

Case Study: Expanding Cherry Sales in Chennai through Ninjacart

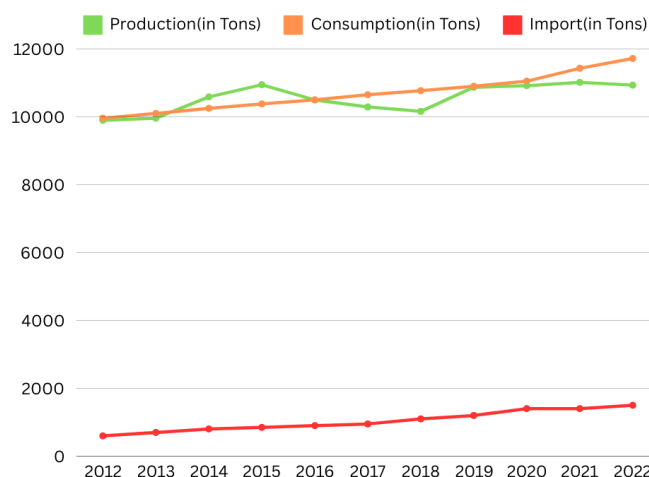
Introduction

As a business leader, you are considering the option of opening a new business within Ninjacart, a leading distribution partner in India. Your goal is to determine if Ninjacart can become the go-to distribution partner for cherry fruit brands in India. In order to make an informed decision, you will need to estimate the annual consumption of cherry fruits in India, understand the factors contributing to its growth, and evaluate the potential for sales in Chennai through supermarkets. Additionally, you will research Ninjacart's existing offerings and propose potential solutions to boost cherry sales in supermarkets.

Estimating Annual Cherry Fruit Consumption in India

According to a report by the Agricultural and Processed Food Products Export Development Authority (APEDA), the annual consumption of cherry fruits in India is estimated to be around 10,000 tons. This number is expected to grow due to various factors such as increasing health consciousness among consumers, rising disposable income, and growing awareness of the health benefits of cherries.

However, most of the cherry consumed in India is produced by the Northern states like Himachal Pradesh, Uttarakhand and Jammu and Kashmir. Cherry supply in India is also dependent on imports from other countries. In recent years, India has imported around 1,000 to 1,500 tons of cherries annually from countries like the U.S., Turkey, Chile, and New Zealand. This figure represents the bulk of cherry consumption as domestic production is still limited.



Year	Consumption (in Tons)	Production (in Tons)	Import (in Tons)
2012	9960	9,898	600
2013	10100	9,960	700
2014	10,250	10,586	800
2015	10,380	10,945	850
2016	10,500	10,497	900
2017	10,650	10,289	950
2018	10,770	10,159	1,100
2019	10,900	10,871	1,200
2020	11,050	10,918	1,300
2021	11,430	11,014	1,400
2022	11,720	10,934	1,500

Source: IndexBox

Factors Contributing to Growth in Cherry Consumption

- 1. Rising Disposable Income: Income Growth:** As disposable incomes increase, particularly in urban areas, consumers are more willing to spend on premium fruits like cherries. The expanding middle and upper-class populations have a greater purchasing power and are more likely to buy imported or expensive fruits.
- 2. Health and Wellness Awareness:** Cherries are rich in antioxidants and are marketed as a superfood, attracting healthy consumers. As awareness of the benefits of organic and chemical-free foods rises, there's increasing interest in fresh, premium-quality fruits like cherries.
- 3. E-Commerce Growth:** Platforms like BigBasket, Amazon Fresh, and Flipkart are making premium fruits more accessible to consumers across India. Better cold chain logistics ensure that perishable products like cherries can reach consumers in optimal condition, supporting higher sales volumes.
- 4. Seasonal Availability and Imports:** India imports cherries from countries like the USA, Turkey, and Chile. Increasing trade relationships and lowering of trade barriers can boost the availability of cherries year-round, enhancing their visibility and consumption. Importers and distributors work to provide cherries during off-seasons, thanks to advanced storage and supply techniques, which helps to keep demand consistent.
- 5. Urbanization and Lifestyle Changes:** Urbanization: With rapid urbanization, especially in Tier-1 and Tier-2 cities, there is a shift towards healthier, more diverse diets. Cherries, seen as a premium, health-conscious choice, are becoming more popular.

Estimating Annual Growth Rate of Cherry Consumption in India

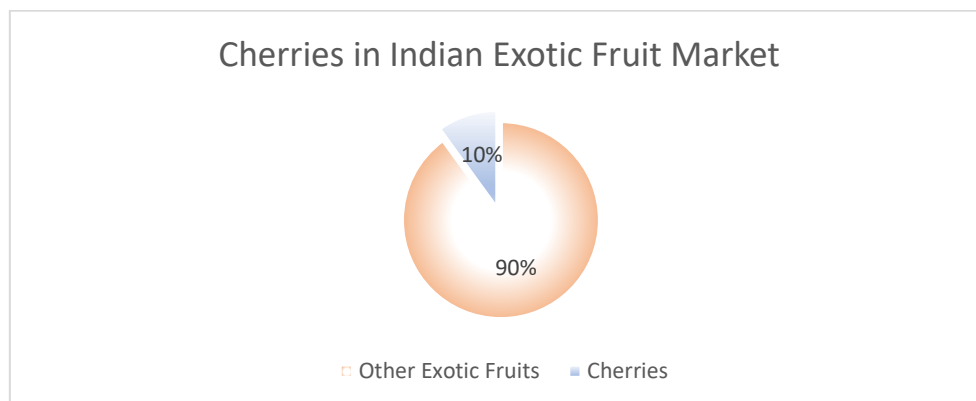
The annual growth rate of cherry consumption in India from 2012 to 2022 is estimated at approximately **1% to 1.5%** per year. During this period, cherry consumption increased from around **9,960 tons in 2012 to about 11,720 tons in 2022**. The highest growth rate was seen in the year **2021 – 2022 at approximately 2.5%** increase.

This steady growth has been driven by both domestic production and increasing imports, with more cherries being imported from countries like Chile, the U.S., and Turkey.

According to recent data from the Food and Agriculture Organization (FAO) and industry surveys, the exotic fruit market in India is valued at approximately **INR 3,000 crore**. Within this market, cherries account for an estimated **5-10%** worth **INR150 crore – INR 300** crore share, positioning them as a significant component of the exotic fruit segment.

Further research and market surveys indicate that cherry consumption in India is poised for robust growth, with an anticipated compound annual growth rate (CAGR) of **8-12%** between 2024 and 2032. This growth trajectory is driven by several key factors, including **rapid urbanization**, increased **social media engagement**, and the rising **popularity of cherries among younger demographics**. These factors contribute to an expected overall cherry consumption growth rate of **10-15%** during this period.

Hence considering research figures and rationale assumptions cherry consumption rate in India is estimated to see a growth of **10% - 15% CAGR**



Considering the Upper Value (Best Condition): 2024

Exotic Fruit Market: INR 3,000crore

Cherries: INR 300crore

Calculating growth rate with 15% CAGR: 2032

Exotic Fruit Market: INR 9,177crore

Cherries: INR 882crore

Key Factors Supermarkets Will Evaluate Before Buying Cherries

After visiting supermarkets in Chennai and speaking with owners, the following key factors were identified as crucial for their decision to buy cherries:

1. **Quality and Freshness:** Supermarkets prioritize fresh and high-quality produce to maintain their reputation and attract customers.
2. **Pricing:** Supermarkets need to ensure competitive pricing for cherries in order to make a profit and remain competitive in the market.
3. **Demand and Consumer Preferences:** Supermarkets will evaluate whether there is sufficient demand among their customer base for premium fruits like cherries.
4. **Shelf Life:** Supermarkets prefer fruits with a longer shelf life to reduce wastage and increase profitability.
5. **Packaging and Branding:** Proper packaging to ensure fruit safety and attractive branding can make a difference in consumer purchasing decisions.

How Many Supermarkets in Chennai Will Buy Cherries?

The demand for exotic fruits, including cherry, is rising in Chennai, particularly in affluent neighbourhoods.

Chennai is home to between **500 and 700 supermarkets**, comprising both major chains like Reliance Fresh and Big Bazaar as well as smaller independent retailers.

According to studies, because these shops serve a more affluent clientele, **10%-15%** of them are likely to carry premium fruits like cherry. This allows us to estimate the number of supermarkets in Chennai that would purchase and sell cherries: 75–140.

Let us consider **90 supermarkets** will buy cherries from us it includes large supermarkets like Reliance Fresh, Big Bazaar, Spencer's Retail. Malls such as Phoenix MarketCity, Express Avenue Mall and Forum Vijaya Mall. Independent Fruit sellers and Speciality Shops such as Fruit Shops on Greaves Road, Lulu Hypermarket, Golden Fresh Fruits and small retail vendors.

Assumptions:

Average price of cherries: INR 1,000 to 1,500 per kg.

Each supermarket sells 50 kg of cherries per month.

Number of supermarkets: 90 (based on the earlier range).

Calculation:

Monthly sales volume: 90 supermarkets x 50 kg = 4,500 kg (4.5 tons).

Monthly sales revenue: 5,000 kg x INR 1,000 to INR 1,500 = INR 50 lakh to INR 75 lakh.

Therefore, the monthly sales potential via supermarkets in Chennai could be estimated at **INR 0.50cr to INR 0.75cr**.

Profitability of The Venture:

Monthly Revenue:

Lower Range Revenue: INR 50 lakh/0.50cr

Upper Range Revenue: INR 75lakh/0.75cr

Production Cost:

INR 500 per kg (this includes growing, harvesting, and initial processing)

Total production cost = 5,000 kg × INR 500 = **INR 25 lakh**

Transportation Cost:

Assuming **INR 20 per kg** for moving the cherries from farms to supermarkets, factoring in cold storage trucks and logistics.

Total transportation cost = 5,000 kg × INR 20 = **INR 1 lakh**

Maintenance Cost:

Cherries require cold storage to maintain freshness. Let's assume **INR 10 per kg** for storage, quality control, and handling costs.

Total maintenance cost = 5,000 kg × INR 10 = **INR 0.5 lakh** (INR 50,000)

Other Operational Costs (Packaging, Marketing, Distribution):

Packaging, marketing, and general distribution overheads could be estimated at **INR 50 per kg**.

Total operational cost = 5,000 kg × INR 50 = **INR 2.5 lakh**

Total Monthly Cost:

25lakh + 1 lakh + 0.5lakh + 2.5lakh

INR 29lakh

Monthly Profit Evaluation:

Profit (Lower Range): 50lakh – 29lakh = **INR 21lakh/0.21cr**

Profit (Upper Range): 75lakh – 29lakh = **INR 46lakh/0.46cr**

Ninjacart's Existing Offerings and Additional Solutions to Boost Cherry Sales in Supermarkets

Ninjacart is a B2B Agri-tech platform that links farmers with merchants and eateries. Their primary objective is to establish effective supply chains for fresh produce, with a strong focus on timely delivery, competitive pricing, and waste reduction through their extensive logistical network.

Ninjacart's Existing Offerings: **Ninja Kisan**

Ninja Kisan is a farmer-centric initiative by Ninjacart, aimed at transforming the agricultural supply chain in India. It provides a tech-enabled platform that empowers farmers by giving them direct access to retail buyers, wholesalers, and other markets, bypassing traditional intermediaries. This results in fairer prices for their produce, enhanced transparency, and greater income stability.

Key Features:

1. **Market Price Insights:** Farmers receive real-time price data, enabling them to make informed decisions on the best times and locations to sell their produce.
2. **Supply Chain Optimization:** Ninja Kisan helps streamline the supply chain by using technology to match supply with demand, reducing wastage and improving efficiency.
3. **Financial and Logistical Support:** Farmers are provided with swift payments, access to credit, and logistics solutions such as transportation and cold storage, minimizing post-harvest losses.
4. **Quality and Quantity Assurance:** The platform ensures quality control measures that help farmers meet market standards, improving their ability to sell their produce to larger buyers.

Additional Solutions Ninjacart Can Provide:

1. **Enhanced Cold Chain:** Investing in cold storage and refrigerated transport to maintain cherry freshness.
2. **Marketing Boost:** Assisting supermarkets with cherry promotion through joint marketing efforts, in-store activities, and digital campaigns.
3. **Efficient Supply Chain:** Utilizing data analytics to predict cherry demand and optimize inventory, minimizing waste.
4. **Direct Consumer Sales:** Collaborating with online grocers or offering subscriptions to reach high-income consumers directly.
5. **Importer Partnerships:** Forming strategic alliances with cherry importers to ensure consistent supply and competitive pricing.

By leveraging these additional solutions, Ninjacart can boost cherry sales in supermarkets and strengthen its position as the go-to distribution partner for cherry fruit brands in India.