

Markets in Profile: India and Sri Lanka

Two South Asian emerging markets are attracting attention from a growing number of Australian food and beverage exporters.

KEY MARKET TIPS

- Small quantities of high-value and shelf-stable products are ideal for these markets
- Be prepared and persistent. Invest time in developing the partnership with your importer, this may take 4-5 trips
- Stay focused on the long-term investment as it takes time to build your brand presence
- When launching, look to what others in your category are spending
- Educate yourself on packaging standards

Australia enjoys an increasingly strong bilateral relationship with Sri Lanka and India. Steady economic growth, a reliance on imports, and updated food standards make these markets major export opportunities for Australian food and beverage manufacturers.

Dr Michele Allan, Food Innovation Australia Limited's (FIAL) Chair, joined Hon. Simon Birmingham, Minister for Trade, Tourism and Investment, on a recent trip to the region. They went to meet retailers, the Sri Lankan Ambassador, and representatives from food standards. They returned with a wealth of valuable insights.

THE OPPORTUNITIES

With 30-80 million people that can afford imported food, Sri Lanka and India represent a market 2-3 times the size of Australia's population. Brand recognition for Australian products is strong, and with updated food standards, exporters can capitalise on Australia's reputation for being a source of premium products.



KEY FIGURES

- Populations: 21 million (Sri Lanka) and 1.37 billion (India)
- 500 million customers use smart phones to purchase groceries



Meetings with retailers, including food halls and online shopping sites such as Keels and Amazon, revealed the following trends:

- With a high proportion of the Sri Lankan and Indian populations being vegetarian, the majority of imported foods are plant-based.
- Growing demand for Manuka honey, wine, breakfast cereals, wellness teas and coffee, chocolates, spreads and sauces, vegan products, organic and 'free-from' foods.
- Shelf-stable products work best.
- A gap exists for products such as fruit purees for babies.
- The market is well suited for manufacturers of small quantity, high-value products.
- Buyers are specifically looking to source niche products and international brands.
- With over 70% of Indians having a smartphone and many cities not having good retail outlets, e-commerce has been a gamechanger. Consumers are increasingly turning to websites such as Amazon and Meatigo to buy food. Amazon alone has 100 million customers who buy online, with 40 million being repeat customers. Food currently makes up 0.2% of all sales for Amazon in India.

THE THINGS TO CONSIDER

- Marketing: the channel to market and right size of packaging.



Packaging legislation is stringent and needs to be met exactly. For example, labelling needs to have production and batch dates, colour coding for vegan and vegetarian products. To launch a brand, look at what the best performing products in your category are spending. Consider partnering with a retailer such as Amazon that helps launch brands to market.

- **Cost:** tariffs and regulations for processed foods, maximum retail pricing, and retailers' high listing fees.

- **Logistics:** advantages of packing in Sri Lanka and then exporting to India. Cold chain works well in Sri Lanka but there are challenges in

India. This means frozen products need either a good importer or go straight to the supermarket.

Export-ready Australian food and beverage businesses should ensure Sri Lanka and India are considered in their global sales strategies. A large consuming middle class, with a growing willingness to spend on quality products, presents huge opportunities.