



INDIA'S GOT RETAIL

A Tale of Fragmented Supply & Consolidating Distribution

redseer
Strategy Consultants

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Foreword



ANIL KUMAR

Founder & CEO,
Redseer Strategy Consultants

India's retail ecosystem, expected to surpass USD 1.6 Tn consumption by 2030, is undergoing a transformative shift. Both supply & distribution are changing rapidly to better serve the diverse & evolving consumer needs. With the growing adoption of technology across the value chain and the advancements in infrastructure & logistics, the interplay of supply and distribution in India retail has never been more exciting.

Unlike the developed markets, India's retail supply remains highly fragmented. Legacy national brands drive less than a quarter of the retail market, and this brand deficiency is widespread across the key retail categories including fresh, FMCG & staples, fashion (apparel & non-apparel), jewellery, home & furniture, and general merchandise. The market is instead dominated by the unbranded segment and regional brands. The rise of new-age D2C brands has further pronounced the supply fragmentation in the country.

Distribution, on the other hand, is undergoing massive consolidation. Organized retail, inclusive of both offline & online retail touchpoints, is scaling up rapidly, on the back of effective sourcing & supply chain innovations, and application of advanced technology & infrastructure solutions – together enabling better value-add for the end-consumer.

The fragmented supply and consolidating distribution indicate a shift in the power dynamics towards organized channel partners. However, this unprecedented rise of organized retail requires multiple models to "chime-in", to cater effectively to the extremely heterogenous consumer preferences. The good part is that there is enough space for the different models to scale & sustain in India's retail market...

Glossary (1/2)

Fresh	Fresh includes fruits, vegetables, meat, seafood, dairy, and other perishable products
Staples & FMCG	Staples & FMCG includes grains, pulses, packaged foods, beverages, toiletries, cleaning supplies etc. excluding personal care & baby care consumables
BPC	Consists of beauty and personal care products such as Makeup, Hair Care, Skin Care, Fragrances Personal hygiene, Oral Care, Deo & fragrances etc.
Electronics	1. Mobile phones; 2. Home appliances and consumer electronics like refrigerators, washing machines, television; 3. Kitchen appliances like microwaves, dishwashers, microwaves, water purifiers, chimneys, hobs, and built-in kitchens; 4. Other small appliances (water heaters, vacuum cleaners, air purifiers, and other minor appliances such as ironing and heating appliance); 5. Home entertainment (TV and audio systems); 6. Computer peripherals (monitors and projectors); 7. Personal care devices (shavers, trimmers, and hair styling gadget)
Fashion	Includes apparel, footwear and accessories (belts, bags, watches, hair accessories, wallets, wearables, scarfs & stoves, caps & hats etc.)
Apparel	Includes all types of clothing, such as tops, bottoms, dresses, ethnic wear, jackets etc.
Non-Apparel	Covers fashion accessories that complement clothing but are not worn as primary garments, including footwear, bags, belts, watches, artificial jewellery, etc.,
Home & Furniture	Includes home improvement, furniture, mattresses, furnishings and home décor
Home Improvement	Covers structural enhancement such as home paints, floor coverings, wall coverings, hardware, kitchen sinks etc.,
Furnishing & Home Décor	Includes home textiles (bed linen, pillows, cushions, curtains) and decorative items (wall art, vases, clocks, lamps), kitchenware, tableware, and soft furnishings
Furniture & Mattress	Includes Furniture (Beds, Sofas, Wardrobes, Dining & tables, seating, Storage & cabinets) and mattresses
General Merchandise	Includes, Toys, Baby Care, stationery, office supplies etc.
Jewellery	Ornaments made from precious metals, gemstones, or other materials, worn for decoration or cultural significance. Includes items like rings, necklaces, earrings, and bracelets

Glossary (2/2)

Pharma	Pharma (includes OTC) includes ePharma and over-the-counter drugs
Conversion Rate	US\$1 = ₹83
Retail Market	Comprises purchase of products across categories, including grocery, fashion, electronics, pharmaceuticals and over-the-counter medication, beauty and personal care and general merchandise
General Trade (GT) / Unorganized Retail	Comprises the purchase of goods through small, independent outlets with minimal standardization and regulatory oversight. It includes Kirana stores, local vendors.
Organised B&M	Organised B&M includes the purchase of goods with large-scale, standardized operations, professional management, and regulatory adherence which provides better product assortment and access to the consumers. It includes chain stores, supermarkets, hypermarkets, malls, etc.
Metro Cities	Cities with a population over 5 million
Tier 1 Cities	Cities with a population of between 1 to 5 million
PAN-India Brands	Brands belonging to a company that has an offline distribution presence in three or more regions (each region defined as North, South, East, West, and Central) in India and had a revenue of more than INR 100 Cr in FY24 (excluding D2C brands)
D2C Brands	Brands with a large portion of their sales from online channels (more than 50%) and have own website/app
Regional Brands	Brands belonging to a company that has an offline distribution presence in less than 2 regions (defined as North, South, East, West, and Central) in India (excluding D2C brands)
Quick Commerce	Hyperlocal Players who deliver retail groceries (fresh foods like fruits & vegetables, meat, dairy etc., staples and packaged foods), fashion, electronics, beauty and personal care, and general merchandise, home/ kitchen goods and pharmaceutical products) to consumers within 30 minutes
Unbranded Market	Products that lack distinct branding and are typically sold without a proprietary label, often sourced from manufactures and sold under various retailer or distributor names

Methodology: We have performed 70+ in-depth interactions with industry stakeholders, supplemented with 1,200+ consumer surveys

Project Methodology

70+ Industry stakeholder interactions,
across different type of stakeholders and categories



1. 30+ Brand Discussions
(including national & regional brands)



2. 40+ Sellers Discussions
(including wholesalers, manufacturers & retailers)

1,200+ Consumer Interactions, covering diverse demographics

Consumer Segment	Metro	Tier 1	Tier 2+
<5 LPA	152	106	140
5-10 LPA	140	110	128
10 LPA+	177	113	135

KEY MESSAGES FROM THE REPORT...

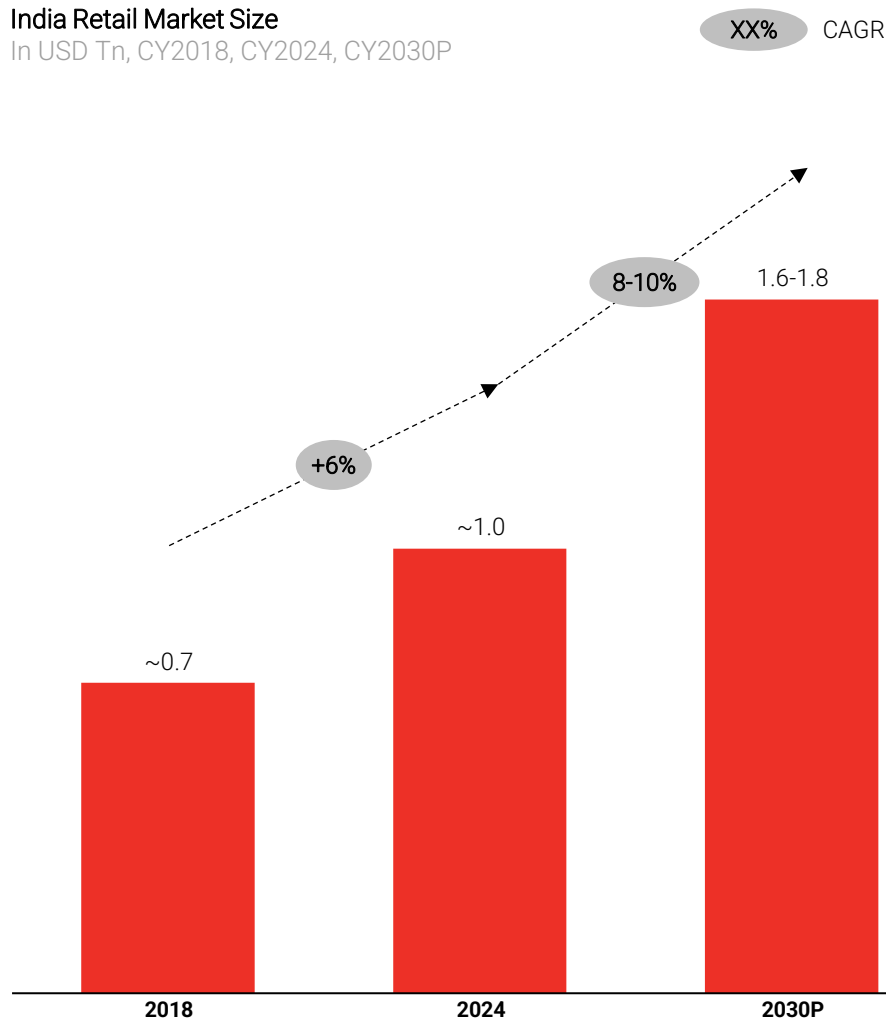
- India's retail market, projected to surpass USD 1.6 trillion by 2030, is marked by highly fragmented supply—national brands serve less than 25% of consumption, while regional players and the unbranded segment cater to the vast majority.
- Despite ongoing brandification, building pan-India brands remains a challenge due to significant regional diversity, high price sensitivity, and complex supply chains. This is reflected in the fact that India has only around 350 brands with revenues over USD 100 million—just one-eighth the figure in China.
- India's highly diverse consumer preferences also have led to the emergence of an extensive range of SKUs across categories, making it even more challenging to build pan-India brands. For instance, the top 400K SKUs account for ~50% of demand in sarees, 1.2 million SKUs in toys, 10–12 million SKUs in home decor, and 10–12K SKUs in makeup and skincare.
- This fragmented supply continues to make 'General Trade' the largest retail channel in India, despite the rise of organized (offline + online) retail models. This is contrary to the highly branded markets like the US, where ~80% of the supply is large brands, and organized retail caters to ~80% of consumption.
- Organised Retail is growing faster than General Trade through multiple retail models (offline + online) enabling better affordability for consumers, and provision of superior assortment & convenience. Organized (offline + online) retail is projected to become USD 600 Bn+ opportunity by 2030, penetrating more than 35% of India retail. However, scaling ahead will require organized retail models to also address the regional and unbranded consumption (in addition to the branded segment that they have traditionally targeted).
- Organised distribution channels are expected to grow faster than legacy pan-India brands capturing larger share of India retail consumption, shifting the power dynamics in the favour of channel partners.
- Leading organized retail models are evolving alongside the trinity of assortment, value, and convenience, enabling the different models to appeal to the distinct consumer preferences, which vary considerably by demographics and use-case.
- There is a strong need for multiple organized models to scale and sustain to cater to the diverse & large USD 600 Bn+ organized retail opportunity, to win alongside the widespread GT-led distribution.

India Retail – a large and highly fragmented opportunity

India is projected to become USD 1.6 Tn+ retail opportunity by 2030

India Retail Market Size

In USD Tn, CY2018, CY2024, CY2030P



Slower market growth over the last 5 years owing to global & macro factors...

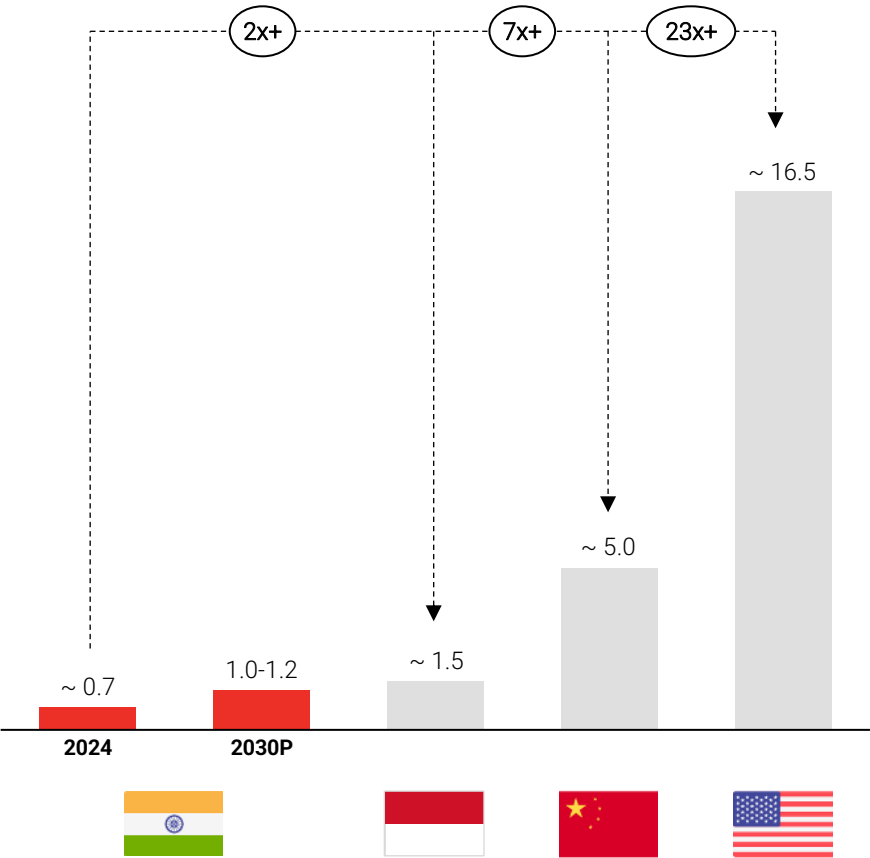
- COVID-19 lockdowns in the years 2020 and 21
- High food inflation in the last 2-3 years, limiting discretionary spends
- Global supply chain disruptions emerging from geopolitical tensions
- IT job cuts impacting middle-class' spending power

...however, the long-term growth potential remains intact, driven by the favourable macro and the rapid organization of purchase channels

- India's large & growing middle class – increasingly opting for quality products
- Urbanization – enabling aspirational buying
- Economic growth of tier 2+ markets
- Growing female workforce
- Rise of organized retail to meet the evolved consumer needs, across pricing, selection & purchase experience

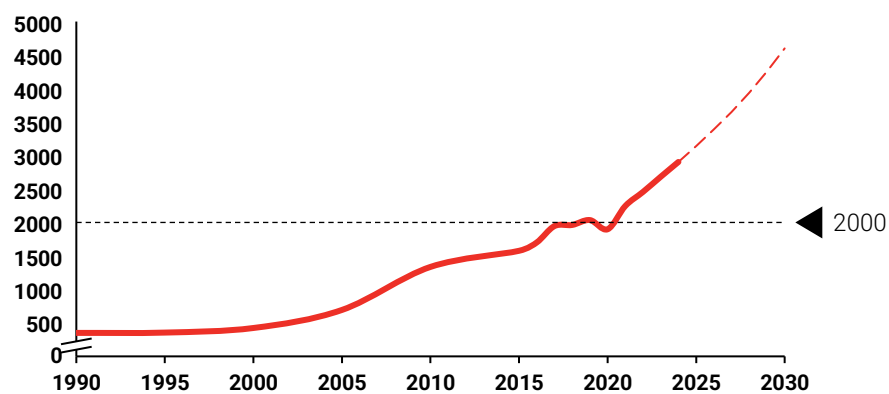
Immense headroom available for sustained growth ahead

Per capita retail spends¹
In USD 000's, CY2024, CY2030P

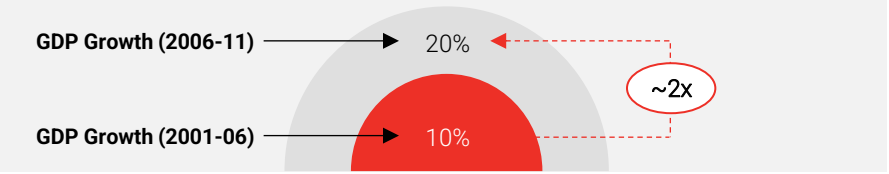


GDP per capita – India
In USD, CY1990-2030P

The GDP per capita mark of USD 2,000 is widely recognized as an inflection point for economic growth, signaling rising discretionary spending and consumer demand



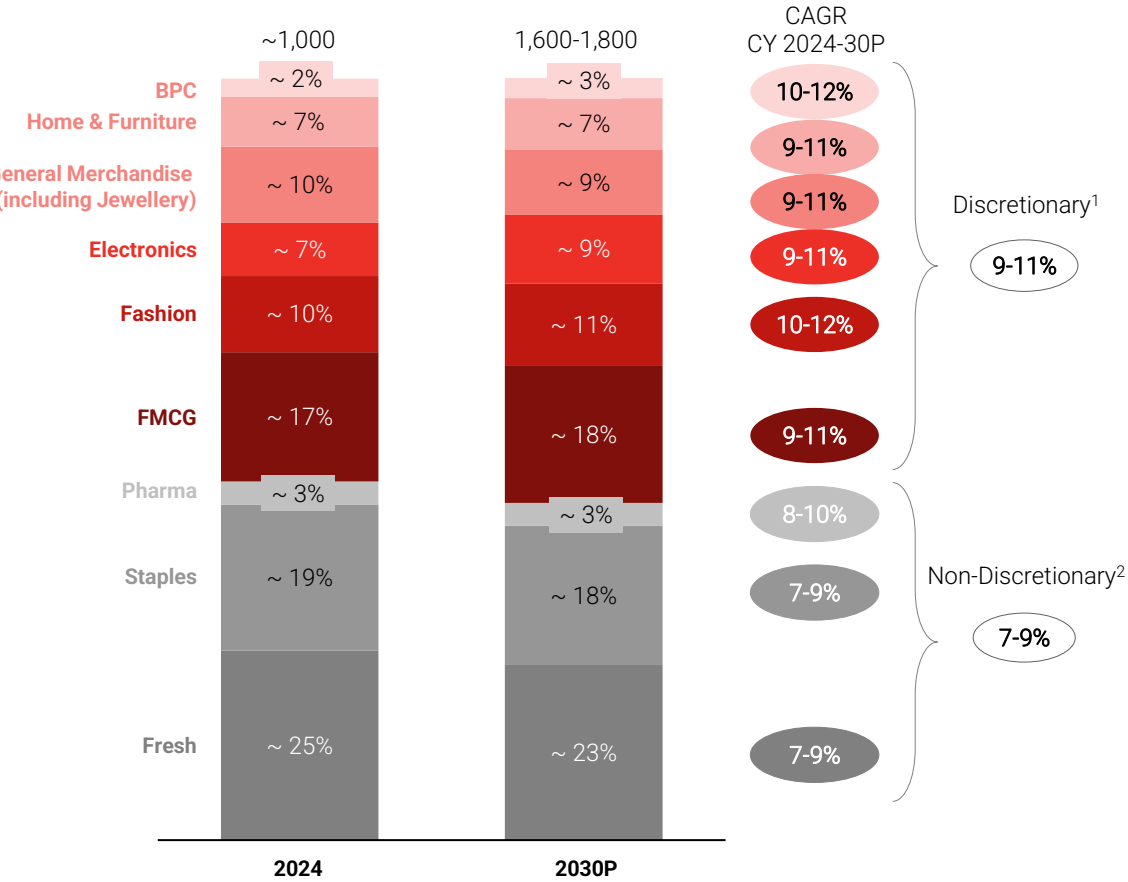
China's GDP/capita crossed the USD 2000 mark in 2006, followed by explosive consumption growth



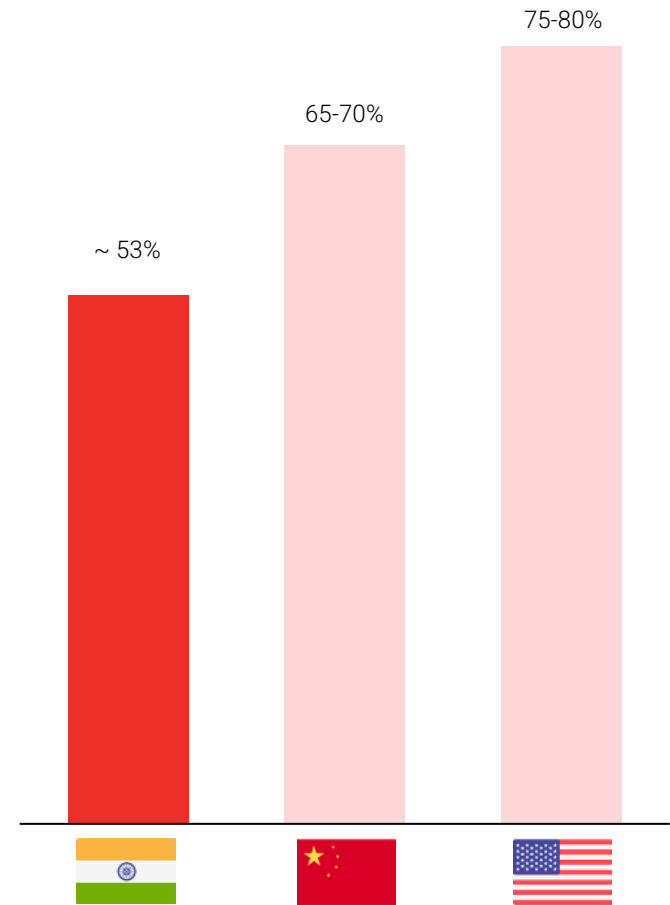
Note(s): Per capital retail spends for China and USA is for CY 2023

Discretionary spends to lead the growth, while essentials continue to drive majority spends

India Retail Market – Category Split
In USD Bn, In % , CY2024, CY2030P



Global Benchmark- Discretionary spend as a % of total retail market
In %, CY2024

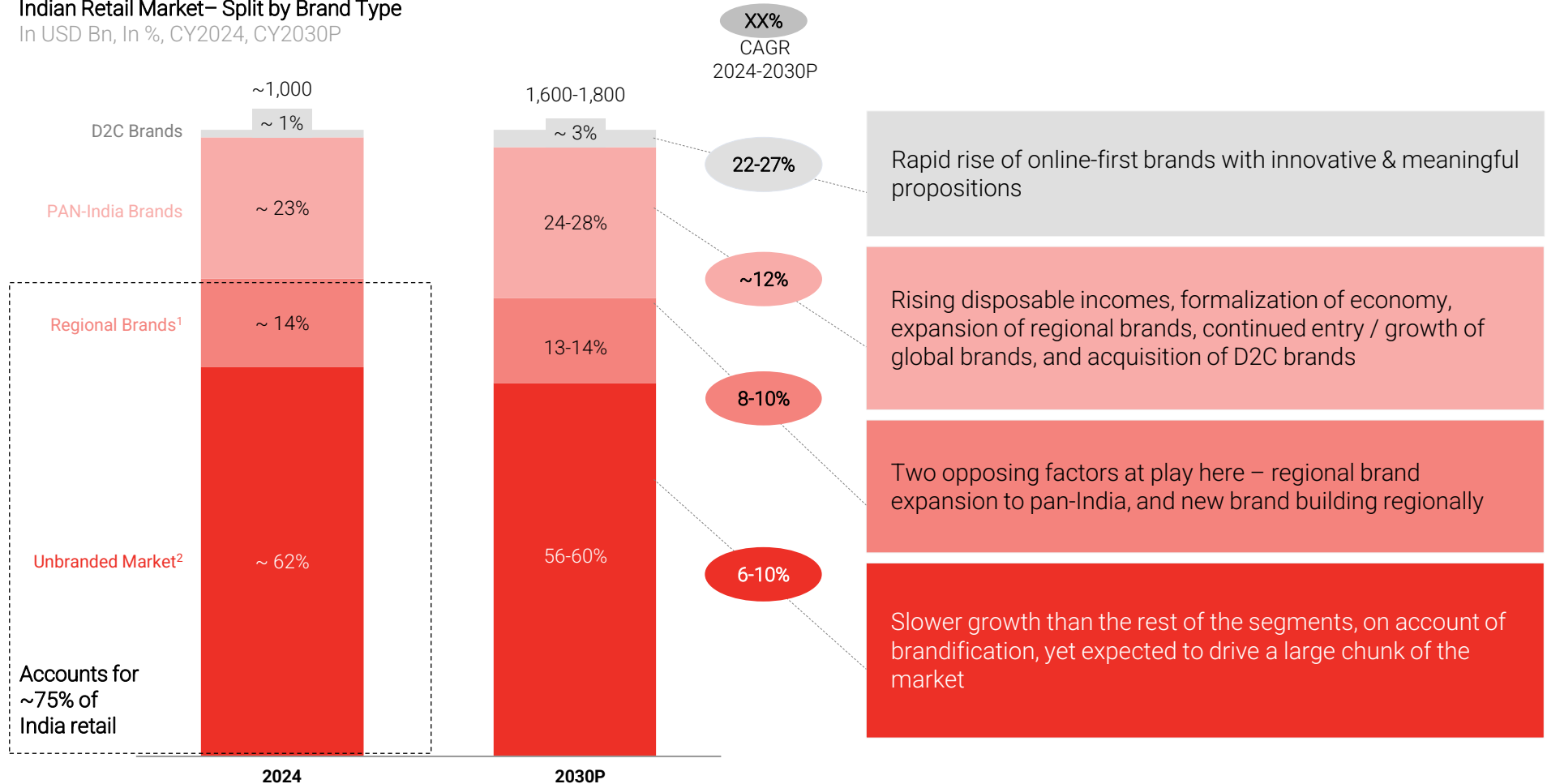


Note(s): 1. Discretionary includes categories like BPC, Home & Furniture, General Merchandise, Fashion & Electronics 2. Non-Discretionary includes FMCG, Pharma, Staples & Fresh

Supply is extremely fragmented in India retail and is expected to remain fragmented in the long-term

Indian Retail Market– Split by Brand Type

In USD Bn, In %, CY2024, CY2030P



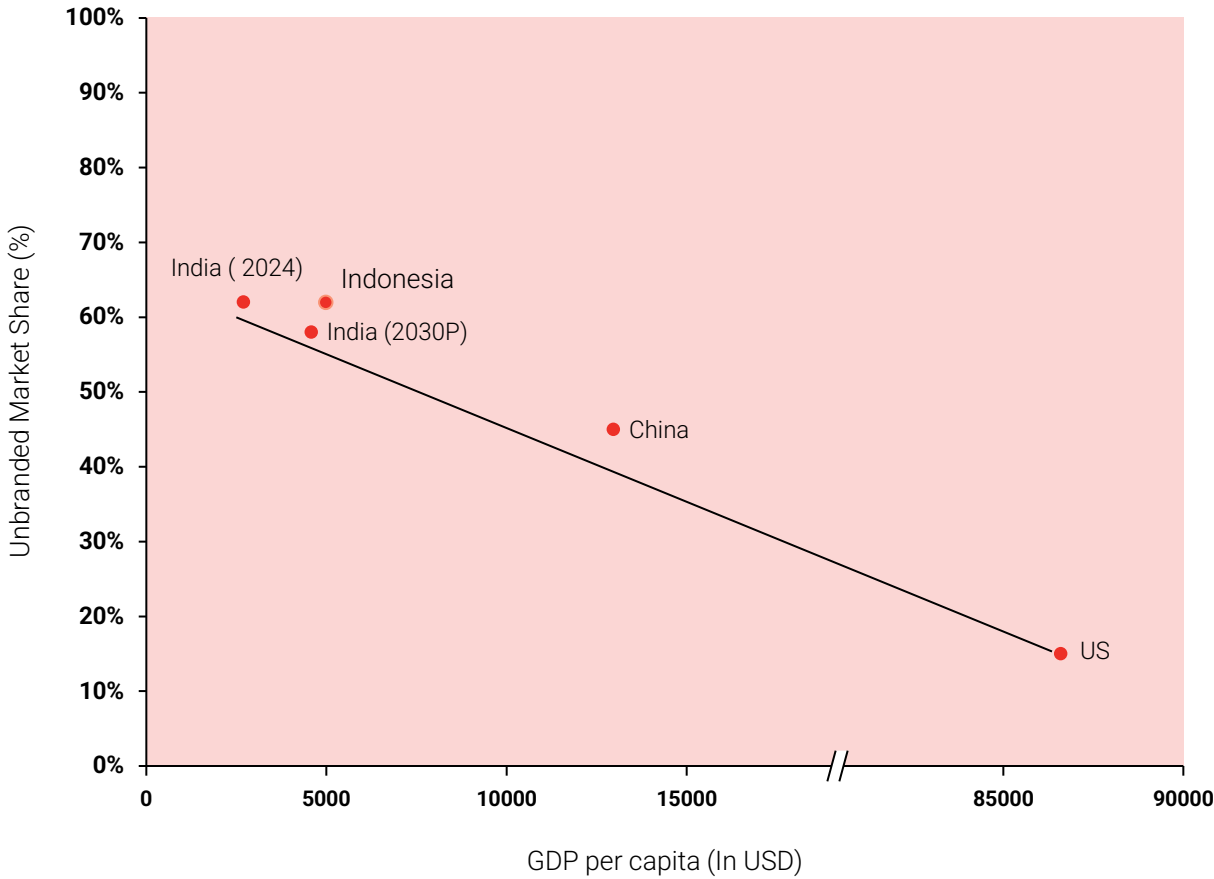
Note(s): 1. Brands belong to a company that has an offline distribution presence in less than 2 regions (defined as North, South, East, West, and Central) in India (excluding D2C brands) 2. Products that lack distinct branding and are typically sold without a proprietary label, often sourced from manufactures and sold under various retailer or distributor

~70% of India retail i.e.
USD 1 Tn+ spends to be
driven by unbranded
and regional brand
segments by 2030



In-line with the global economic benchmarks

GDP per capita vs Retail market unbranded market share – Global benchmarks
In USD, In %, CY2024, CY2030P



Brand deficiency in India is here to stay: China with ~6x GDP per capita (of India), still has 40-50% unbranded market



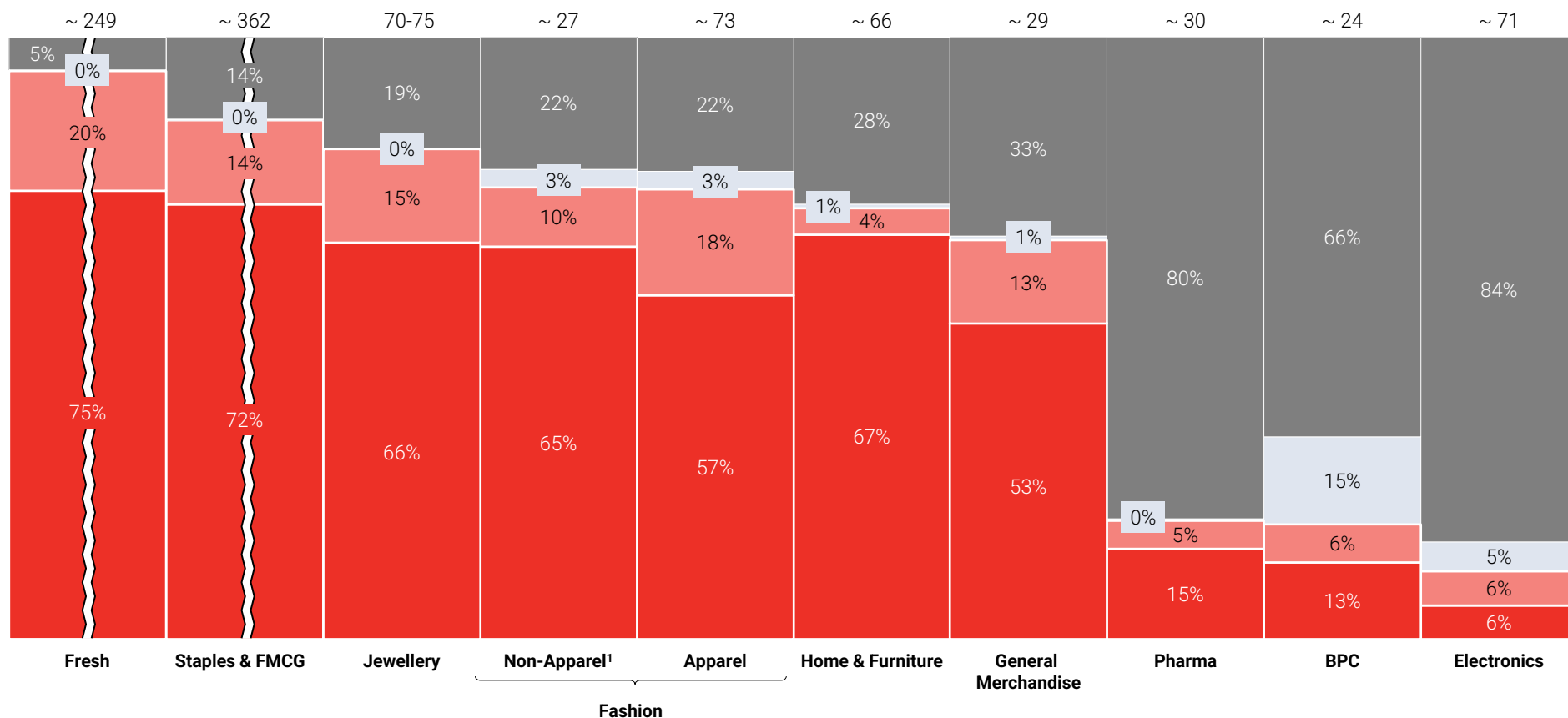
~70% of India retail i.e. USD 1 Tn+ spends to be driven by unbranded and regional brand segments, even by 2030

The fragmentation is widespread across retail categories

Unbranded Market Regional Brands D2C Brands PAN-India Brands

India Retail Market – Split by Brand Type

In USD Bn, In %, CY2024



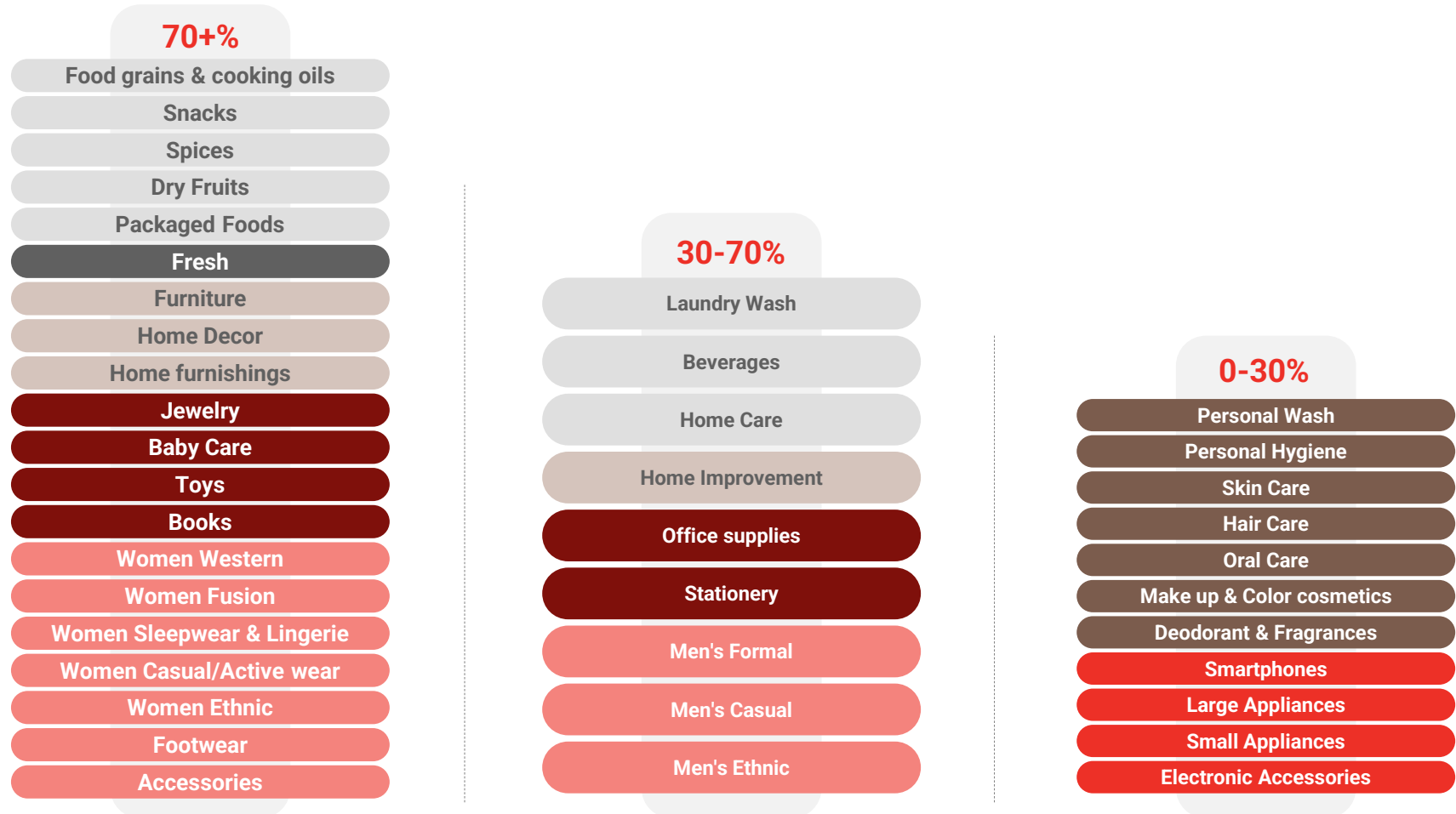
Note(s): 1. Fashion non-apparel includes footwear and accessories (belts, bags, watches, hair accessories, artificial jewellery, etc.)

And among the key product verticals

Fresh
 Staples & FMCG
 BPC
 Home & Furniture
 General Merchandise
 Electronics
 Fashion

Verticals segmented by Regional + Unbranded Market share

XX% - Indicates contribution of unbranded + regional brand segment



Driven by the significant regional diversity, price sensitivity, and supply chain complexities

Factors Driving High Fragmentation in India Retail Supply



1. Diverse regional preferences

India's culture, language and tastes change every few kilometers, across major consumption categories, such as food and fashion.

Difficult to scale pan-India, while accounting for the complex regional & local needs



2. High price sensitivity

With per capita income of India still 0.5x of Indonesia, 0.2x of China, and 0.03x of the US, majority of India's population has limited disposable income, leading to

- Prevalence of small ticket size transactions
- High price elasticity

- Low profit margins, often making it difficult to offset fixed & marketing costs
- Competitive pricing pressures (particularly from unbranded / regional brands)



3. Complex supply chains

Unorganized supply (led by unbranded & regional brands), along with logistics & infra limitations, has resulted in creation of complex supply chains, led by multiple unorganized intermediaries, across both sourcing & distribution ends.

- Significant margin leakages across the value chain
- Limited visibility & control over the product & customer experience

Impact on building pan-India Brand ➔



Diverse regional preferences: India's culture, language, and tastes change every few kilometers, leading to huge diversity in product preferences

Contribution to India Retail (xx%)

Regional preferences across Key Categories



Food Grains, Oils & Snacks (25%)



Home & Furniture (~7%)



Jewellery (~5%)



Ethnic Wear (~2%)

North



Wheat-based staples, usage of mustard oil, snacks include namkeen like bhujia and sev



Heavy wooden furniture with intricate carving, Saharanpur carved wood furniture (rosewood/teak with latticework)



Kundan and Polki work



Suits and lehengas, Salwar-kameez with vibrant Phulkari embroidery, voluminous Patiala salwar



Wheat primary staple with Millets also widely consumed, snacks include khakhra, fafda, sev



Jodhpur's carved rosewood furniture, Sankheda's lacquered, geometric-painted wood stand



Maharashtrian Thushi necklaces, jewelry with mirror-work and colorful stones



Colorful ethnic wear is prevalent, Ghagra-choli (skirt and blouse) with mirror work and tie-dye bandhani patterns

West

East



Rice-based, pungent mustard oil, local snacks like jhal muri



Colonial rosewood furniture, North-East cane/bamboo work, antique almirahs, clay pottery, Pattachitra paintings, and terracotta ware



Filigree jewelry (Tarakasi) in gold and silver



Airy Tant cotton sarees and silk Baluchari sarees, two-piece Mekhela Chador (silk wrap & shawl)



Rice as primary staple, use of coconut oil, snacks include murukku and chakli



Rich teakwood furniture, seating (floor mats, cane furniture), Tanjore paintings



Heavy gold temple jewelry with motifs of gods & intricate work



Sarees dominate – each state has its hallmark

South

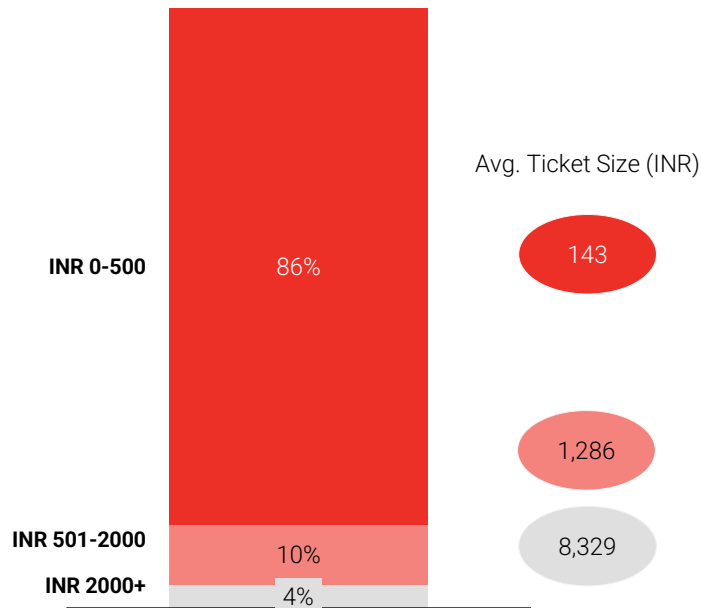
High price sensitivity: Lower disposable income leads to prevalence of small ticket size transactions, and high pricing elasticity

High Price Sensitivity in India Retail

1. Prevalence of Small ticket size transactions

~83% of P2M UPI transactions are below INR 500, with average ticket size being a meagre INR 143

India P2M UPI Transaction split by Average Ticket Size
% of Transactions, Feb 2025

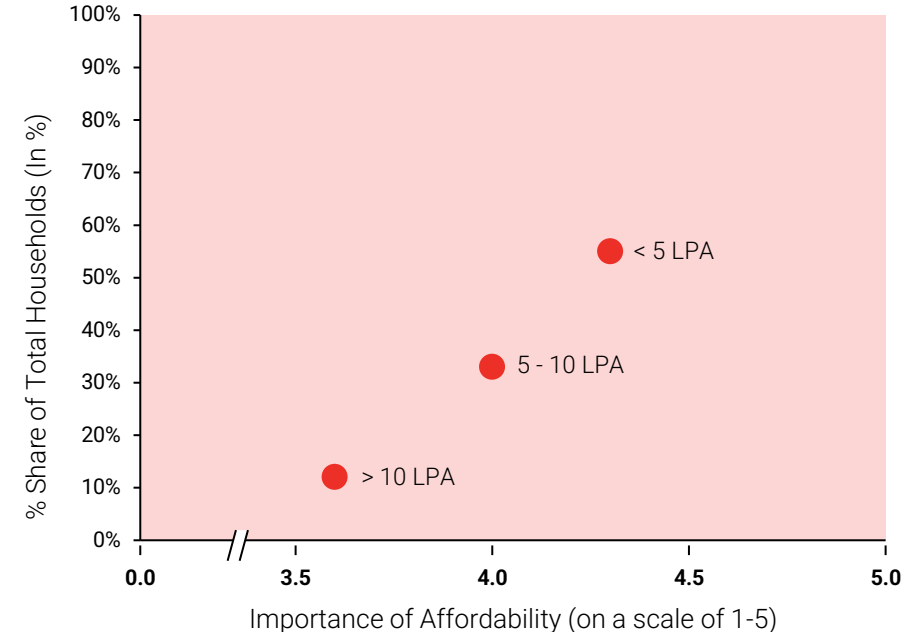


Note(s): 1. LPA stands for Lakhs per Annum

2. High Price Elasticity

80%+ India households (representative survey sample of 1,200) prioritize affordability over other factors, while making a purchase

Importance of Value across income segments vs Household split by Income
N = 469 (<INR 5 LPA), 329 (INR 5-10 LPA), 403 (>INR 10 LPA)
Q. On a scale of 1-5, rate the importance of affordability as a factor while shopping

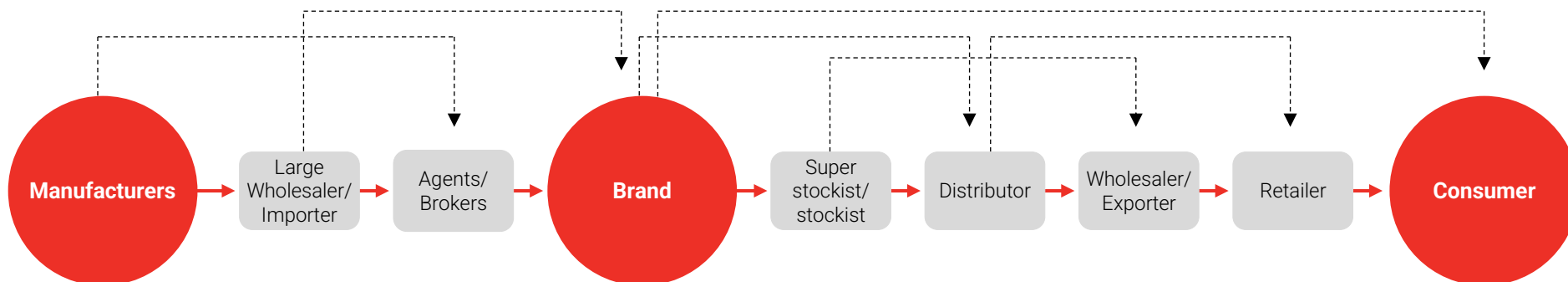




Complex supply chains: multiple unorganized intermediaries, across both sourcing and distribution ends

Intermediaries for Brands in Retail Supply Chain

→ Flow of products



Role of intermediaries in the Supply Chain

- Enabling reach – intermediaries have access to the remotest pockets of the country, from both supply & demand perspectives, which are otherwise challenging to be accessed
- Product & cashflow management – intermediaries take the biggest risks by immediately paying their suppliers for the products and clearing their suppliers' inventory, thereby controlling the product & cashflow management across the supply chain
- Facilitating credit – for their buyers (typically wholesalers and retailers)

of Entities in
India Retail:

25-30 Mn
*Manufactures
(including MSMEs)*

80-100K
*Distributors/
Stockist*

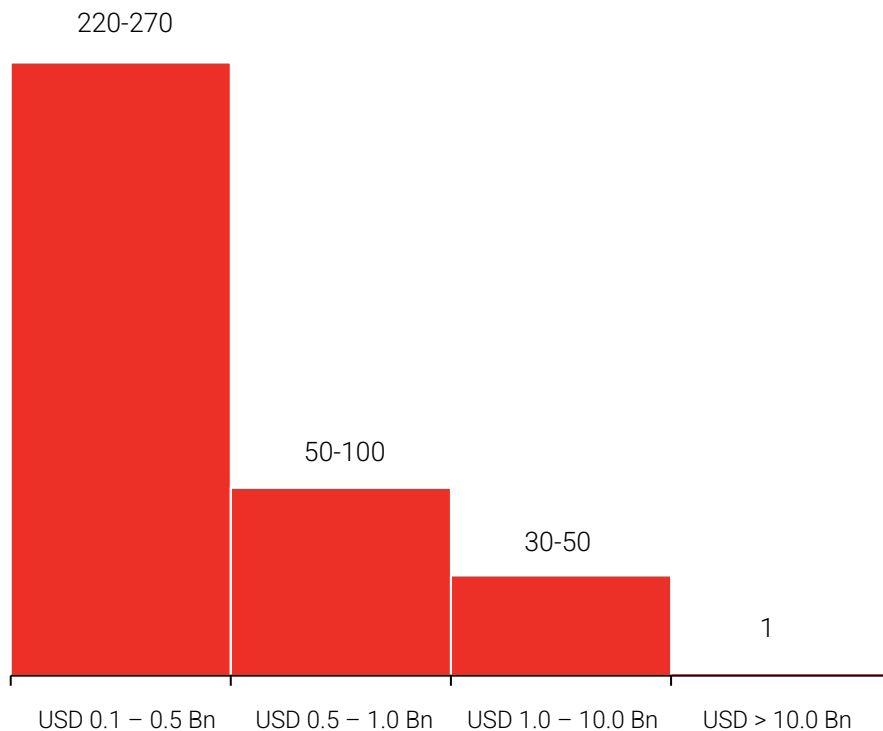
3-5 Mn
Wholesalers

15-20 Mn
Retailers

Note(s): 1. Manufacturers, distributors, and wholesalers also include non-retail entities, such as industrial

As a result, only ~350 brands in India have cross the USD 100 Mn revenue mark

Brands' Segmentation By Annual Revenue¹
of Brands, CY2024



In contrast,
China has ~2,800 brands with
\$100Mn+ revenue- 8x of India

Note(s): 1. Revenue includes both B2B and B2C



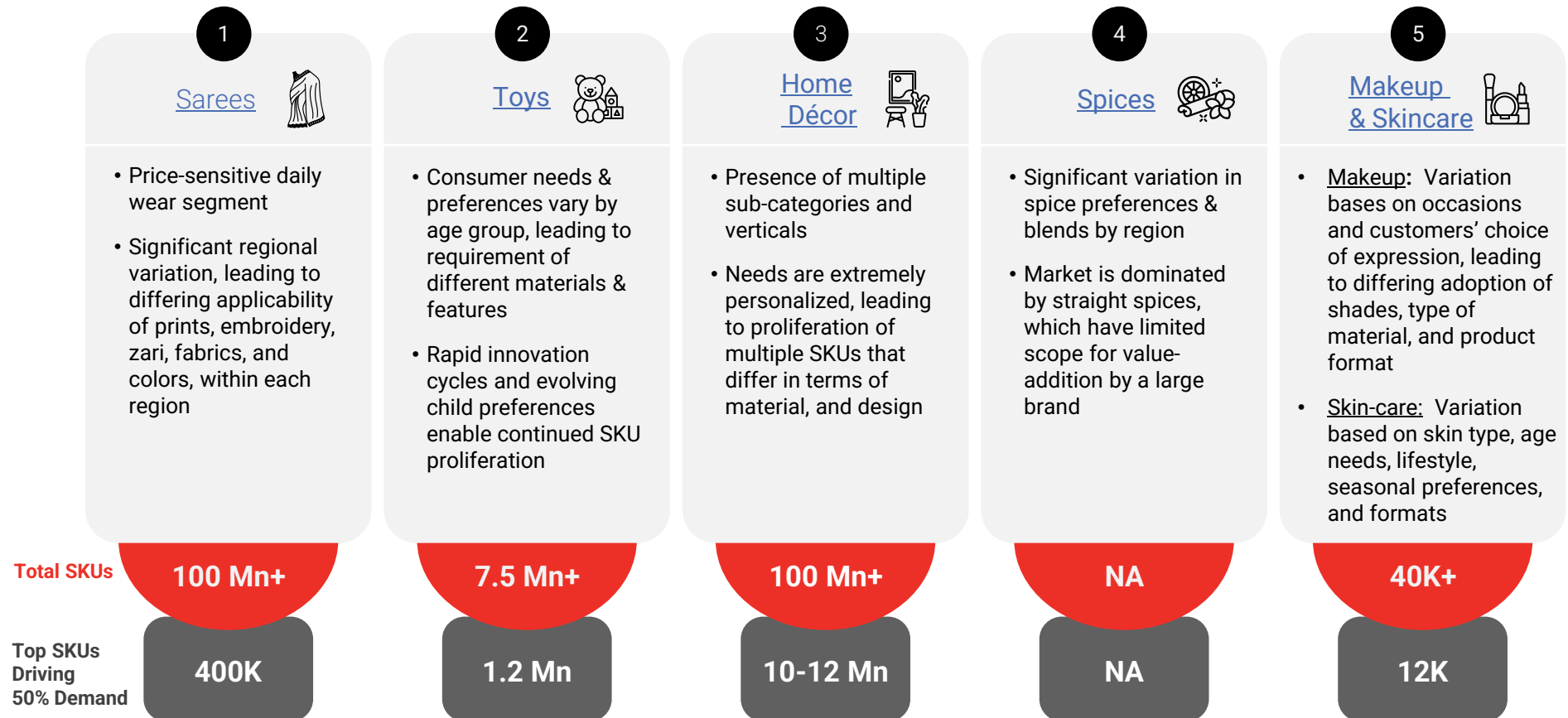
2

**Wide range of SKUs
underscoring the
market fragmentation**

The above factors have resulted in the emergence of a wide range of SKUs in the India retail market

Illustrated below for certain verticals

Supply Fragmentation Case Studies – Select Verticals



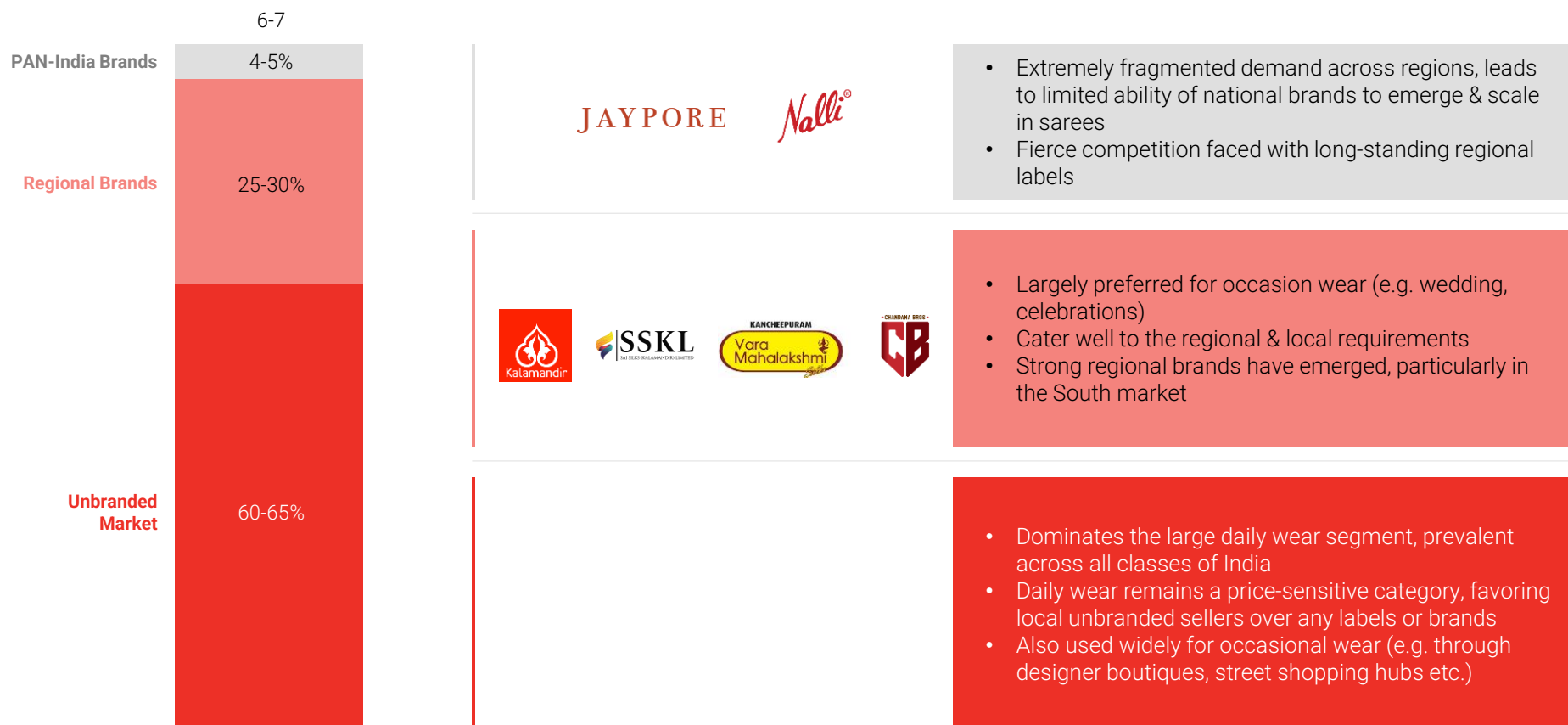
Top 400k Saree SKUs
drive ~50% demand



Sarees: Led by regional brands & the unbranded segment

Indian Saree Market

In USD Bn, CY2024



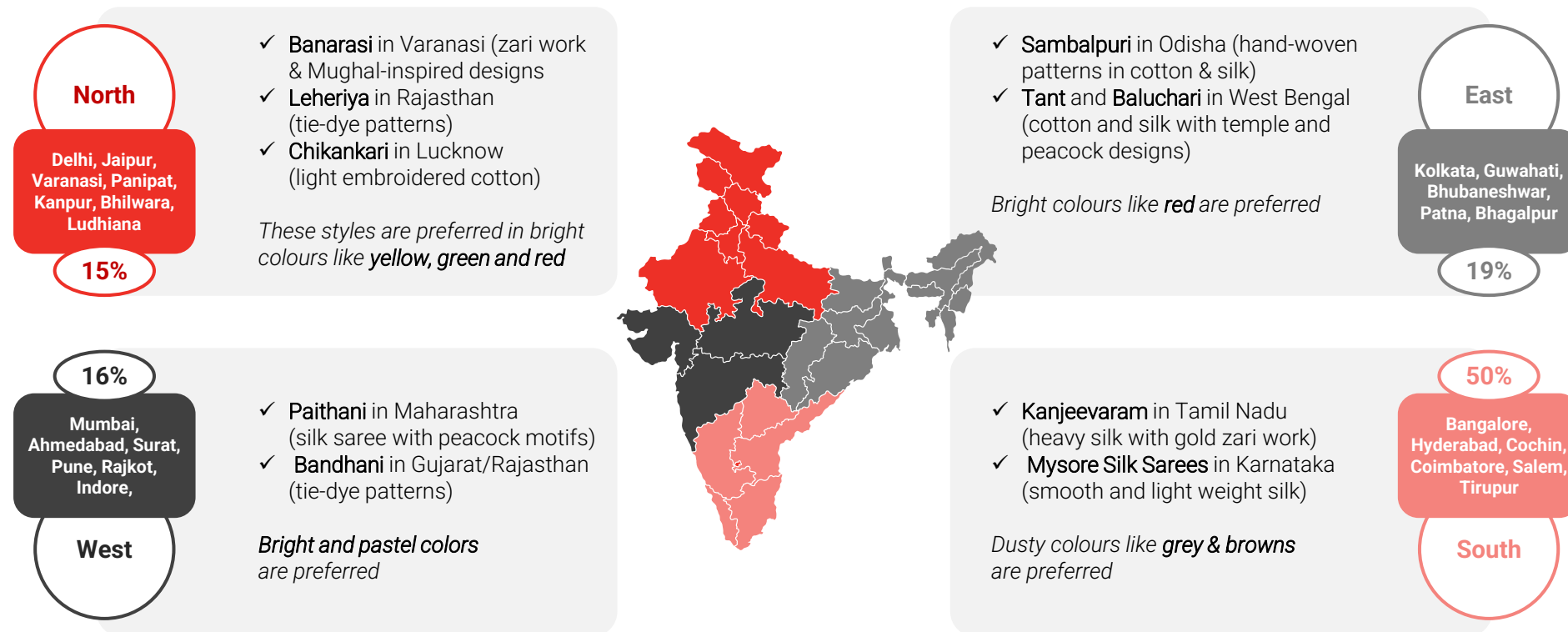
Sarees: Significant regional variation in demand



xx%

% Regional Contribution to Overall Saree Market

Sarees – Top Hubs in India and Preferred Variants



Preference of the following attributes vary significantly by region ➤ **Fabric | Print | Embroidery | Zari | Color**



Sarees: Different preferences towards prints, embroidery, zari, fabrics, and colors, within each region

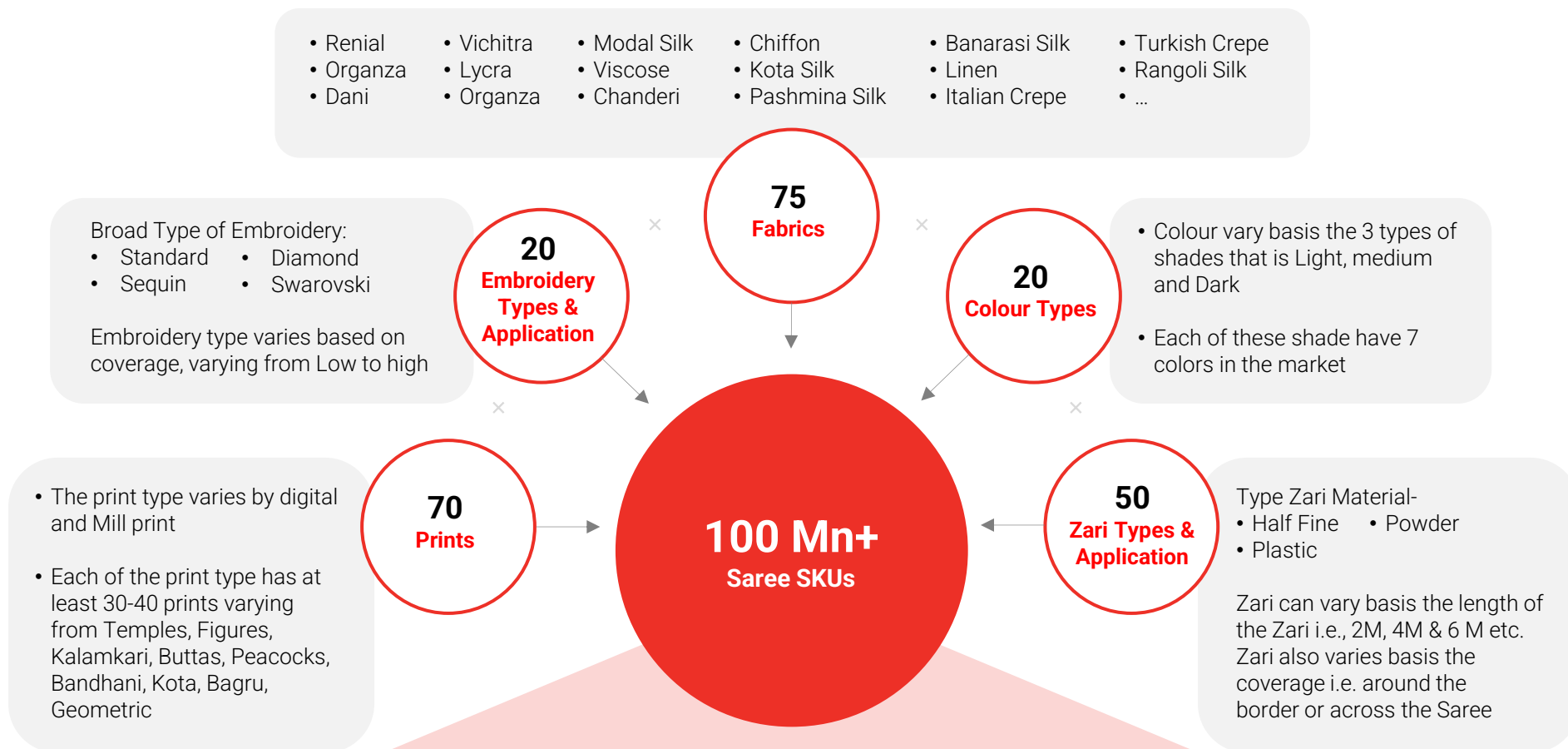
Degree of preference Low High

Regional Variation in Preferred Saree Attributes

	Attributes	North	South	East	West
Relative Preference	Prints				
	Embroidery				
	Zari				
Top Fabrics Used		<ul style="list-style-type: none"> Cotton for summer (daily wear) Chiffon and georgette for special occasions 	<ul style="list-style-type: none"> Cotton and linen for daily wear. Silk for sarees in Karnataka, Andhra Pradesh Crepe is also popular in the south 	<ul style="list-style-type: none"> Cotton sarees, especially those with intricate work, are in high demand 	<ul style="list-style-type: none"> Cotton Saris are prominent in states like Rajasthan and Gujarat. These are light weight and suitable for hot and humid temperature.
Print Type		<ul style="list-style-type: none"> Geometric Floral Block Figure-based patterns 	<ul style="list-style-type: none"> Temples Figures Kalamkari Buttas 	<ul style="list-style-type: none"> Temples Peacocks Figures 	<ul style="list-style-type: none"> Bandhani Kota Bagru Geometric
Colours		<ul style="list-style-type: none"> Yellow and green are popular in U.P., Bright colors like red and blue are preferred during festivities 	<ul style="list-style-type: none"> Dusty colors like brown and grey work in states like Karnataka, Andhra, etc. 	<ul style="list-style-type: none"> Eastern region leans towards bright colours. Red dominates during festivals like Durga Puja in Kolkata 	<ul style="list-style-type: none"> In Rajasthan and Gujarat, bright and pastel colors are preferred

Sarees: Presence of more than 100 Mn+ SKUs in the India saree market

Saree SKUs in India



Top 1.2 Mn Toys SKUs
drive ~50% demand

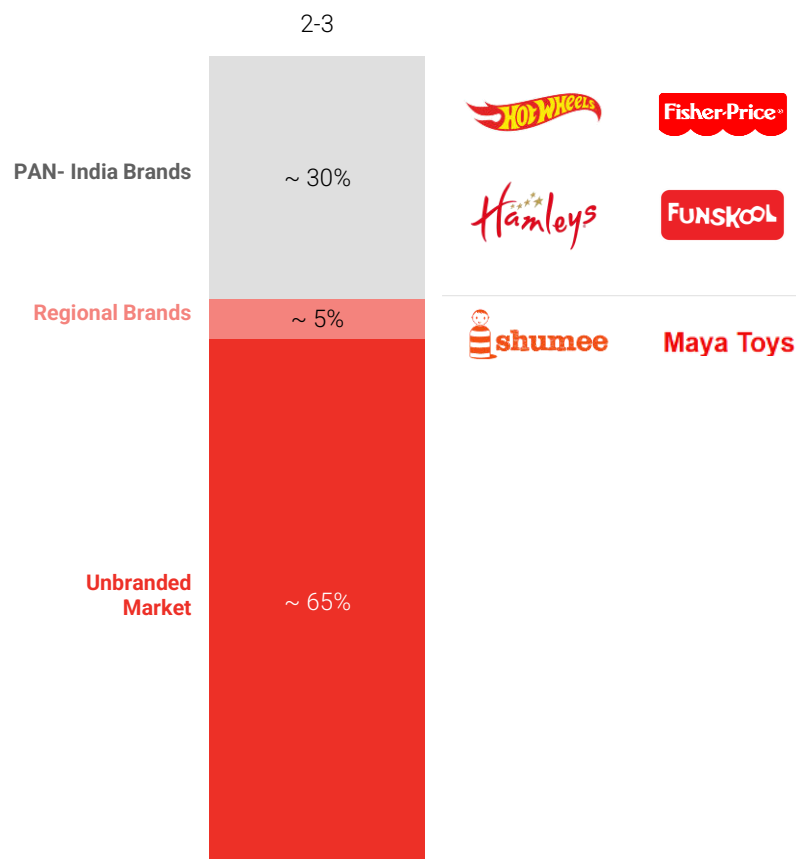




Toys: Market is largely unbranded, driven by fragmented manufacturer base, high import dependency, and high price sensitivity

India Toys Market

In USD Bn, In %, CY2024



Why unbranded play is higher?



1. Fragmented manufacturer based:

Out of 4000 toys manufacturing units, 75% are MSME's led which prevents a single supplier to dominate the market



2. High import dependency

Heavy reliance on unbranded China products for raw materials, machinery, importing plastic toys, electronic gadgets & battery-operated toys



3. High price sensitivity

Parents prioritize affordability as toys are frequently replaced due to wear and tear, loss and have shorter product cycle



4. Low brand loyalty

Brand names hold limited influence in toy purchasing decisions, with parents prioritizing functionality and price over brand equity



Toys: Consumer preferences vary by age group, leading to requirement of different materials & features – supplemented with rapid innovation cycles

Types Features Material

Toy market segmentation by age group, materials, and innovative features

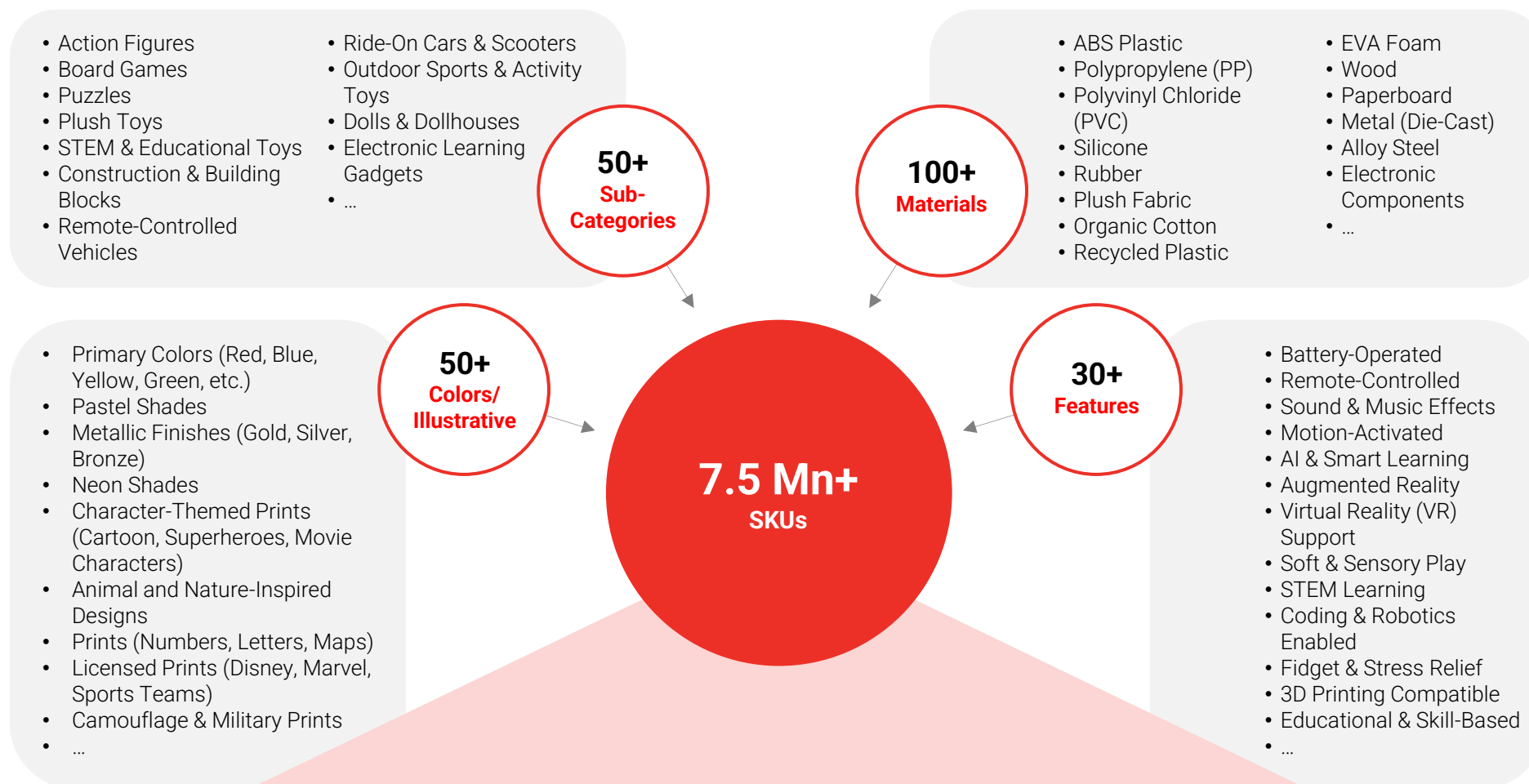
Age Group	Board Games	Action Figures	Stem & Construction	Plush Toys	Electronic Gadgets	Outdoor Sports & Ride-ons
0-3 years	Picture-based, sound books	Soft action figures, rattles	Stacking rings, shape sorters	Stuffed animals	Light-up musical toys	Push walkers, balance bikes, plastic balls
	Touch-and-feel elements, audio buttons	Easy grip, chewable parts	Motor skill development, color recognition	Sounds & sensory elements	Sensory development, interactive play	Motor skill development
	Carboards, paper	Plastic, rubber	Wood, plastic	Cotton fabric	Plastic, soft silicone	Plastic, rubber wheels
3-6 years	Alphabet & number games, memory games	Superhero figures, role-play sets	Basic robotics, DIY kits	Cartoon characters, animated plush	Educational tablets, talking dolls	Tricycles, plastic cricket set
	Magnetic letters, easy puzzles, find the word	Movable joints	Coding introduction, 3D printing & designs	Talking, dancing, light-up features	Voice recognition, touchscreen	Stability-enhancing, lightweight
	Wooden, cardboard	ABS plastic, soft metal	Plastic, wood, 3D-print parts	Soft & synthetic fabric	Electronic components	Metal frame, plastic
6+ years	Strategy board games, puzzles	Advanced action figures	Basic robotics, DIY kits	Customizable plush	Remote-controlled robots	Bicycles, skateboards, battery-operated cars
	Multiplayer, AR integration	AI-enabled, voice-led	STEM coding, electronic circuits	AI educational features	AI-integrated, coding-enabled	Battery-powered mobility
	High-quality paperboard, plastic tokens	Metal, plastic, electronic components	Circuit boards, silicone	Organic cotton	Circuit boards, rechargeable batteries	Alloy frame

Note(s): 1. Board Games: Games played on a flat surface using pieces or dice;; 2. Action Figures: Small figurines representing characters from movies or TV shows; 3. STEM & Construction Toys: Educational toys that promote science, math skills & DIY kits; 4. Plush Toys: Soft, stuffed toys made from fabric like cotton or synthetic fibers; 5. Electronic Gadgets: Toys with integrated technology like remote-controlled cars 6. Outdoor Sports & Ride-ons: Toys designed for physical activity and outdoor play (plastic bats, bicycles etc.)



Toys: Presence of more than 7.5 Mn SKUs in India toys market

Toy SKUs variance by different factors



~50% of demand in
home decor is driven by
top 10-12M SKUs

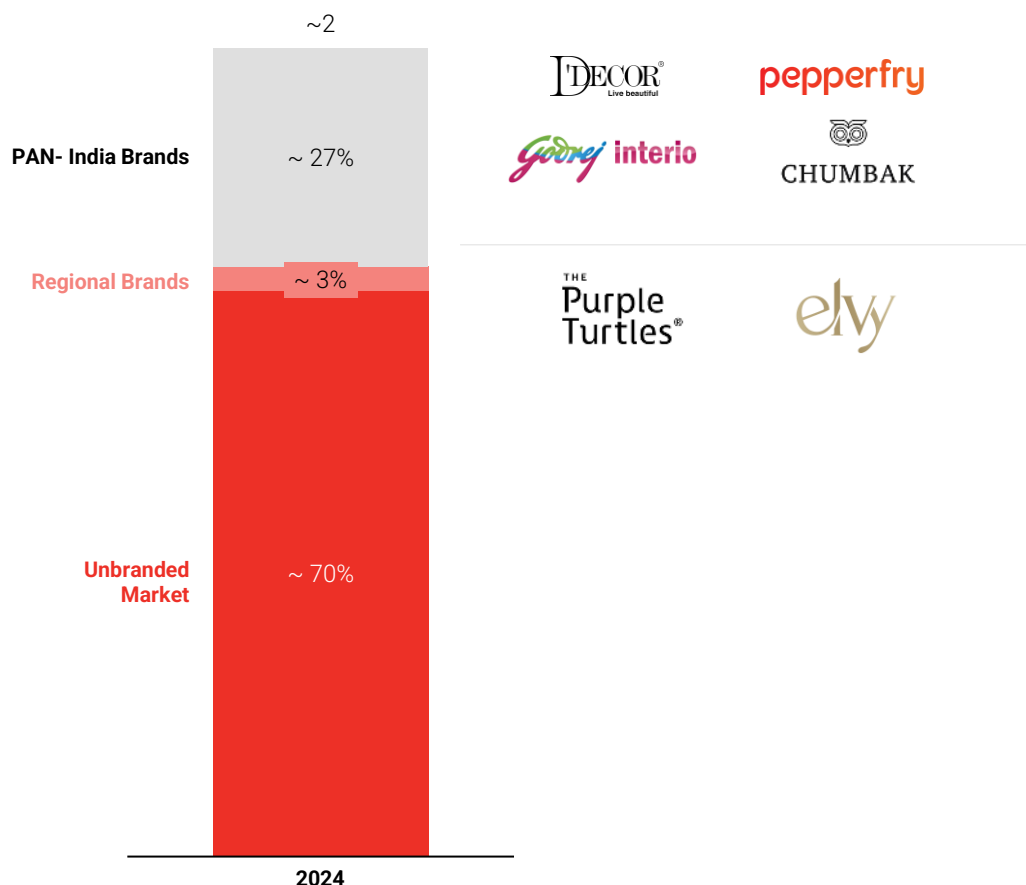




Home Decor: Market remains largely unbranded due to presence of multiple sub-categories and verticals, and extremely personalized needs

Indian Home Décor Market

In USD Bn, In %, CY2024



Why unbranded play is higher?



1. Presence of multiple sub-categories and verticals:

Home décor includes diverse segments like lighting, wall art & decorative pieces, each with varied materials, craftsmanship & price point which limits brand consolidation



2. Higher customization needs:

Needs are extremely personalized, leading to proliferation of multiple SKUs that differ in terms of material, design, and color For e.g., Brass is often preferred for religious idols, while marble is preferred for modern art pieces



3. Dynamic regional preferences:

Consumers prefer handcrafted and regionally inspired designs (e.g., Rajasthan's blue pottery, Madhubani & Warli paintings, Pakchitra & Panjor Art), making standardization difficult for national brands

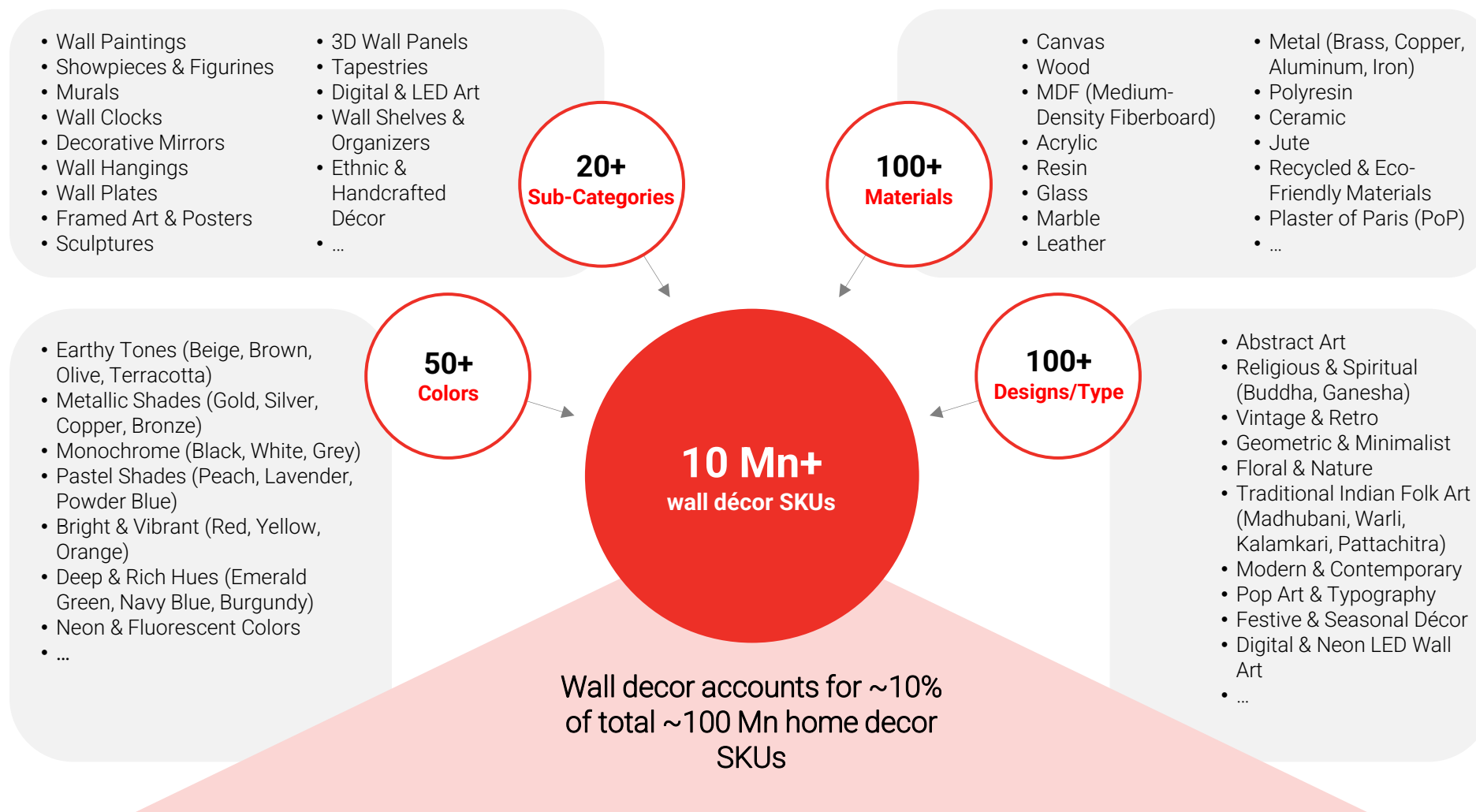
Home Decor: Demand for different materials, designs, and formats, to meet the diverse customization preferences

Home Decor – Sub verticals fragmentation

Category	Sub-category	Material	Design	Format
Wall Décor & Art	Wall Paintings	Canvas, Metal, Wood, Fabric	Madhubani, Warli, Pakchitra, Rajasthani, Panjor	Hand-painted, Digital prints
	Showpieces & Figures	Brass, Marble, Wood, Ceramic	Religious, Cultural, Ethnic, Modern	Hand-carved, Gold/Silver-plated
	Wallpapers	3D, Vinyl, Custom-made, Fabric	Abstract, Floral, Geometric	Peel-and-stick, Embossed
Lighting and Lamps	Ceiling Lights	LED, Pendant, Crystal, Glass	Modern, Vintage, Minimalist, Luxury	Chandeliers, Flush, Hanging Lights
	Table & Floor Lamps	Wood, Smart Lighting, Metal	Traditional, Contemporary	Adjustable, Tripod, Smart LED
Decorative Pieces	Clay Lamps	Clay, Brass, Bamboo, Terracotta, Jute, Earthenware, Macrame	Seasonal (Festive-led) - 60% demand in festivals, Traditional, Modern	Different shapes for planters, lanterns and lamps
	Brass Lanterns			
	Bamboo-planters			
Clocks & Mirrors	Clocks	Wood, Metal, Plastic, Ceramic	Functional (Digital, Non-digital)	Wall-mounted, Tabletop
	Mirrors	Glass, Wood, Metal, Brass	Hand-carved, Ethnic, Designer	Wall-mounted, Framed/Unframed

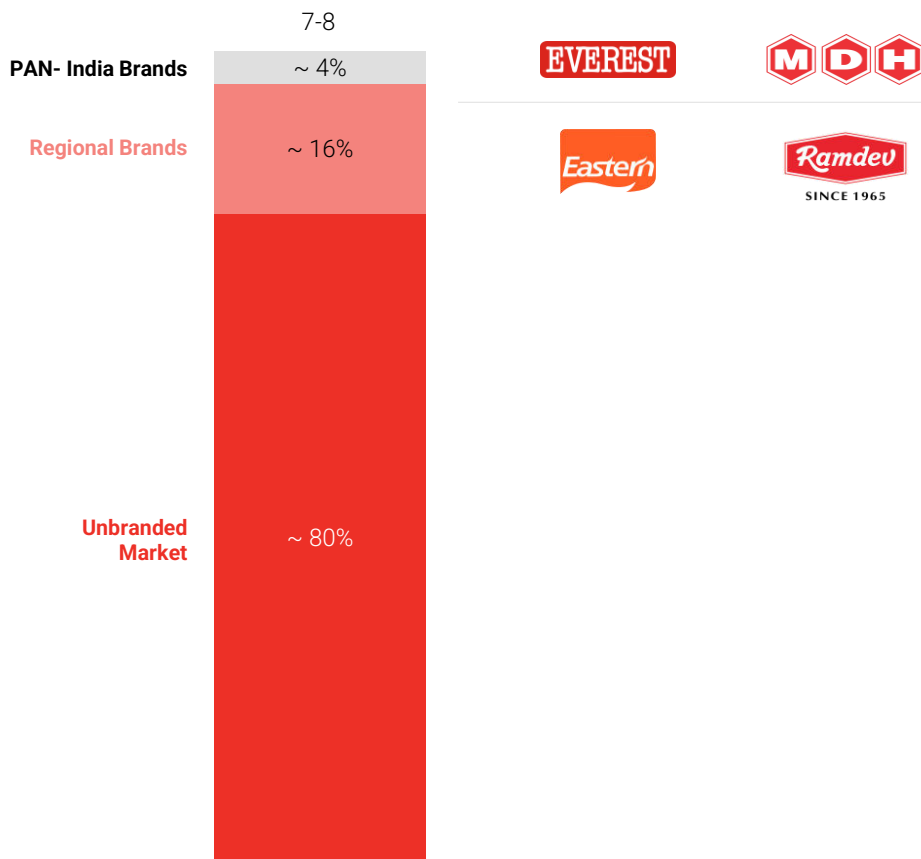
Home Decor: Presence of more than 10 Mn SKUs in the wall decor & art segment

Wall Décor and Art SKUs variance by different factors



Spices: Led by regional brands & the unbranded segment

India Spices Market
In USD Bn, In %, CY2024

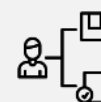


Why is the presence of national brands limited?



1. Highly localized taste & preference

Spice preferences and blends are quite localized, making it difficult for a single brand to standardize SKU and scale



2. Consumer trust in local suppliers:

Consumers believe locally sourced spices retain better aroma, freshness, and authenticity



3. Supply Chain Challenges:

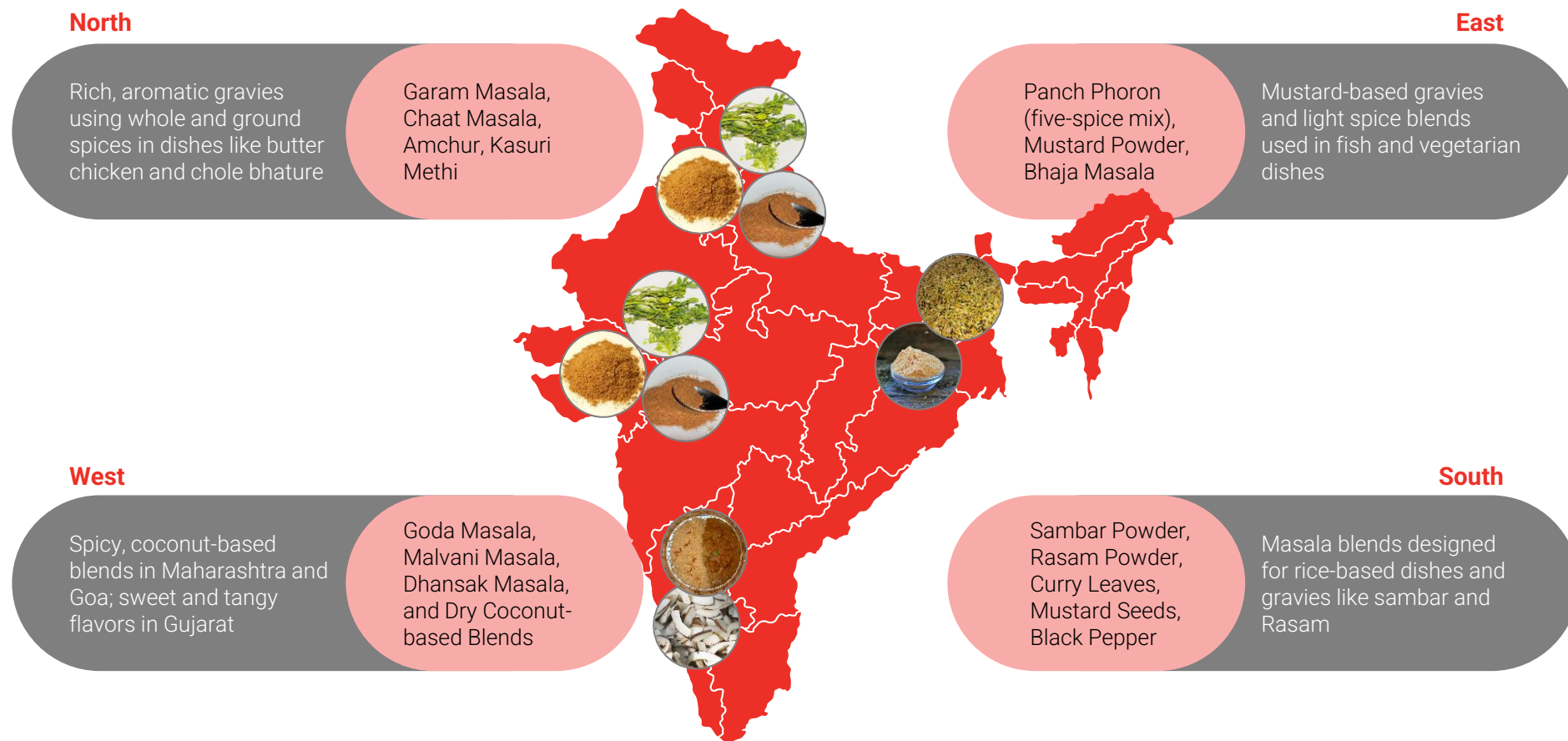
National brands face supply chain inconsistencies due to variations in spice quality, seasonal fluctuations, and dependence on small-scale suppliers



Spices: Significant variation in regional tastes

— Key Spices & Blends — Cuisine Influence

Regional variance across the spices category

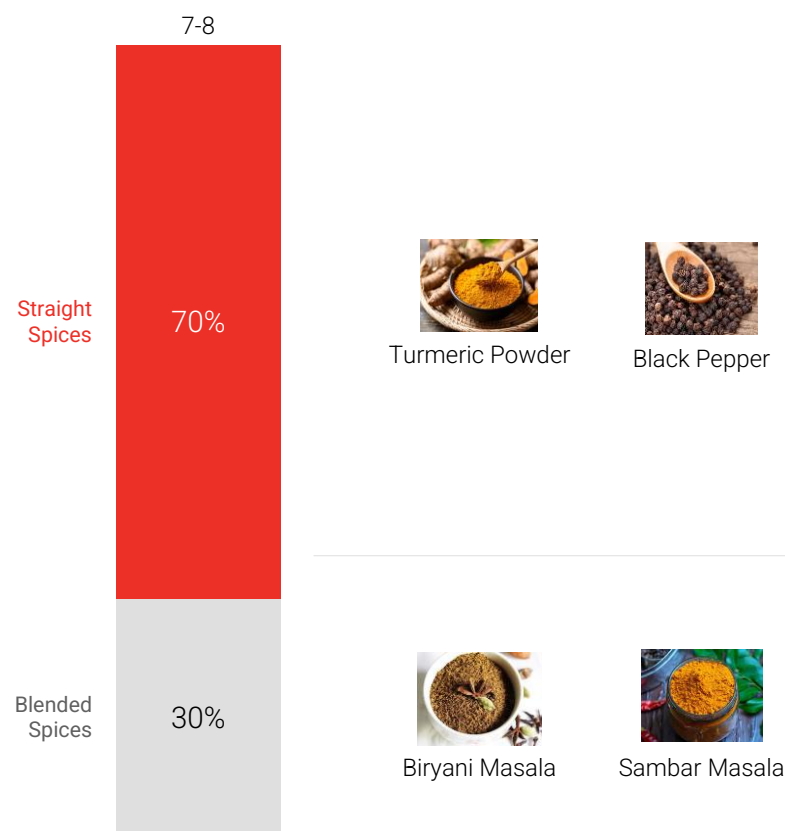




Spices: Limited value addition potential for brands in the straight spices segment that dominates the market

India Spices Market – Split by Type

In USD Bn, In %, CY2024



1. Indian market is led by Straight spices

- Indian cuisine **heavily relies** on **fresh, single-origin spices** like turmeric, cumin, coriander, and cardamom.
- Consumers prefer fresh, locally sourced spices** over standardized pre-mixes, which may not align with regional tastes
- Wholesale spice mandis (markets) and local mills** dominate supply chains, making straight spices more accessible and affordable
- Straight spices are cheaper** than branded or blended options, making them the go-to choice for price-sensitive consumers.

2. Blended spices is small in India, but growing faster

- Convenience-first consumers are preferring **ready-to-use spice blends** over **mixing individual spices**, reducing meal prep time
- Increasing demand for **regional, gourmet, and international cuisines** is driving the adoption of specialized spice blends

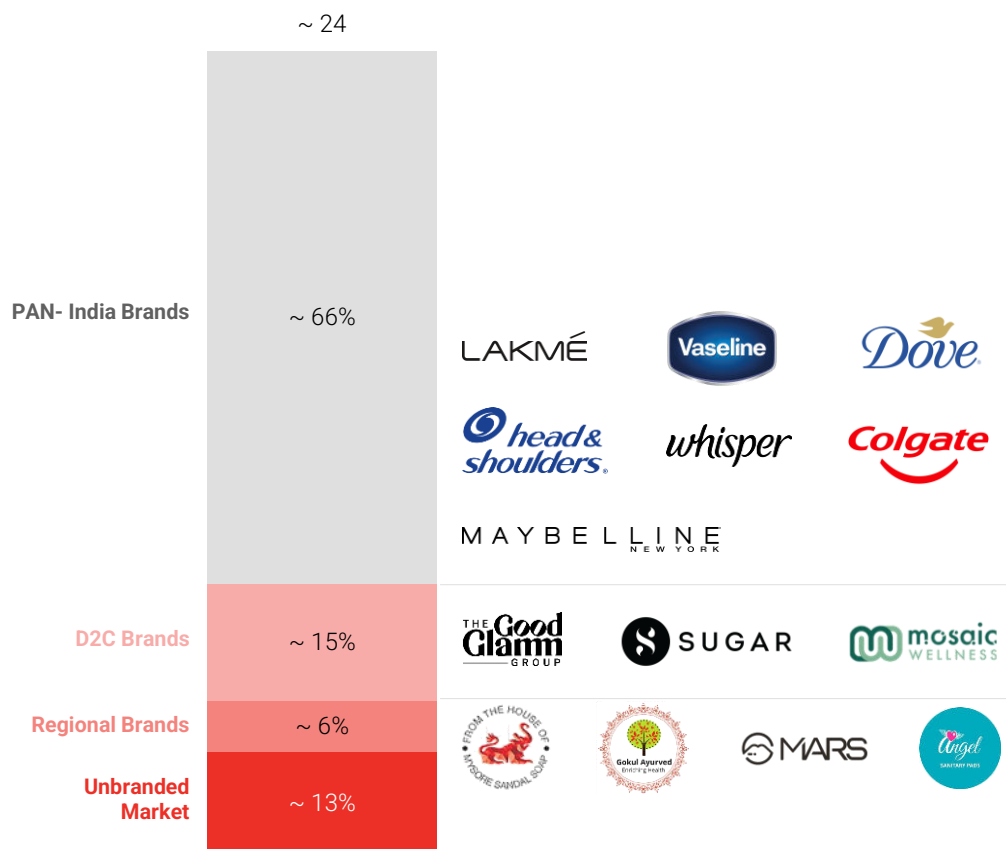


~50% of makeup &
skincare demand is
driven by the top ~12k
SKUs

BPC: Pan-India brands drive more than 65% of India's market

Beauty and Personal Care Market

In USD Bn, In %, CY2024



Factors influencing high share of branded market



1. Regulatory Limitations:

Indian laws set by BIS and FSSAI on cosmetic ingredients and manufacturing (e.g., Drugs and Cosmetics Act) make it harder for unbranded or informal players to scale



2. Safety Concerns:

Consumers are wary of sub-par quality products directly affecting their skin / body, due to potential side effects, fake products, and contamination risks



3. High Capital Requirements:

Beauty products require high capital for R&D, manufacturing, and marketing, wherein larger brands are better placed



BPC: Makeup and skin-care are the most fragmented verticals

Number of SKUs **Low**  **High**

Beauty and Personal Care Market – Sub verticals

Key Category	Sub-verticals	Factors driving variation	Number of SKUs
Makeup	Foundations, Lipsticks, Mascaras, Eyeshadows, Make up kits, Kajal, Liner, Concealer, Primer, Gloss	<ul style="list-style-type: none"> Shades Type Formats (liquid, powder) 	~20,000
Skin Care	Moisturizers, Serums, Sunscreens, Lotions, Face wash, Cleansers, Toner	<ul style="list-style-type: none"> Skin types or skin concerns Size 	~20,000
Hair Care	Shampoo, Conditioners, Hair Oils, Serums & Masks	<ul style="list-style-type: none"> Hair types Hair concerns Formats (Shampoo, mask, spray) 	~18,000
Bath & Body	Soaps, Shower Gels, Body Scrubs, Body Lotions	<ul style="list-style-type: none"> Product types (washes, scrubs) Seasonal (summer, winter) 	~13,000
Fragrances & Deodorants	Deodorants, Perfumes	<ul style="list-style-type: none"> Scent profiles (floral, woody) Multiple price points Formats (sprays, roll-ons) 	~9,000
Oral Care	Toothpaste, Mouthwash, Toothbrushes	<ul style="list-style-type: none"> Specialized needs (whitening, gum care) Formats (toothpaste, mouthwash) 	~500



BPC: Makeup SKUs are defined by shades, finishes, and formats, adapted by different occasions and expression choices

Makeup Category – Fragmentation drivers

Consumer preferences vary based on occasions (like casual, professional, wedding wear etc.) and expression choices...

A. Occasion-based Preferences

- **Casual makeup** favors lighter shades and hydrating textures
- **Professional wear** leans toward matte, long-wear products
- **Weddings** demand bold, statement colors, waterproof formulas, and high-shine finishes

For e.g.: *Eye makeup preferences*

Casual looks favor subtle liners, while weddings call for dramatic, glitter-based

B. Choice of expression

- **Playful:** trend-driven makeup with lip tints, bold liners, neon nails, and metallic finishes
- **Bold:** statement looks with long-wear lipsticks and defined eyes.
- **Classy:** classic, hydrating shades with minimal touch-ups

...leading to variation in shades, finish, and product format, across lip, face, eye, and nail makeup

		Shades	Type	Finish
Lips		Nude, Red, Pink, Plum, Coral, Brown	Bullet, Liquid, Crayon, Balm, Tint	Matte, Glossy, Satin, Metallic, Sheer
Face		Ivory, Beige, Sand, Honey, Warm	Liquid, Cream, Powder, Stick, Cushion	Dewy, Matte, Full Coverage, Sheer
Eyes		Black, Brown, Blue, Green	Pencil, Gel, Liquid, Pen, Kohl	Smudge-proof, Waterproof, Retractable
Nails		Pastels, Nudes, Metallic	Bottle, Stick-on, Press-on, Gel-based	Matte, Glossy, Gel, Peel-off, Quick-dry



BPC: Skincare SKUs are defined by skin type, concerns, age-specific requirements, seasonal shifts, and lifestyle demands

Skincare Category – Fragmentation drivers

Skin-care needs tend to vary by...

A. Skin Type

- **Oily skin** requires mattifying, gel-based formulations, while dry skin needs rich, ceramide-infused hydration
- **Sensitive skin** demands fragrance-free, hypoallergenic products with soothing ingredients like aloe vera

B. Age-based Needs

- **Teens** need acne-fighting skincare, while **20s-30s** prioritize brightening & anti-aging protection
- **For 30s and above**, skincare focuses on collagen boost, early wrinkle prevention & anti-aging solutions

C. Lifestyle

- **Active Lifestyles:** Athletes prefer sweat-resistant SPF, while travelers need hydrating, multi-purpose products
- **Urban Professionals:** Office workers seek pollution defense, and frequent flyers opt for compact skincare

D. Seasonal

- **Winter** requires rich, hydrating creams, while **summer** demands lightweight, non-greasy products
- During **monsoon season**, skin needs anti-humidity, quick-absorbing, and anti-frizz formulations

E. Formats

- Products are available in various sizes, including **travel-friendly, regular, and jumbo packs**, catering to different consumer needs such as **on-the-go use, daily essentials, or bulk purchases** for cost savings

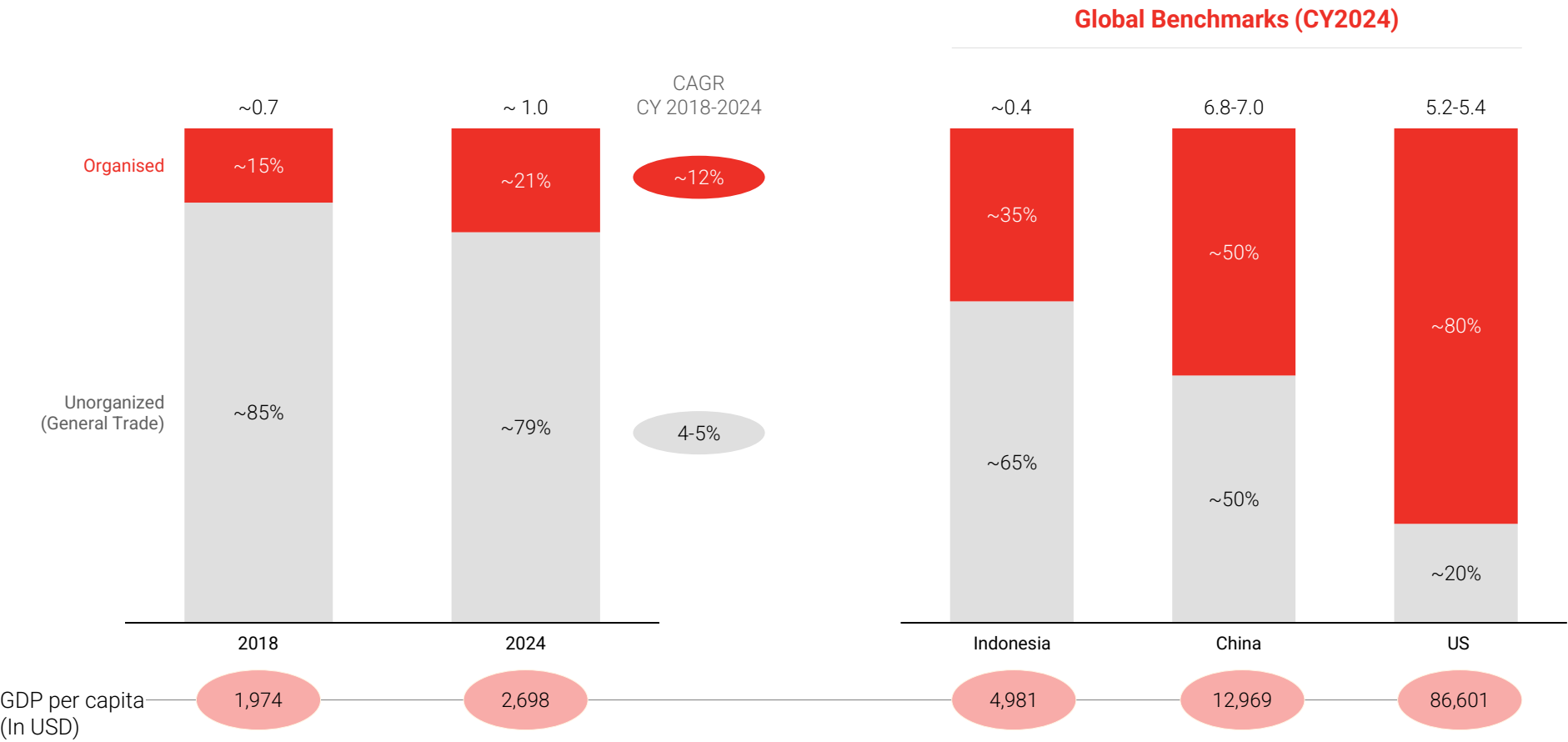


3

Organized Retail (Offline + Online) – Challenging the “Status Quo”

The high degree of supply fragmentation has led to the creation & sustenance of general trade in India

India Retail Market vs Global Benchmarks –Split by purchase channel
In USD Tn, In %, CY 2018, CY 2024

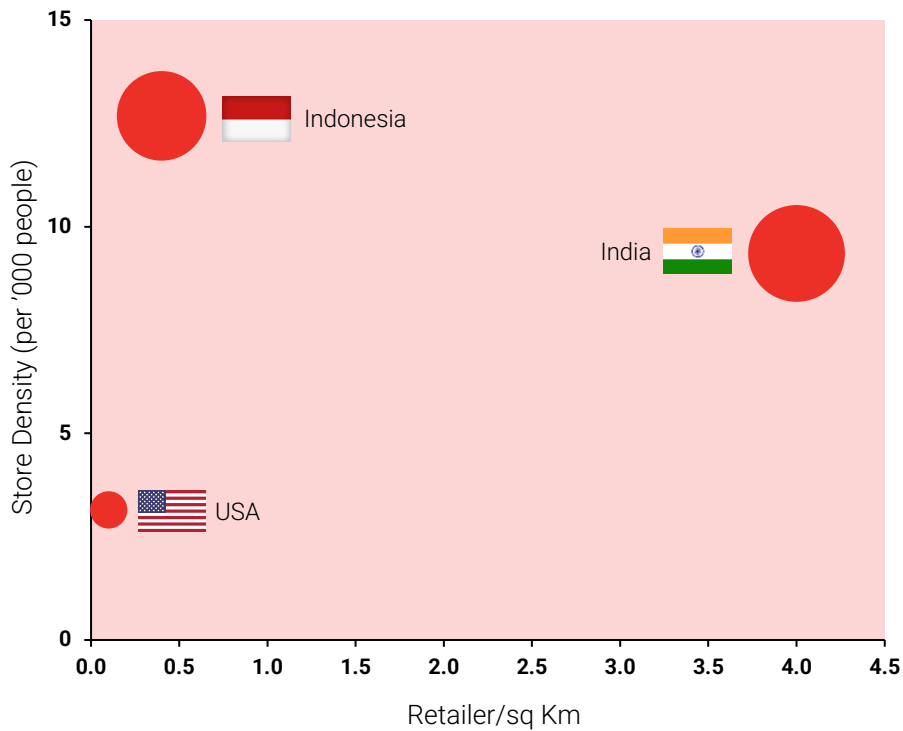


Benefiting from its accessibility, ability to enable small transactions, and strong supply chain integration

Factors Leading to Sustenance of General Trade in India

1. Highly accessible, even in the remote parts of the county

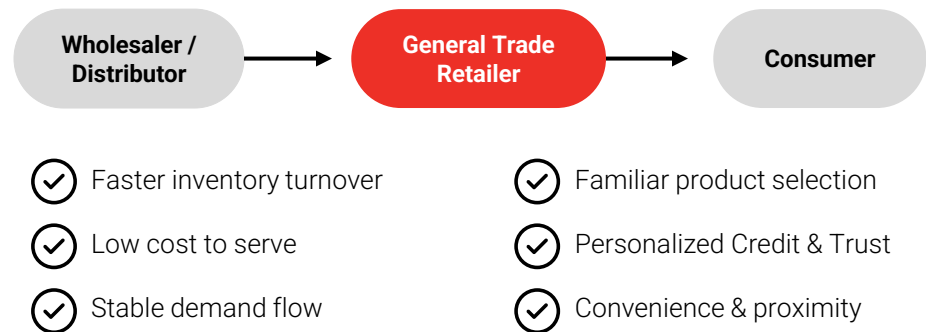
● Size of the bubble indicates share of General Trade



2. Ability to economically support small transactions

- **Minimal Operational Costs:** operate with lean manpower, lower rental expenses, and minimal tech infrastructure
- **Lower Marketing Costs:** local word-of-mouth is the primary source of marketing
- **Lower Discounting Pressure:** Unlike Modern Trade and e-commerce, GT stores typically sell products at MRP, with minimal discounting pressures on their P&L

3. Strong supply chain integration

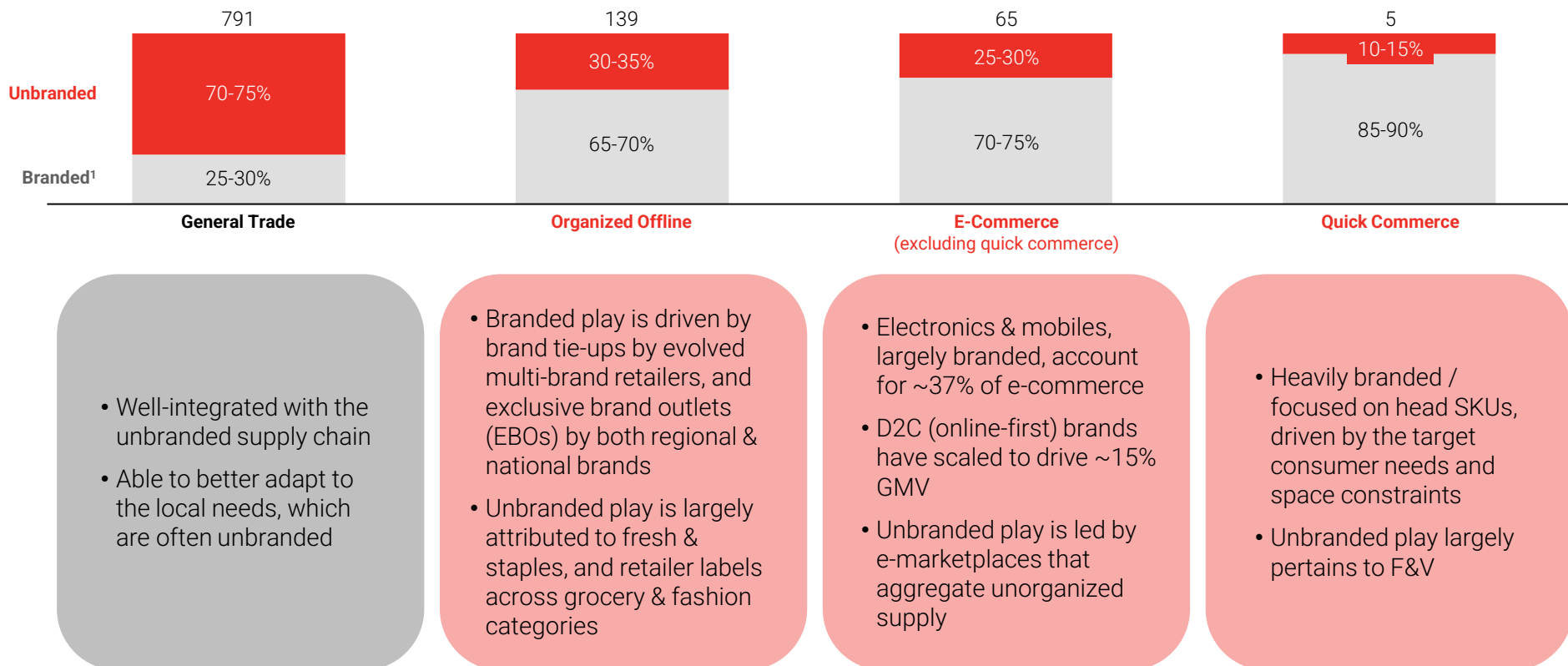


Note(s): 1. 'udhaar' is informal credit extended by retailers to end-consumers, 2. LHS data-points are for CY 2024

While catering effectively to the local tastes & preference

India Retail Market – Split by Branded and Unbranded market

In USD Bn, In %, CY 2024



Organized channels: High potential to expand in the unbranded domain

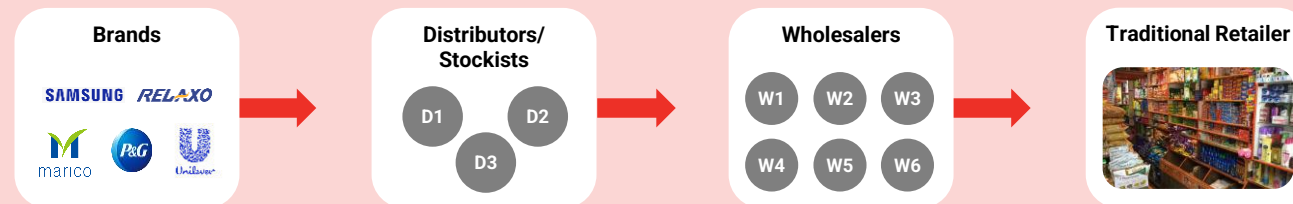
Note(s): 1. Branded includes PAN India Brands, D2C Brands and Regional Brands, 2. E-commerce and Quick-commerce figures indicate GMV at selling price

However, they are fed by a highly inefficient value chain

GT Value Chain in India

Branded Traditional Retail Value Chain

FMCG, Electronics, Fashion, GM

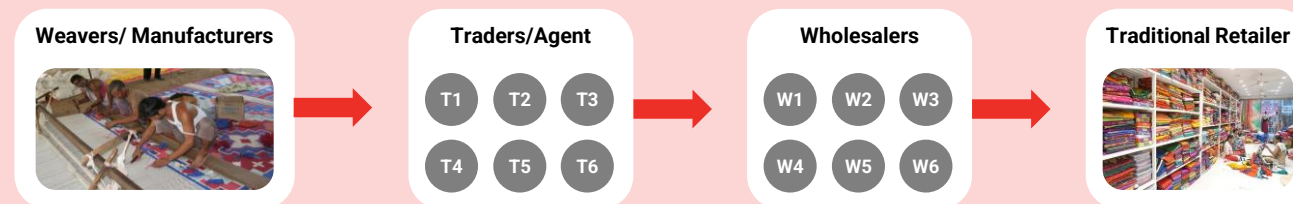


Unbranded Traditional Retail Value Chain

Staples/ Fresh



Lifestyle/ General Merchandise



Impact of inefficient sourcing value chain

1. Higher prices:

margin leakages due to multiple intermediaries inflate end-consumer costs

2. Frequent stockouts:

owing to sourcing dependency on multiple unorganized intermediaries

3. Quality deterioration:

Suboptimal storage, longer supply chains, compromise product integrity

4. Price fluctuations & lack of transparency:

Multiple intermediaries and informal pricing structures lead to inconsistent costs for consumers

And operate very informally

GT Operational Challenges

1



Limited market intelligence

Depends on anecdotal knowledge over data-driven insights on demand, category trends, customer behavior etc.

2



Informal manpower

Family-run stores with workers lacking formal training and digital literacy

3



Space constraints

Limited storage space restricts the assortment width, impacting both variety & availability

4



Poor inventory management

Manual processes leading to poor demand forecasting, and frequent stockouts

5



Capital limitations

Dependence on self-financing or informal credit

6



Infrastructure limitations

Lack of advanced infra (e.g. cold storage) and tech adoption (e.g. variety of payment options)

IMPACT

- Suboptimal product assortments
- Stock imbalances

- Poor service quality

- Customer drop offs
- Poor customer engagement
- Lower bill values

- Customer drop offs
- Poor customer engagement

- Restricted business expansion
- Assortment limitations

- Assortment limitations
- Customer drop offs

Leading to sub-par experience for the end-consumer

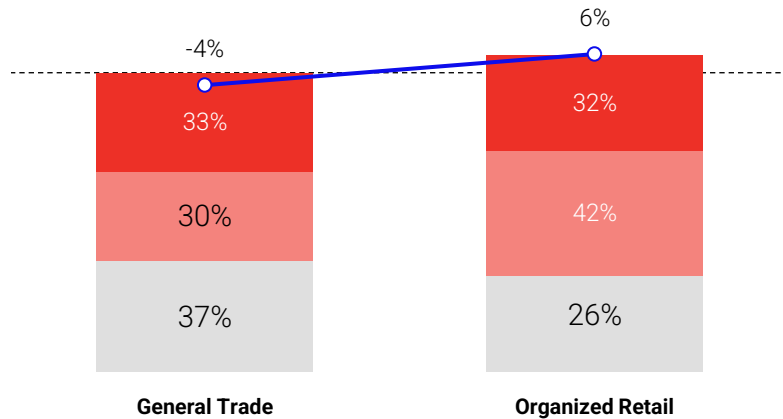
Overall NPS Promoters (9-10) Neutral (7-8) Detractors (1-6)

NPS – Channel Preference

In %, N = 1201

Q. On a scale of 0-10, how likely would you recommend below platforms to a friend/ family member? (0-not likely, 10-very likely)

~10% better NPS for organized channel

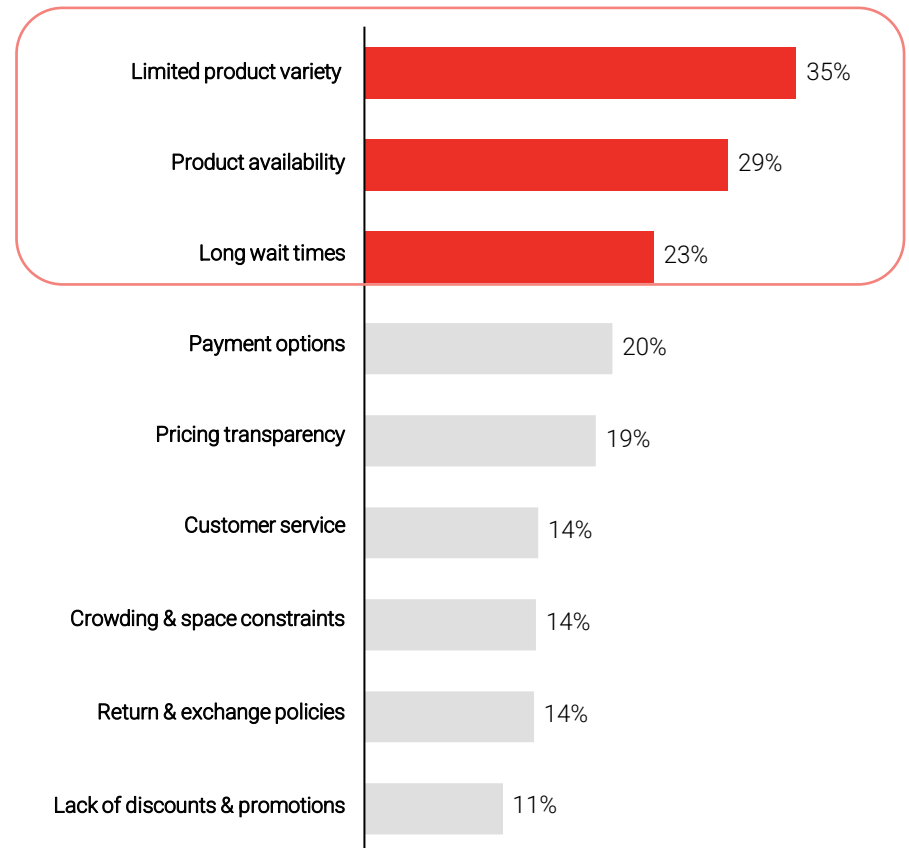


NPS %	<5 LPA	5-10 LPA	10+ LPA	Metro	Non-Metro
GT	12%	-6%	-23%	-21%	3%
Organized	-1%	3%	18%	4%	8%

General Trade – Top Challenges

In %, Top 3 Ranks, N = 1201

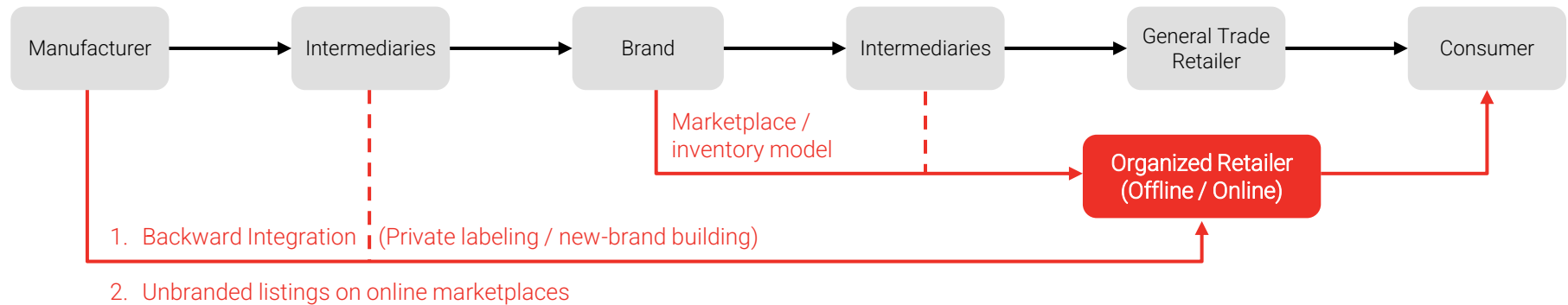
Q. What are the top 3 challenges you face while shopping at a general trade shop?



Organized retailers (offline + online) are effectively solving for these challenges

Organized Retail (Offline + Online) Solutions for GT Limitations

1. Aggregation of value pool by eliminating intermediaries, enables retailers to deliver better value to consumers



2. Use of advanced tech and infra, enables provision of better assortment and convenience to the consumer

1. Wide, Curated and Good Quality Assortment

- Large sized stores with additional storage facilities
- Aggregation of multiple suppliers by online inventory-less marketplaces
- Advanced intel to offer assortment in-line with the latest trends, and customized as per consumer persona
- Infra investments (e.g. cold storage, quality checks etc.)

2. Improved Purchase Experience

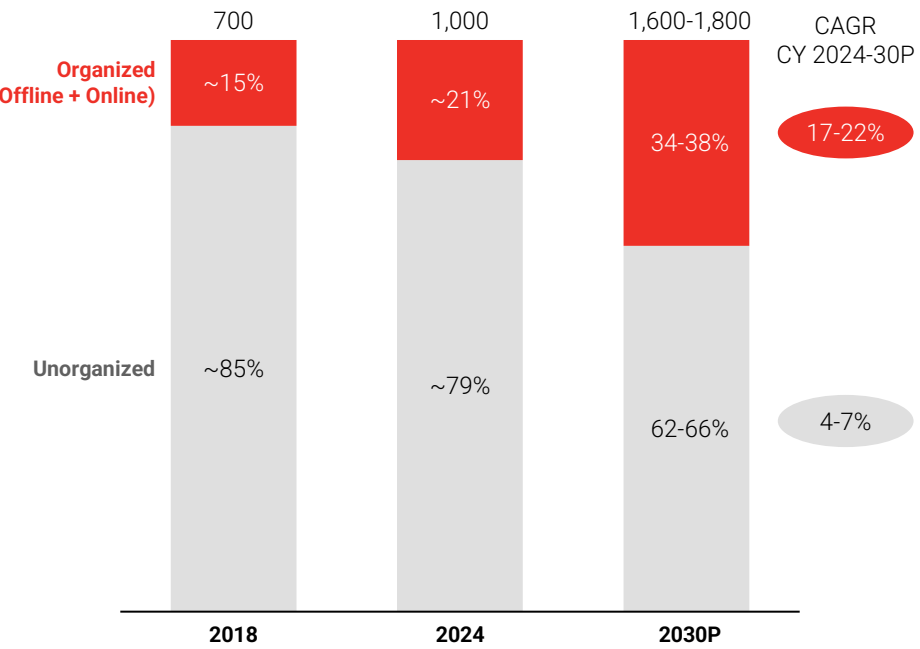
- Assistance by well-trained staff / influencers
- Easier discovery of products through efficient in-store arrangement, digital store catalogue, and filters available on e-commerce
- Multiple payment options, integration of reviews & ratings, ability to replace & return

3. Convenient & easy access

- Advanced stock replenishment systems
- Strategic store locations, enabling easy reach for the target customer cohort
- Efficient doorstep delivery through tech-enabled logistics (in case of e-commerce)

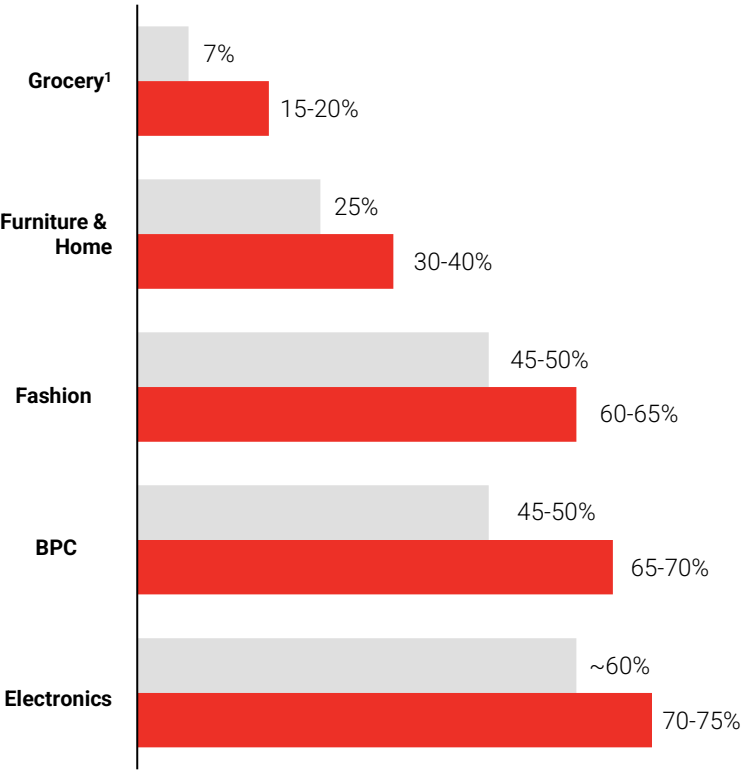
Enabling them to grow swiftly, and become a formidable USD 600 Bn+ segment by 2030

India Retail Market –Split by purchase channel
In USD Bn, In %, CY 2018, CY 2024, CY 2030P



Organized channel to expand to USD 600 Bn+ retail spends in India by 2030

Organized Retail Evolution by Category
% of Retail, CY 2024, CY 2030P



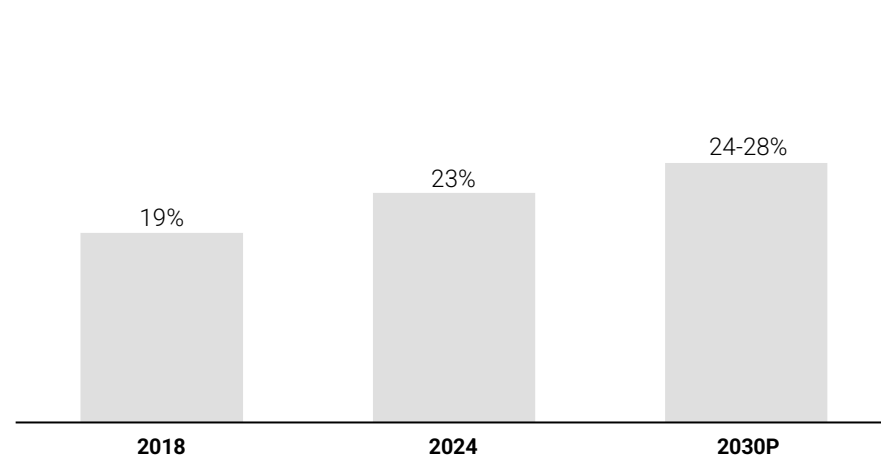
Note(s): 1. Grocery includes fresh, staples, and FMCG

At this pace, organized retailers are projected to capture a larger share of the market than pan-India brands

Pan-India Brands vs Organized Retail – Power Dynamics

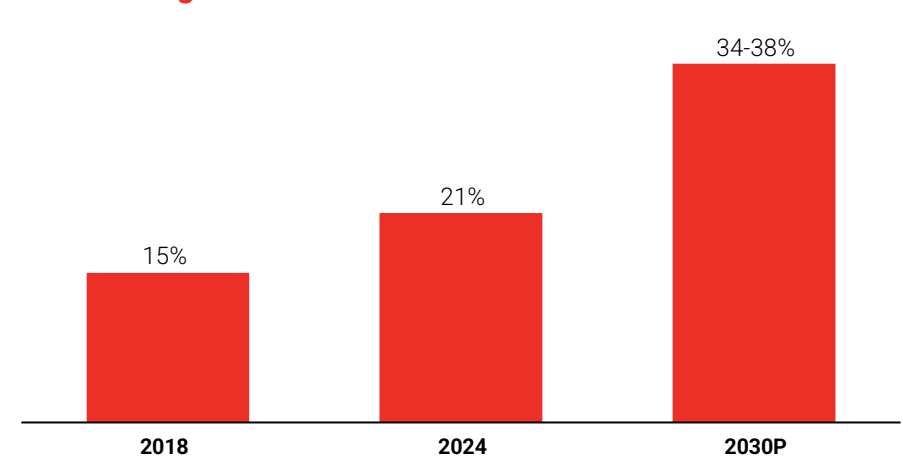
% of Retail, CY 2018, CY 2024, CY 2030P

Pan India Brands as % of India Retail



- Increased dependency of pan-India brands on organized retailers, impacting their bargain power
- Distribution as a long-standing moat for pan-India brands, is likely to get diluted

Organized Retail Channel as % of India Retail



- Organized distribution is expected to expand considerably beyond the supply of legacy pan-India brands owing to:
- Logistics innovations enabling wider reach and profitable low-ticket servicing
 - Agility in adapting to shifting consumer preferences
 - Innovative supply creation by organized retailers (unbranded supply aggregation, backward integration, private labels etc.) and rise of brands focused on organized formats (D2C)

Brand <> channel power
dynamics, to shift in the
favor of organized
channel partners





4

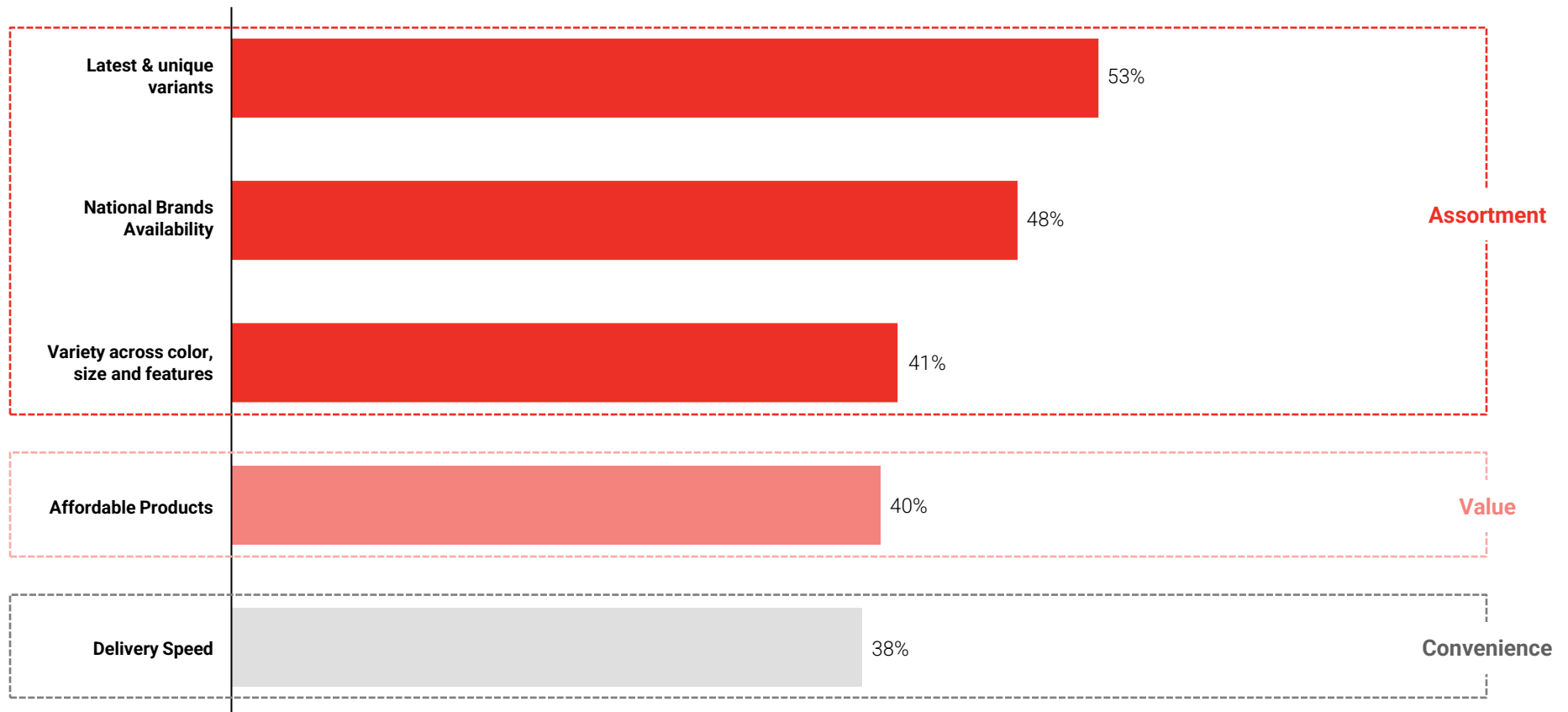
Multiple organized retail models to scale and win

Consumer purchase factors can be broadly grouped into 3 segments – assortment, value, and convenience

Important decision factors while shopping

In %, Top 3 Ranks, N=1201































Q. Rank the importance of the following factors



Multiple organized retail models are evolving alongside this trinity – indexing differently on the three aspects

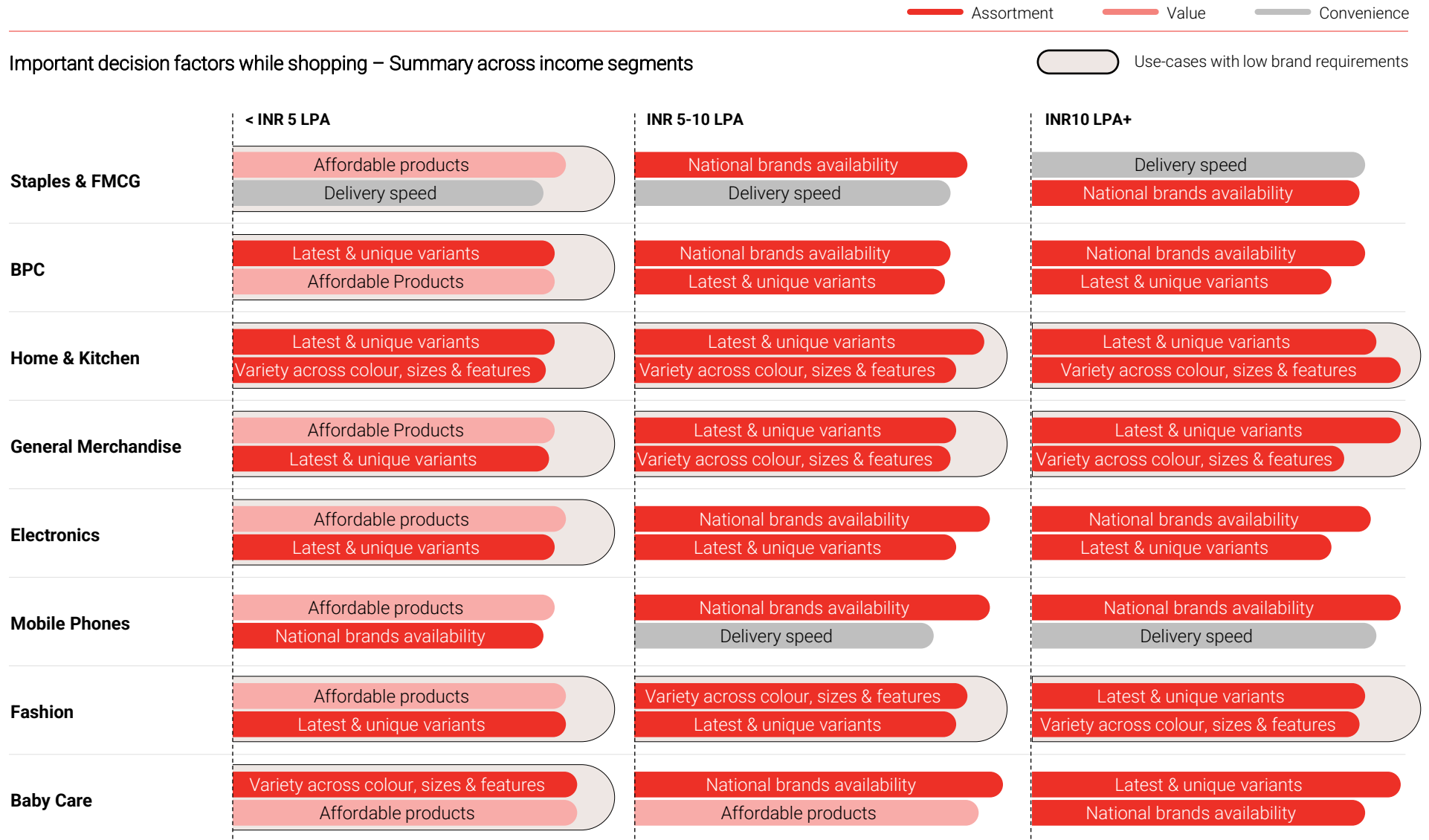
Relative strength of positioning: Low  High

Leading Organized Retailers – Indicative Positioning

Leading Organized Retail Platforms	Convenience	Assortment	Value
    			
    			
 			
 			
  			
    			
			

Note(s): 1. Logos include a sample of leading retailers and aren't exhaustive. 2. Positioning gradient is indicative, 3. Assortment is a combination of multiple factors, such as variety across product features, colors, styles, tastes etc., latest & unique trends (in terms of designs, tastes, ingredients), and availability of well-known brands, 4. Convenience corresponds to the ease and speed of access to products, 5. Value corresponds to the availability of products at affordable price-points

Enabling different models to appeal to distinct consumer needs – that vary considerably by demographics and use-case



As illustrated below for a few use-cases (1/2)









Assortment

Value








Convenience

Consumer Preferences Illustration

❖ Indicates the preferred purchase channel

	 <p>< INR 5 LPA</p> 	 <p>INR 5-10 LPA</p>	 <p>INR 10 LPA+</p>
	<ul style="list-style-type: none"> Prefer low-cost synthetic or cotton sarees Occasion-based needs, cultural preferences & trend influence ❖ GT, e-commerce 	<ul style="list-style-type: none"> Preference for affordable silk-blend or lightweight designer sarees Prefer to buy from regional brands / unbranded products ❖ Regional EBOs, GT, E-commerce 	<ul style="list-style-type: none"> Pure silk, handloom, or exclusive designer sarees – typically for special occasions ❖ Luxury boutiques, brand showrooms
	<ul style="list-style-type: none"> Look for basic coverage & long wear Prioritize affordability over brand Prefer local & mass-market brands ❖ GT 	<ul style="list-style-type: none"> National brand reliability for quality, but typically purchase entry-level SKUs Seek latest & unique variants like matte, dewy, or serum-infused foundations ❖ MT MBOs, GT, e-commerce 	<ul style="list-style-type: none"> Prefer customized shades & skin benefits (SPF, hydration) Premium & high-performance brands Few use-cases for instant delivery, such as gifting, urgent need etc. ❖ E-commerce verticals, MT MBOs, brand showrooms, quick-commerce
	<ul style="list-style-type: none"> Budget-friendly options from national / global brands ❖ E-commerce (festive sale events), GT 	<ul style="list-style-type: none"> Brand trust & reliability drive decisions Seek value-for-money, wide feature set, available at affordable price-points ❖ E-commerce (festive sale events), MT MBOs 	<ul style="list-style-type: none"> Preference for premium brands and latest models Fast delivery ❖ E-commerce, national / global brand EBOs, quick-commerce
	<ul style="list-style-type: none"> Prefer compact and functional designs, available at affordable price-points ❖ GT 	<ul style="list-style-type: none"> Balance quality & variety in materials & styles Seek latest & unique variants for home aesthetics ❖ GT, MT MBOs, e-commerce 	<ul style="list-style-type: none"> Preference for premium brands & craftsmanship Customization & designer options for exclusivity Moderate budget limitations ❖ Premium furniture stores

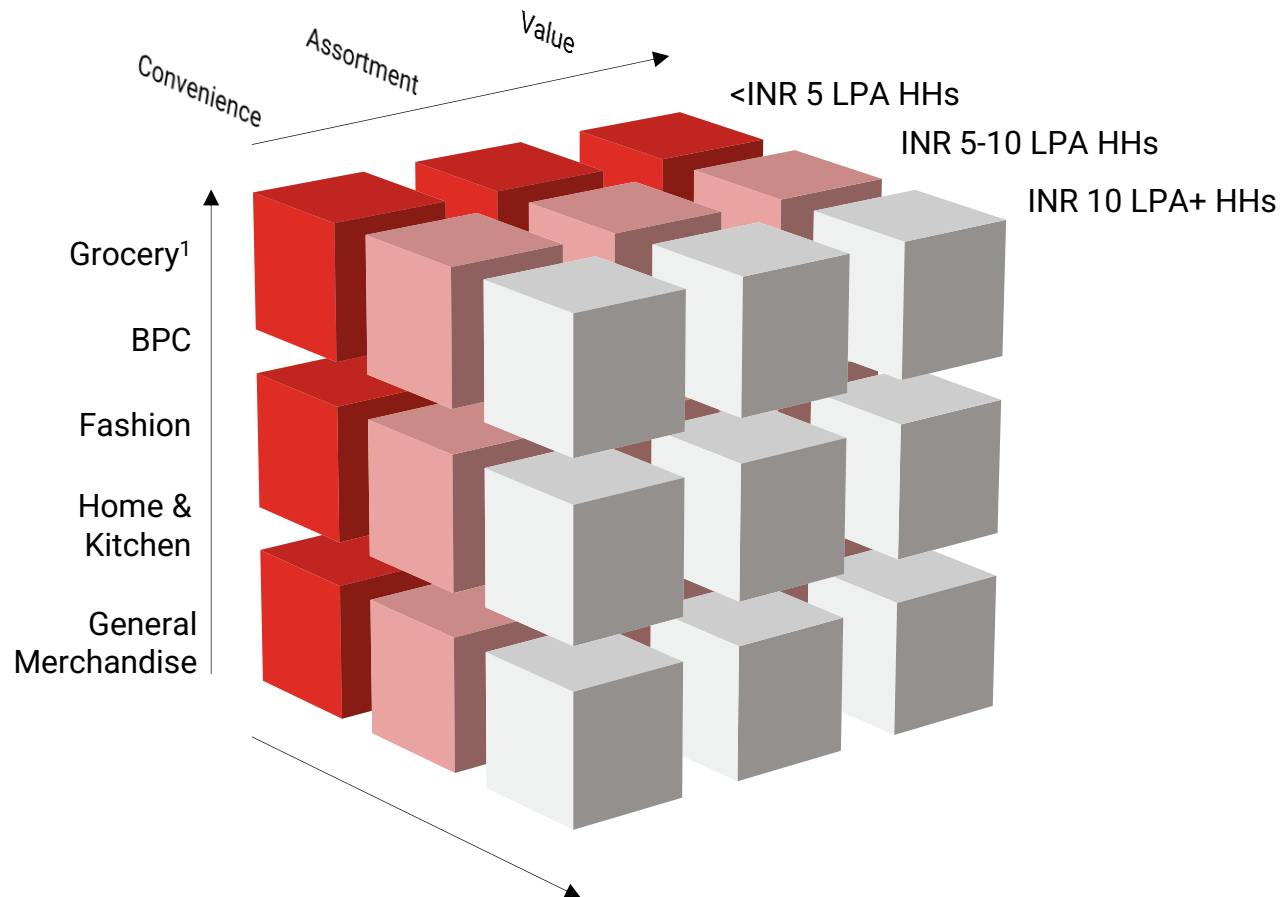
As illustrated below for a few use-cases (2/2)

	Assortment	Value	Convenience
Consumer Preferences Illustration			
	❖ Indicates the preferred purchase channel		
	<p>< INR 5 LPA</p> 	<p>INR 5-10 LPA</p> 	<p>INR 10 LPA+</p> 
	<ul style="list-style-type: none"> I look for trendy tops under ₹300 that reflect latest fashion styles without stretching my budget ❖ GT, brand stores / MT MBOs 	<ul style="list-style-type: none"> Explore different sleeve styles, fits & colors, though constrained on budgets ❖ Brand stores / MT MBOs, e-commerce 	<ul style="list-style-type: none"> Prefer exclusive styles from updated collections Seek standout designs & well-fitted silhouettes ❖ Premium brand stores, e-commerce verticals
	<ul style="list-style-type: none"> Choose low-cost packs (₹10–₹20) from nearby Kirana stores Look for instantly available SKUs ❖ GT 	<ul style="list-style-type: none"> Prefer familiar brands like Lay's or Kurkure • Fast delivery is important for instant snacking use-cases ❖ GT, quick commerce 	<ul style="list-style-type: none"> Prefer healthy options from trusted brands Look for instant delivery ❖ MT MBOs, e-commerce
	<ul style="list-style-type: none"> Pick low-priced clocks that suit room aesthetics Compact, trendy designs under budget ❖ GT, e-commerce 	<ul style="list-style-type: none"> Look for funky shapes or colorful variants Balance aesthetics with functionality • Needs to fit into budget ❖ GT, e-commerce, MT MBOs 	<ul style="list-style-type: none"> View clocks as decor pieces; prefer statement styles • Designer options with custom features from premium furniture & decor stores • Moderate budget limitations ❖ Premium stores, e-commerce, GT
	<ul style="list-style-type: none"> Focus on affordable & fun toys for kids Value engaging play within a limited budget ❖ GT 	<ul style="list-style-type: none"> Seek variety in shapes, colors, and themes Like rotating options to keep playtime exciting • Needs to fit into budget ❖ GT, e-commerce 	<ul style="list-style-type: none"> Prefer latest toy designs from trusted brands Choose products that align with child's interests • Moderate budget limitations ❖ Brand outlets, e-commerce, GT

Given the significant variation in consumer needs, there is need for multiple organized retail models to scale

Future of Organized Retail

Organized Retail Positioning Cube: Demographics X Category X Consumer Needs



Need for multiple models to scale and sustain, enabling organized retail to win alongside the widespread GT-led distribution

Note(s): 1. Grocery includes fresh, staples, and FMCG

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