

A Compiled Review on D2C Agri Startup

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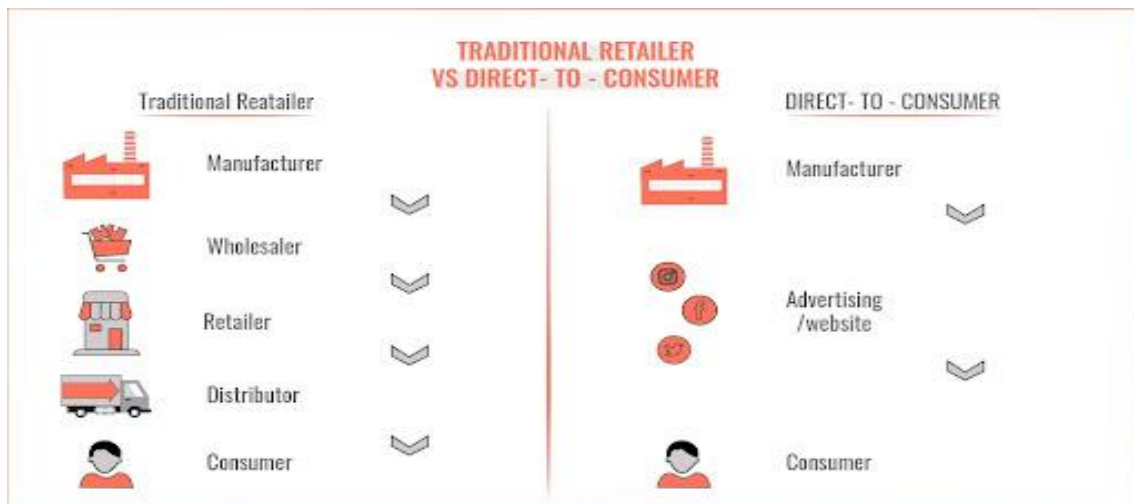
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Abstract – This paper is a review on D2C e-commerce and exhibits an impact of electronic business or e-commerce on agriculture sector. In this paper the emphasis is giving on the D2C e-commerce. D2C e-commerce is when manufacturers/producers sell their products online directly to end-consumers. Electronic commerce is a process of doing business through internet and computer systems. While sitting at home or office one can get the required item on a single click. You need not to go to market for purchasing the items like electronic goods, toys, apparels, medicine, gadgets, medicine and even vegetables and grocery. Every items is available at our fingertips now. One can buy it from anywhere in the world. We can purchase the items produced or manufactured around the globe. In India this trend has started in 90's and becomes very popular with the incredible use of Internet and PCs. Now a days most of the companies or startups are using the power of internet for their online business. Recently companies like Fraazo has established themselves as a pioneer Agri-Start-up in selling farm's products to consumers in cities like Mumbai and Pune and extending their stores in other cities too.

Keywords – E-commerce, Agri start up, D2C, Fraazo.

I. D2C E-COMMERCE

D2C e-commerce is when manufacturers/producers sell their products online directly to end-consumers [1]. Difference between D2C e-commerce and a traditional retailer business model?



D2C e-commerce is when the manufacturer/producer sells its products/produce directly to consumers from their web store. A more traditional retailer business model goes from the manufacturer/producers > to a wholesaler > to a distributor > to retailers > and then finally to a consumer.

The D2C e-commerce model quite literally “cuts out” the middleman. Research has also shown that 55% of consumers prefer to shop directly with the brand manufacturer over retailers.

The traditional retailer business model deals with bulk purchases, so for a manufacturer to start selling direct-to-consumer they'd have to start selling individual items. This essentially is why most manufacturers have not y-

-et switched to a D2C strategy, as their entire business revolves around selling products in bulk.

Benefits of D2C E-Commerce?

1. An omnichannel experience.
2. More control over brand reputation.
3. Truly understanding your customers.

II. AGRI D2C KEY DRIVERS

Players like Big basket, Fraazo, Grofers, Easy day, Food fund and many more in India and abroad are growing their business well. Discussions with various stakeholders in this fast growing farm-to-kitchen supply chain business reveal the emergence of the following 12 key drivers: [3].

Digitisation : order placement, product flow visibility, payment, etc.

Providing safety during pandemic, by preventing crowd mingling.

Convenience through home/doorstep delivery.

Freshness - reducing agri produce lead time from farm to kitchen.

Small and frequent orders - waste reduction through small batches by small families.

Easily relatable unit of measure - moving from kilograms to numbers or pieces.

Customer orientation - volume-variety flexibility and responsiveness by service provider.

Quality of produce - improved understanding and alignment to customer expectations.

Investment - cost effective and reduced complexity in warehousing.

Healthy inventory turns - a business driven by low turn-around-time.

Farmer engagement and robust logistics - improving entrepreneurship and infrastructure.

Better ecosystem awareness - low wastage, recyclable packaging and less carbon footprint.

III. CHALLENGE OF D2C E-COMMERCE

- Compete with retailers: With a D2C e-commerce strategy, the biggest challenge for manufacturers is having to compete with retailers. Retailers already have experience in selling to consumers and a good understanding of their clients and the retail market. **Large** customer order data handling and error-free order execution by the SMEs.
- **Varying** farm produce procurement lead time management due to uncertainties.
- **Availability** of variety of fresh farm produce and connect with farmers.
- **Informal** labour training for skill development and their retention in distribution centres.
- **Manual** packaging and associated productivity of deployed migrant labours.
- **Farm** produce matching of demand with supply quantity.

- **Waste** management at the distribution centre at the end of each day.
- **Dynamic** pricing strategy and barriers to prevent competitor entry.
- **Customer-end** digitisation readiness and retention of customers.

IV. EMERGENCE OF D2C BRANDS IN INDIA

Indian DC brands operate in a brand starved ‘neo-consumerist’ population and have the benefit of learnings from the mistakes of global counterparts. Today, India is witnessing the rise of D2C brands across categories and is estimated to have a USD 100 billion addressable market by 2025. The space has seen increasing funding activity in earlier stages. D2C brands such as Lenskart, Licious, Zivame, BoAt, Wow Skin Science, Healthkart, Mamaearth, MyGlamm, Sugar, IncNut, Country Delight, among others, are occupying niches, and creating aspirational brands and extraordinary value in their respective sectors [2].

V. ABOUT FRAAZO

Founded in 2019 by Kumar, Vikas Dosala, Sumit Rai, and Aashish Krishnatre, Fraazo owns the integrated supply chain for fresh produce, enabling swift movement, ensuring timely deliveries and reducing food wastage [6].

Fraazo aims to create a network of more than 500 dark stores across the top 15 cities. Currently, it operates in Mumbai and Hyderabad. Fraazo, a direct-to-consumer (D2C) brand in the fresh vegetables and fruits category, has raised \$50 million in a funding round led by West Bridge Capital, in a sign of increased competition in the space.

According to Atul Kumar, cofounder and chief executive of Fraazo “We believe it has the potential to be a \$300-\$400 billion category and it is a three-to-four player market with room for everyone to grow,”

The fresh foods category has undergone significant changes in the last couple of years, with established players such as Grofers and BigBasket raising the stakes and challengers such as Fraazo fighting for a share of the pie.

In order to drive the brand messaging as a reliable grocery delivery platform, Fraazo has undertaken a rebranding exercise that will create an impact through the medium of visual branding with a revamped logo [5].

Fraazo is also tapping consumer touch points by revamping the User Interface (UI) and User Experience (UX) of their application, delivery fleet uniforms and produce packaging with motifs of fruits and vegetables which should garner more visibility and top-of-the-mind recall for the brand. They endeavor to become a trusted partner for customers who cook, providing them with the best quality fruits and vegetables.

VI. INDIAN AGRI-START-UPS

The Indian food and grocery market is the world’s sixth largest, with retail contributing 70% of the sales. The Indian food processing industry accounts for 32% of the country’s total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80 and 8.39% of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13% of India’s exports and six per cent of total industrial investment [4].

VII. CONCLUSION

Companies trying to shift from existing traditional model to D2C should have clarity as to why they are switching in first place. Or, are they willing to go for a hybrid model (traditional plus D2C), where lot of money would be required in training of employees, changing and adapting to the new process from the current one and making sure that the D2C is right model in terms of efficiency, effectiveness and delivering better profit. Companies need to understand the risk of taking complete ownership and responsibility of their customer experience along with mutually profitable agreement with retail stores.

Overall, companies need to look into their resources, analyze their business model and see the fitment that suits their requirement, and is there a need to change and adapt the D2C model for long-term sustainability in this ever changing dynamic environment [7].

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