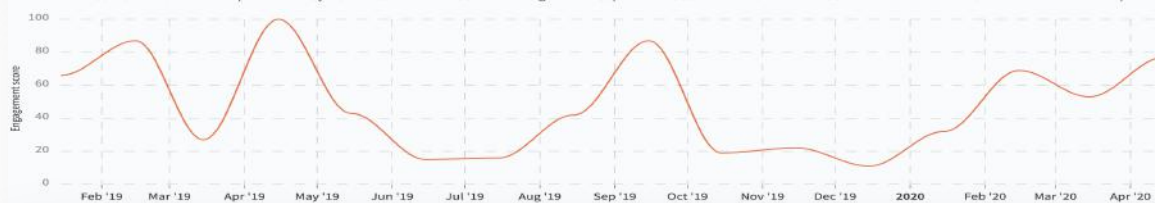
Consumer Data
Points



Salt

1.77 Mn

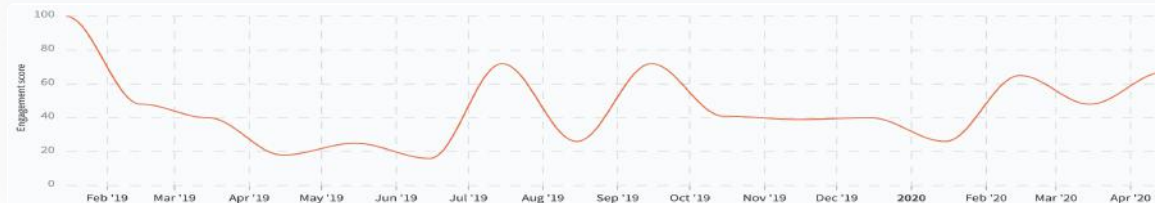
Consumer Data
Points



Spicy

1.65 Mn

Consumer Data
Points



Base: 54.6 Mn consumer data points

Packaging

Rise in demand for food items with
**hygienic packaging and a convenient
size for easy storage**

#3

Consumption Driver

12.39%

Consumer Expressions mention
Packaging



1.09%

Box

0.79%

Size

0.46%

Bottle

0.02%

Small Pack

Packaging



6.76 Mn

Consumer Data
Points

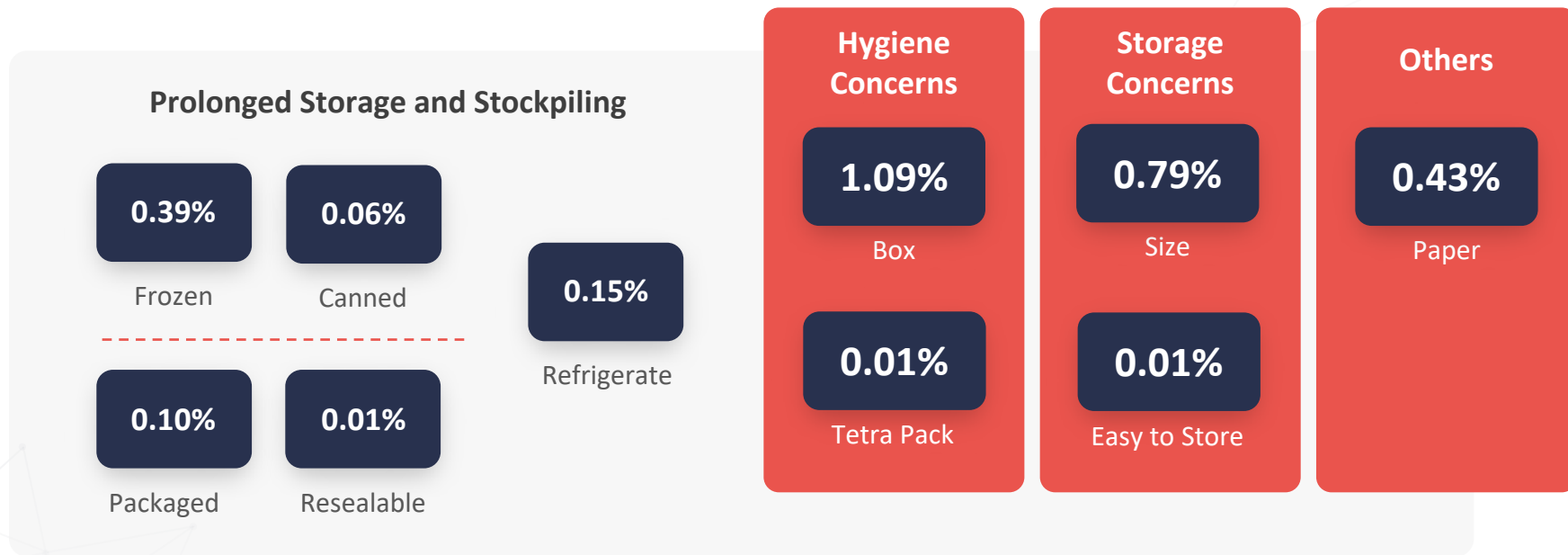


+75% in
February 2020
vs January
2020

Trend over 1 Jan 2019 – 30 April 2020

Consumers seeking convenience and gratification with **Frozen F&B items*** like snacks and frozen fruits to make smoothies and desserts at home

Topics around Packaging



Base: 54.6 Mn consumer data points

* Frozen meals, naans, paranthas, etc. are still perceived to be unhealthy and did not gain much consumer attention during the period of the pandemic. Also, consumers primarily prefer fresh produce and turn to frozen fruits and vegetables only if fresh ones are not available.

Distribution

Overall consumer sentiment is negative with **delivery delays and unavailability issues**

#4

Consumption Driver

10.60%

Consumer Expressions mention Distribution **positively**

14.94%

Consumer Expressions mention Distribution **negatively**

Distribution



8.15 Mn

Consumer Data Points (as a barrier)



+888% in March 2020 as compared to the previous month

Trend over 1 Jan 2019 – 30 April 2020

Distribution

Covid-19 led to an accelerated shift to purchases through online and contactless channels;
Delivery delays and items being out of stock/unavailable are major concerns

Channel Preference

Brick and Mortar

0.43%

Stores

0.20%

Supermarket

0.11%

Grocery Store

Online

1.68%

Online

0.02%

Contactless

Distribution Concerns

Delivery Concerns

7.07%

Delay

0.11%

Late Delivery

Availability Concerns

5.70%

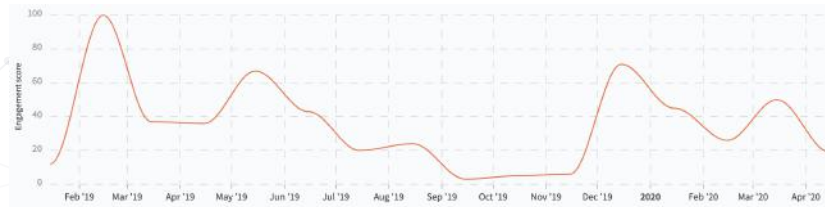
Out of Stock

2.05%

Unavailable

Trend over 1 January 2019 to 30 April 2020

Stores



Online



Base: 54.6 Mn consumer data points

Price

As the coronavirus and lockdown impacted incomes of many, consumers looked for **discounted food items**; Demand for **affordable meal kits for the needy** surged

#5

Consumption Driver

4.48%

Consumer Expressions mention Price



0.29%

Discount

0.19%

Cheap

0.17%

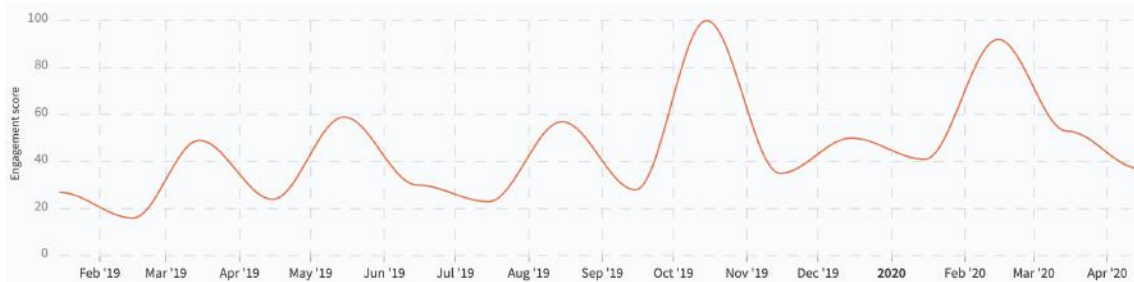
Affordable

Price



2.44 Mn

Consumer Data
Points



Surged in Feb 2020. Earlier peaks due to inflation making consumers price conscious

Trend over 1 Jan 2019 – 30 April 2020

Growing and Declining Product Categories



Growing and Declining Product Categories

Demand for raw materials and fresh produce increased driven by consumers cooking both usual and their favorite foods at home

Growth/Decline in Jan-Apr 2020 vs Jan-Apr 2019

Fresh Food

Fruits 44.92%

Freshly Cooked 43.94%

Vegetables 40.14%

Immunity Boosting

Garlic 63.90%

Gooseberry 56.51%

Turmeric 42.79%

Ginger 8.05%

Frozen and Canned

Noodles 71.90%

Frozen Food 47.46%

Instant Food 16.70%

Ready-to-Eat 5.94%

Snacking and Comfort Food

Crackers 134.24%

Chips 124.81%

Snacks 106.17%

Cooking Essentials

Rice 60.96%

Flour 30.79%

Lentil 132.70%

Cooking Oil 26.35%

Spices 7.22%

Popular in QSR

Pizza 23.77%

Burger -28.39%

Growing and Declining Product Categories

Plant-based source of protein Mushroom and vegetarian food surged due to consumer association of these with good health; eggs, chicken and fish sustained growth in animal protein

Growth/Decline in Jan-Apr 2020 vs Jan-Apr 2019

Plant-based
protein

Mushroom

110.45%

Vegetarian

39.34%

Animal-based
protein

Eggs

24.22%

Chicken

3.76%

Fish

7.88%

Seafood

-6.90%

Mutton

-16.33%

Pork

-20.23%

Notable Patterns in Consumption and Demand of Food



Preference for At-home Consumption

Consumers recreating their favorite recipes at home driven by indulgence as well as by the preference to stay indoors



Under restricted living due to lockdown, **Indian consumers indulged into cooking and baking more at home**

Consumers preferred eating at home not only due to lack of availability of dining out options, but also due to **preference to stay indoors in the safe premises of their homes**

Homemade exhibiting a clear rise in consumer interest this year with consumers making their favorite foods, including street food at home

Eat at Home surged in March and further in April 2020, ever since the announcement of lockdown

Trend over 1 Jan 2019 – 30 April 2020



Simpler Recipes

Consumers created quick and easy meals at home with ingredients available in their pantries/kitchens



As strict lockdown measures were announced and shelves got cleared out at grocery stores, **consumers turned to simple recipes requiring minimal ingredients, so as to use what they already had in their pantries.** Simple three-ingredient recipes surged, and so did the interest in easy to prepare/cook meals as the **Indian consumers who are used to domestic help, were restricted to homes doing household chores on their own**

Consumer interest in **Easy to Prepare** recipes surged as they looked for convenient and healthy meal options at home

Consumers having to cook on their own in the absence of domestic help relied on **Easy to Cook** foods

Three-Ingredient recipes that allow consumers to whip up quick meals with minimal ingredients are on the rise

Trend over 1 Jan 2019 – 30 April 2020



Diet Preferences

Vegetarian Diets and Eggs benefitted from misinformation for popular animal protein sources like Chicken and disruptions in supply chain



Consumers explored vegetarian recipes at home, including **recreation of popular street food at home**.

Eggs, as a rich source of protein also saw a surge due to more home cooking and baking.

Meat producers in India dealt with **aftermath of misinformation and supply chain disruptions** during the lockdown

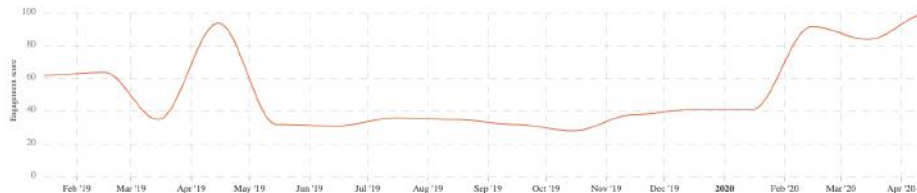
Vegetarian

In Jan-Apr'20, consumer interest in vegetarian food displayed a constant upsurge



Eggs

Eggs, being associated with being rich in protein, showed a spike and sustained increase in consumer interest



Wary of Wastage

Food wastage a concern given the fears around food shortage and economic hardships as a side effect of Covid-19 and lockdown

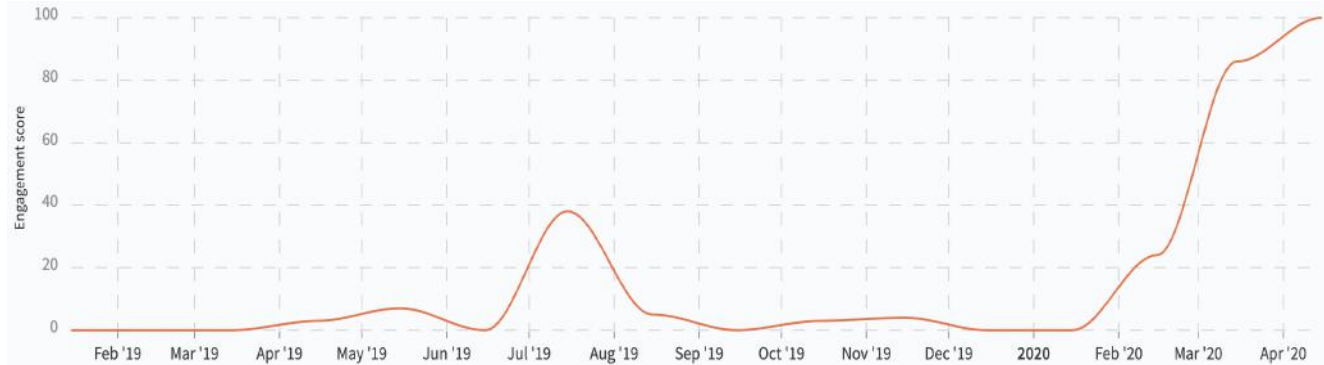
Trend over 1 Jan 2019 – 30 April 2020



Wastage

21.83 k

Consumer Data
Points



Consumers became wary of food wastage more than ever, reaching an all-time high in April 2020

- ❑ Due to disruptions in domestic as well as international supply chains, local produce was not well-transported to markets leading to rise in fear of wastage of grains, milk, fruits and vegetables
- ❑ Consumers also discussed limiting number of items in their meals to minimize wastage of food and water amid the health and economic crisis

Regional Analysis



Health, Taste, Distribution and Packaging are the top consumption drivers overall and across regions; Price a concern in all regions except the East where safety of food is important

Consumer needs
specific to regions

North (Delhi)

- Health 32.93%
- Taste 22.92%
- Packaging 12.93%
- Distribution 10.66%
- Price 7.07%

East (West Bengal)

- Taste 30.51%
- Health 29.39%
- Packaging 11.48%
- Distribution 11.18%
- Safety 3.39%

West (Maharashtra)

- Health 30.19%
- Taste 27.30%
- Packaging 13.61%
- Distribution 10.78%
- Price 6.31%

South (Karnataka, Tamil Nadu, Telangana)

- Health 30.12%
- Taste 23.39%
- Packaging 15.12%
- Distribution 11.70%
- Price 7.22%

Regional Analysis

Ready to Eat



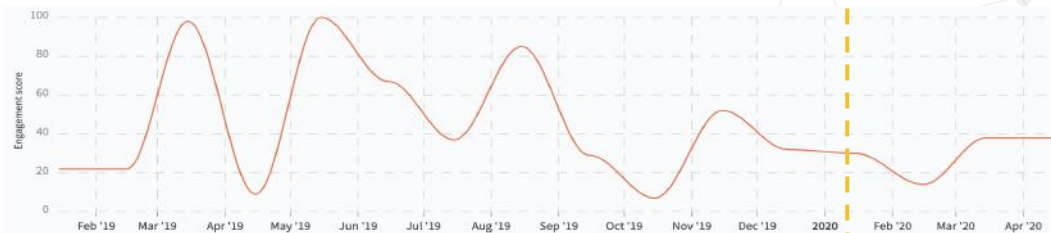
In the **North** region, **ready-to-eat foods did not experience an uptick** in consumer demand and remained unaffected by lockdown measures

In the **East** and **West** regions, however, **demand for ready-to-eat foods spiked temporarily** in February 2020, indicating consumers seeking at-home convenience while avoiding to dine out.

In the **South**, demand for ready-to-eat has been **growing slowly this year**

The demand has remained lower than 2019 levels though, probably because of health concerns

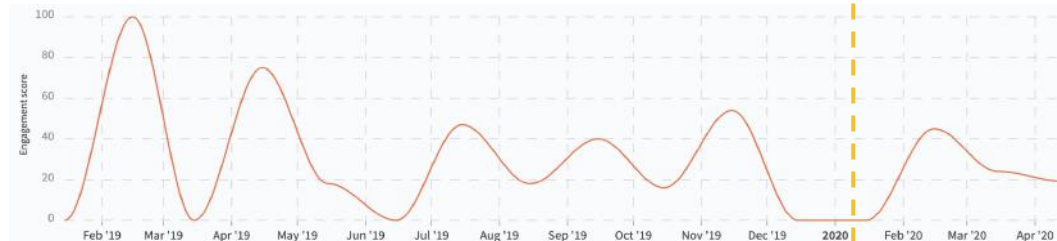
North



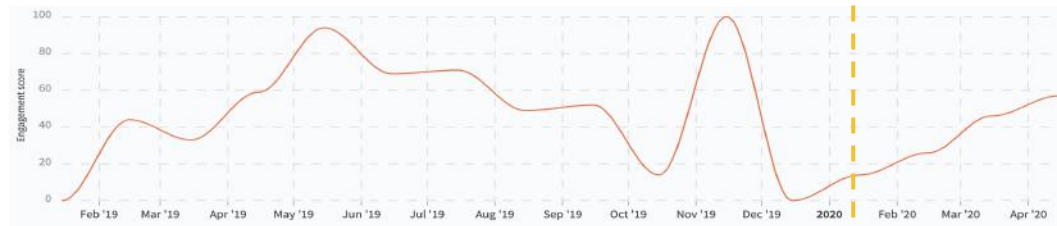
East



West



South

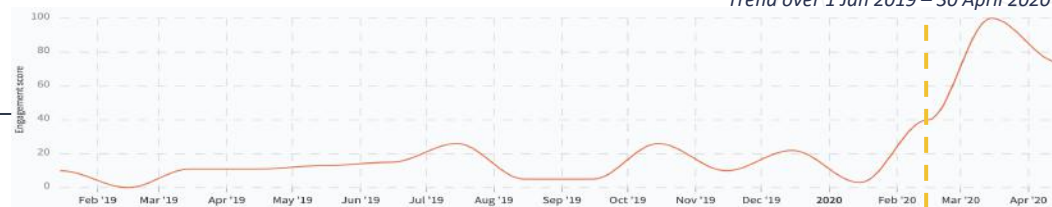


Regional Analysis Immunity

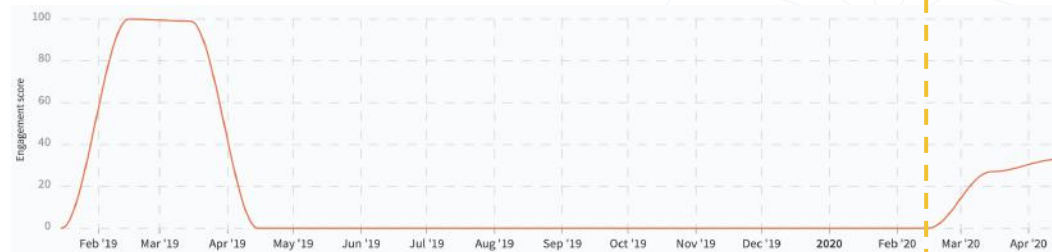


While “Health” is a major consumption driver across regions, **in East, consumer interest in immunity did not surge in March 2020 as much as it did in other regions**, mainly because Delhi, Maharastra and Tamil Nadu are the worst hit by coronavirus.

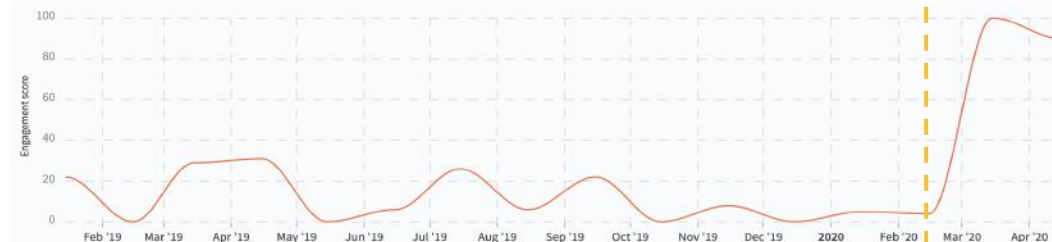
North (Delhi)



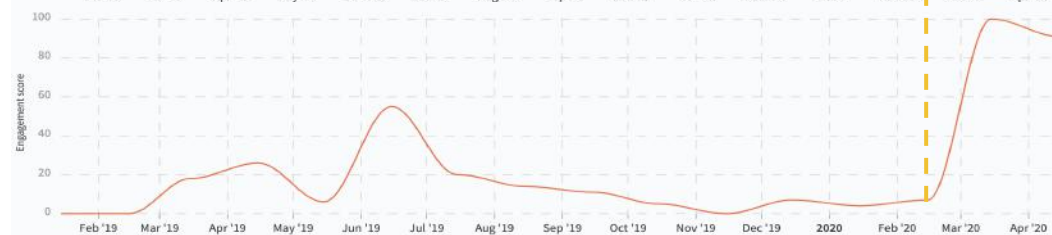
East (West Bengal)



West (Maharashtra)



South (Karnataka, Tamil Nadu, Telangana)



Regional Analysis

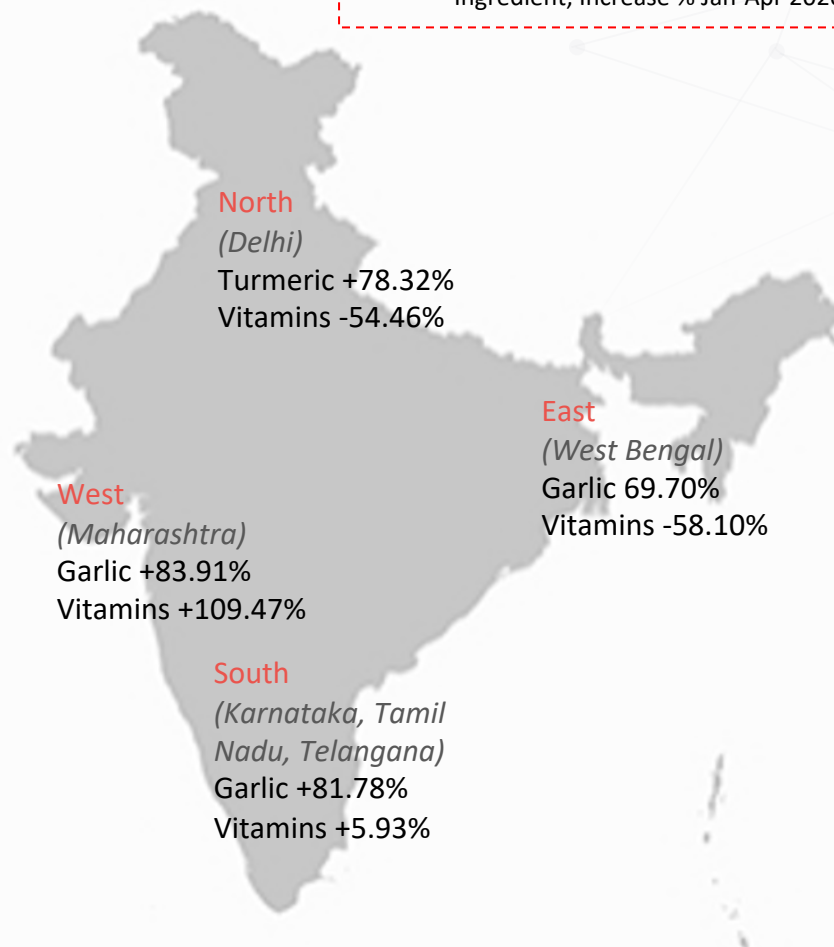
Immunity Boosting Ingredients



Turmeric is the top natural ingredient associated with enhancing immunity in the North, while **Garlic** is the top ingredient associated with boosting immunity across East, West and South

Consumers in the West and South exhibited inclination towards **vitamins and immunity-positioned supplements**, while in the North and East, consumers relied more on **natural remedies**

Legend: Region
(States)
Ingredient, Increase % Jan-Apr 2020 vs Jan-Apr 2019



Questions:



Somsubhra Gan Choudhuri

+65 9057 5170
som@aipalette.com



Salomi Naik

+65 8750 6998
salomi@aipalette.com

