A STUDY ON MARKET DEVELOPMENT POTENTIAL FOR PROCESSED CHICKEN IN TIER 2, 3 AND 4 CITIES IN TAMILNADU

AT

SHANTHI FEEDS PRIVATE LIMITED

A PAPER SUBMITTED BY

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ABSTRACT :

Indian Poultry Industry is one of the fastest growing segments of the agricultural sector today in India. As the production of agricultural crops has been rising at a rate of 1.5 to 2% per annum while the production of eggs and broilers has been rising at a rate of 8% to 10% per annum. Today India is ninth largest producer of broilers in the world. With the rise of middle class and increased urbanisation, a major population prefer to go for non-vegetarian. Today about 3 million farmers and 15 million agrarian farmers are employed in the poultry industry that are usually growing poultry ingredients for feed and contribute about Rs 26,000 crore to the national income.

The research aims to study the current chicken consumption pattern and to study the market potential for Processed Chicken Meat in Tier 2,3 and 4 cities of South India.

Primary data was collected through questionnaire from restaurant owners and chicken shop owners of Tier 2,3 and 4 cities in Tamilnadu. Secondary data was collected from official websites, Swiggy, Zomato and Google Maps. The data was analysed using percentage analysis. Utmost care has been take care from the beginning of the preparation of the questionnaire till the analysis, finding and suggestions.

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INTRODUCTION :

Indian Poultry Industry is one of the fastest growing segments of the agricultural sector today in India. As the production of agricultural crops has been rising at a rate of 1.5 to 2% per annum while the production of eggs and broilers has been rising at a rate of 8% to 10% per annum. Today India is ninth largest producer of broilers in the world. Driving this kind of expansion the contributing factors are -

• Growth in per capita income

• A growing urban population

• Falling poultry prices

The Indian Broiler Industry has undergone a paradigm shift in structure and operation. A very significant feature of India's poultry industry is its transformation from a mere backyard activity into a major commercial activity in just about four decades which seems to be really fast. The kind of transformation has involved sizeable investments in breeding, hatching, rearing and processing. Indian farmers have moved from rearing non-descriptive birds to today's rearing hybrids such as Hyaline, Shaver and Babcock which ensure faster growth, good liability, excellent feed conversion and high profits to the rearers.

The Indian Broiler Industry has grown largely due to the initiative of private enterprises, minimal government intervention, and a very considerable indigenous poultry genetics capabilities, and support from the complementary veterinary health, poultry feed, poultry equipment, and poultry processing sectors.

Broiler industry is well dominated by the southern states in our country with nearly 60-70% output coming from these states. In past years, broiler farms had produced on average a few hundred birds (200-500 chicks) per cycle. Small units are probably finding themselves at problem because of high feed and transport costs, expensive vaccines, and veterinary care services and the nonavailability of credit. Some small units are reported to be shifting from layer to broiler production because output in broiler units can be released in six weeks.

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- The nation is a market with Investment friendly ambience.

- Indian Poultry Industry is booming and emerging as the world's second largest market.

- The growth rate is growing at the phenomenal rate of 12 to 15% every year.

- Poultry industry in India is constantly on the rise due to the use of modern techniques and changing from live bird to fresh chilled and frozen product market.

- A new path began with the integrated poultry operations throughout the country.

There is an overwhelming response from all segments concerned and related with poultry. There is a 100% increase in space compared to earlier years. In a continual endeavour and efforts to create a strong platform for Poultry India is experiments with new trends in poultry rearing techniques and innovations for processed chicken meat, medicines, feed additives, health products, equipments, managements and other technical services.

NUTRITIVE VALUE OF POULTRY MEAT

Poultry is a good source of protein and vitamins and minerals, such as iron, selenium, zinc, and B vitamins. It is also one of the main sources of vitamin B12. It has several advantages as half of the fat from chicken meat is made up of the desirable monounsaturated fats, and one-third of the less healthy saturated fats. There are much higher proportions of saturated fats in most cuts of red meat, which also vary considerably in total fat. Chicken meat is therefore seen as a healthy meat. Chicken meat does not contain the trans-fats that contribute to coronary heart disease.

Poultry meat is rich in the omega-3 fats and is an important provider of the essential polyunsaturated fatty acids (PUFAs), especially the omega (n)-3 fatty acids. Scavenging chickens are a particularly good source because of their varied diet. The amounts of these important fatty acids can be increased more easily in chicken meat than in other livestock meats; so too can some trace minerals and vitamins.

Poultry meat can be enriched with several of the important dietary nutrients like Selenium whose deficiency is becoming more widespread in humans because soils are becoming depleted and the foods grown on them are therefore lower in selenium.

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MARKET CAPITALISATION

With the rise of middle class and increased urbanisation, a major population prefer to go for nonvegetarian. Today about 3 million farmers and 15 million agrarian farmers are employed in the poultry industry that are usually growing poultry ingredients for feed and contribute about Rs 26,000 crore to the national income.

EMPLOYMENT OPPORTUNITIES

Three decades ago, in India when egg and boiler production was 10 million and 30 million respectively, the total employment number in the poultry sector was not much encouraging. As income and employment in the crop sector started decreasing, the non-crop sector which includes diary and poultry underwent a significant shift. Due to the demand for poultry increasing and production reaching 37 billion eggs and 1 million broilers, the poultry industry today employees around 1.6 million people. At least 80% of the employment in Indian poultry industry generates directly by the farmers, while 20% is engaged in feed, pharmaceuticals, equipment and other services according to the requirement. Additionally there might be similar number of people roughly 1.6 million who are engaged in marketing and other channels servicing the poultry section.

OBJECTIVES OF THE STUDY :

To study the current chicken consumption pattern and to study the market potential for Processed Chicken Meat in Tier 2,3 and 4 cities of South India. Though the penetration of Processed Chicken in India is low (5%), Tier 1 cities like Bangalore and Chennai have a greater adoption (20%) of Processed Chicken. While further potential exists in Tier 1 cities, the relatively untapped potential of Tier 2 (Coimbatore), 3 (Tuticorin) and 4 (Dindigul) cities are presenting opportunities as witnessed by the recent launches of major foreign Quick Service Restaurants in Tier 4 cities. This study aims to evaluate the potential.

RESEARCH METHODOLOGY :

The list of hotels, cafés, and restaurants was compiled using Google Maps, Swiggy, and Zomato. Analysis and interpretation has been done by using the statistical tools and data presented through tables and charts. Analysis and interpretation has been done by using the statistical tools and data presented through tables and pie charts. Stratified random sampling has been used.

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STATISTICAL TOOLS USED :

CORELLATION

HYPOTHESIS FORMULATION :

TEST 1 : CORRELATION (H1, H2, H3, H4, H5, H6)

Hypothesis - 1

H0 : There is no significant association between lower awareness and choice of chicken for retail customers in Tier 2,3 and 4 cities.

H1 : There is significant association between lower awareness and choice of chicken for retail customers in Tier 2,3 and 4 cities.

Table : 1.1

Correlations

		Respondant_no	Response_1
Respondant_no	Pearson Correlation	1	.864**
	Sig. (2-tailed)		<.001
	N	200	200
Response_1	Pearson Correlation	.864**	1
	Sig. (2-tailed)	<.001	
	N	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Analysis and interpretation

The p-value is calculated as <0.01. Correlation is significant at the 0.01 level (2-tailed), alternative hypothesis is accepted. Therefore, it can be concluded that the factor values has significant relationship with lower awareness and choice of chicken.

Hypothesis - 2

H0 : There is no signifi

cant association between price and choice of chicken for retail customers in

Tier 2,3 and 4 cities.

H1 : There is significant association between price and choice of chicken for retail customers in

Tier 2,3 and 4 cities.

Table : 1.2

Correlations

		Respondant_no	Response_2
Respondant_no	Pearson Correlation	1	.797**
	Sig. (2-tailed)		<.001
	N	200	200
Response_2	Pearson Correlation	.797**	1
	Sig. (2-tailed)	<.001	
	N	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Hypothesis - 3

H0 : There is no signifi
Analysis and interpretation

The p-value is calculated as <0.01. Correlation is significant at the 0.01 level (2-tailed), alternative

hypothesis is accepted. Therefore, it can be concluded that the factor values has significant

relationship with price and choice of chicken.

cant association between lack of availability and choice of chicken for retail customers in Tier 3 and 4 cities.

H1 : There is significant association between lack of availability and choice of chicken for retail customers in Tier 3 and 4 cities.

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Hypothesis - 4

H0 : There is no signifi
Table : 1.3

Correlations

		Respondant_no	Response_3
Respondant_no	Pearson Correlation	1	.861**
	Sig. (2-tailed)		<.001
	N	200	200
Response_3	Pearson Correlation	.861**	1
	Sig. (2-tailed)	<.001	
	N	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Analysis and interpretation

The p-value is calculated as <0.01. Correlation is significant at the 0.01 level (2-tailed), alternative
hypothesis is accepted. Therefore, it can be concluded that the factor values has significant
relationship with lack of availability and choice of chicken.

cant association between distribution and choice of chicken for institutional
customers in Tier 2,3 and 4 cities.

Hypothesis - 5

H0 : There is no signifi
H1 : There is significant association between distribution and choice of chicken for institutional customers in Tier 2,3 and 4 cities.

Table : 1.4

Correlations

		Respondant_no	Response_4
Respondant_no	Pearson Correlation	1	.775**
	Sig. (2-tailed)		<.001
	N	200	200
Response_4	Pearson Correlation	.775**	1
	Sig. (2-tailed)	<.001	
	N	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Analysis and interpretation

The p-value is calculated as <0.01. Correlation is significant at the 0.01 level (2-tailed), alternative hypothesis is accepted. Therefore, it can be concluded that the factor values has significant relationship with distribution and choice of chicken.

cant association between storage facilities and choice of chicken for institutional customers in Tier 2,3 and 4 cities.

Hypothesis - 6

H0 : There is no signifi
H1 : There is significant association between storage facilities and choice of chicken for institutional customers in Tier 2,3 and 4 cities.

Table : 1.5

Correlations

		Respondant_no	Response_5
Respondant_no	Pearson Correlation	1	.822**
	Sig. (2-tailed)		<.001
	N	200	200
Response_5	Pearson Correlation	.822**	1
	Sig. (2-tailed)	<.001	
	N	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Analysis and interpretation

The p-value is calculated as <0.01. Correlation is significant at the 0.01 level (2-tailed), alternative hypothesis is accepted. Therefore, it can be concluded that the factor values has significant relationship with storage facilities and choice of chicken.

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Hypothesis - 6

H0 : There is no significant association between legal requirements to use chicken from certified factories and choice of chicken for institutional customers in Tier 2,3 and 4 cities.

H1 : There is significant association between legal requirements to use chicken from certified factories and choice of chicken for institutional customers in Tier 2,3 and 4 cities.

Table : 1.6

Correlations

		Respondant_no	Response_6
Respondant_no	Pearson Correlation	1	.738**
	Sig. (2-tailed)		<.001
	N	200	200
Response_6	Pearson Correlation	.738**	1
	Sig. (2-tailed)	<.001	
	N	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

Analysis and interpretation

The p-value is calculated as <0.01. Correlation is significant at the 0.01 level (2-tailed), alternative hypothesis is accepted. Therefore, it can be concluded that the factor values has significant relationship with legal requirements and choice of chicken.

SUGGESTIONS :

- Shanthi Feeds Private Ltd. should put its efforts into building its brand's reputation and increasing its visibility.

- To increase public awareness of the importance of consuming wholesome and hygienic chilled chicken products, a campaign should be run across all platforms.

- Introduce product combinations to increase the size of customers' buckets.

- The use of Amazon Fresh, Flipkart Grocery, and Swiggy Instamart should be made in order to increase audience and revenue.

- Whenever new product introduced, message/mail should be sent to hotels, restaurants, and caterers regarding new products.

CONCLUSION :

Based on the data analysis, the current requirement for Processed Chicken is low but it is expected to increase in Tier 2 cities. A major threat for the penetration of Processed Chicken is the availability of Live Chicken at a significantly lower price. While this trend is expected to continue in the medium term, Shanthi Feeds must focus on the institutional customer segment that are already present in Tier 2 cities and those that are planning to enter into more number of Tier 2 cities. They are only dependent on Processed Chicken and cannot consume Live Chicken due to their policy of procurement from only certified Processing Plants. Such customers in the institutional segment for Processed Chicken today are Quick-Service Restaurants and Chain of Indian restaurants, 5-star Hotels, Foodservice operators and Government organizations like the Indian Army.