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How the lockdown gave impetus to regional brands of essentials

By Kishan Modi- February 9, 2021

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The pandemic led sudden lockdown in India, that began towards the end of March'20, had crippled the retail industry and paralyzed the entire supply chain and logistics of national brands of essential products.



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The uncertainty of the duration of lockdown drove people to panic and they started crowding retail stores to buy daily essentials in larger quantities to store at home. Stocks of essentials products flew off the shelves within days and there was no immediate method of replenishment that was available at that time as warehouses and inter-state borders were shut.

This made way for local or regional brands – which had local manufacturing units and distribution networks – to plug the supply gap. Regional brands have a more local supply chain, which made it easier for them to manage disruptions in times like these. With brands of choice being unavailable, consumers were then left with no choice than to explore smaller regional brands and private labels for their essential needs. Leading brands started to lose market share to readily available brands.

A McKinsey research report suggested about 65 percent of the consumers ended up trying new or alternate brands, of which nearly 10 percent intend to not switch back.

The dairy products' market began to see an accelerated shift from loose or unbranded to the packed segment as consumers started to become increasingly conscious about hygiene and safety aspects. More and more consumers began to prefer branded packaged products like paneer, khoya and milk instead of buying them unbranded or loose. Many regional dairy products brands like ours gained a great deal in this phenomenon during the lockdown and the repeat demand encouraged us to expand our footprints to other states as Unlock began.

Consumers were pleasantly surprised by the quality and experience of the new brands and happily got hooked to it. Also, familiarity with the brand increases as people consume it, and it changes opinions towards it. Prime Minister Narendra Modi's 'vocal for local' vision added further impetus and created wider acceptance amongst consumers to try local brands and give way to Regional Indian Manufacturers.

The outlook for the dairy sector in India continues to be favourable on the back of government support, increasing population, per capita consumption, and expenditure on value-added products. The Government of India continues to encourage better productivity, reduced input cost, and better-quality milk and milk product, the competitiveness, and profitability in the Indian dairy sector leading to improved demand for dairy products in the domestic and international markets.

The biggest component of India's dairy market is liquid milk, which is estimated to be around 58 percent (Dairy India, 2017) followed by khoa, chhana and paneer used as base material for a variety of indigenous sweets and preparations, followed by ghee.

The growing demand for different dairy products is expected to provide an opportunity to expand a range of value-added products, and especially in introducing a variety of Paneer products. However, more focus on modern processing techniques, building a modern supply chain, and marketing infrastructure, will be important for meeting international quality requirements.

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