

The Packaged Juices Market in India

The Indian Fruit Juices Market

Within the beverages market, the fruit-based beverages category is one of the fastest growing categories, and has grown at a CAGR of over 30% over the past decade. At present, the Indian packaged juices market is valued at INR 1100 crore (~USD 200 million) and is projected to grow at a CAGR of ~15% over the next three years.

The packaged fruit juices market can be divided into three subcategories, viz. fruit drinks, juices, and nectar drinks. Fruit drinks, which have a maximum of 30% fruit content, are the highest-selling category, with a 60% share of the market. Frooti, Jumpin, Maaza, etc. are the most popular products in this category. Fruit Juices, on the other hand, are 100% composed of fruit content, and claim a 30% market share at present. In contrast, nectar drinks have between 25-90% fruit content, but account for only about 10% of the market.

The rising number of health-conscious consumers is giving a boost to fruit juices; it has been observed that consumers are shifting from fruit-based drinks to fruit juices as they consider the latter a healthier breakfast/snack option.

A Competitive Landscape

Dabur is the market leader in the Indian packaged juices market with its brands Real and Real Activ. It accounts for ~55% of the total packaged juices market, and is followed by PepsiCo with a ~30% share. Other players include Parle, Fresh Gold, and Godrej.

Some of the other brands of fruit juices and drinks include Frooti, Appy, Mazza, Minute Maid, Slice, Fresh Gold, and Del Monte. Considering the attractiveness of the segment, such diversified consumer food companies as ITC are working towards a foray into Packaged Juices.

Preferred Pack sizes

As per studies, the most preferred pack size is the individual (small) pack which is convenient, and easy to carry and consume. These are in great demand as out-of-home consumption is on the rise. Consequently, there is a growing consumer base, and also intense competition. Tetrapaks are most popular among manufacturers as well as consumers. Some companies are also offering their products in tins (e.g. Del Monte) and PET bottles (e.g. Mazza); however, they are more expensive than Tetrapaks, which adds to production costs, and, as a result, affects the market price.

Fruit juices have created a space for themselves in regular household menus, as a part of a family's breakfast, social gatherings, and evening snacks. As a result, consumers are picking up multiple family packs at one go, which is an emerging consumption trend.

Growth drivers

There are several reasons behind the growth the Indian Packaged juices category has realized; some of these are mentioned below.

- **Changing consumer lifestyles:** Given the change in eating habits, the wider global exposure, and the growing time-poverty, has provided a fillip to the convenience food segment. Again, consumer preferences are shifting towards healthier lifestyles. As a result, the packaged juices market has charted a high growth trajectory thanks to its easy availability, anytime-anywhere consumption, and convenience. Juices are often seen to be quick, yet nutritional, fillers.
- **Increased Health Awareness:** The rising awareness about heart- and weight-related health issues, especially among teenagers and young adults, has propelled the consumption of packaged fruit drinks. There is also a greater preference for these "healthier" beverages than carbonated soft drinks.
- **Hygiene matters:** Juices are healthy only when prepared hygienically. Packaged juices from trusted national and international brands have usually been prepared and certified to be in accordance with health and safety regulations. They thus underpin the confidence of consumers in considering them to

be a healthy and convenient option, as compared to the fresh juices available at local joints and street stalls.

- **Growing category of informed buyers:** There is a growing category of informed buyers who are able to distinguish between fruit-based beverages and fruit juices. These consumers are health conscious, highly aware, and have higher disposable income. They have, therefore, led the demand for 100% fruit juices in the past couple of years.
- **Rising Disposable Incomes:** In the past few years, there has been a sharp change in the number of nuclear families, in tandem with a surge in the number of working couples, which has led to higher disposable incomes. This has aided the affordability of packaged fruit juices, which are fast replacing fresh, homemade juices and becoming a compulsory item on breakfast tables.
- **Booming modern retail:** The dynamics of growth in the fruit-based beverage space are attributed to modern retail and alluring shelf displays which drive impulse purchases.
- **Habitual purchase:** The trend of consumers evolving from fruit drinks in bottles to sweetened juices to 100% packaged juices has been observed largely in the past couple of years. Consumers are buying in greater quantities, for household consumption, and buying fruit juices is becoming more of a habitual purchase than a need-based purchase.
- **Introduction to new flavors:** To kindle consumers' interest in the category and also to cater to diverse and changing tastes, fruit juices providers are introducing new flavors and packaging options.

Key Challenges

Among all challenges, it is difficult to control the cost of production at the price points of juices, primarily because of rising food inflation. The continuous, year-long supply of raw materials, and the non-stop production of juices for the full season, is another production-linked issue which needs to be managed carefully. Also of vital importance is controlling transportation and logistics costs.

Packaged Juices are gradually cementing their place in the urban household in the metros and Tier I cities; however, replicating the same success in Tier II and Tier III cities is still a struggle as residents in these regions still prefer fresh juices over packaged ones as they are comparatively cheaper and also in sync with the traditional belief that juices are best consumed freshly pressed. Challenging and changing consumers' perspective on value for money, to grab a regular spot in the common household basket necessitates an aggressive stance towards improving consumers' awareness on the positive attributes of packaged juices and their merits over locally available options.

Opportunities

At the same time, the packaged juices market throws up many opportunities. Some of them are outlined below:

- **Shift towards 100% juices from sweetened juices:** This offers a wide opportunity to existing and upcoming juices manufacturing companies to spruce up their existing business and plan as needed for business or capacity expansion.
- **Healthy proposition:** it has been observed that consumers are making healthy choices in their beverage consumption; therefore, fiber-enriched juices and no sugar juices are more in demand. Some new juice variants claim to have no added sugar; this can be positioned as a health attribute, e.g. "Dry Fruit Apple Juice" by Balan Natural Foods
- **Unique offering:** Consumers are seeking unique fruit flavors apart from the usual mango, orange, or lime-based fruit juices. Companies intoned to identify some of the unique fruit juices that can be offered - "Dry Fruit Apple Juice" for instance, which is much sought after due to the nutritive benefits provided by the combination of dates, figs, raisins, almonds, and apple concentrate.
- **Wider Options:** Companies need to offer wider varieties and options for the consumer to choose from, ranging from "mixed" fruit juices to pure, single fruit juices to dry fruit juices. Thanks to higher incomes, consumers are willing to experiment with variety and pay a premium for such value-added products.

- Product extension: There has been some recent product extension, e.g. Tropicana launched Tropicana Fruit Powder with no preservatives or artificial flavors, which will be available in single-serve sachets and can be made into a full glass of juice simply by adding water.

It is appropriate to say that the packaged juices market in India is still evolving. As there are many national and international brands on the verge of succeeding and expanding further into the field, new entrants can also cash in on this opportunity by positioning/promoting packaged and bottled fruit juices as part of the consumers' daily diet. Simultaneously, it is critical to ensure affordability for consumers, while maintaining the hygienic aspects and quality of products throughout the year.

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