

Private Labels - Restaurants want to stop digital private food labels; but it will happen

The National Restaurants Association of India (NRAI) is up in arms over Swiggy and Zomato private labelling food and delivering it in 10 minutes flat. But, that is an idea whose time has already come!

Expanding the digital offerings

Remember, Zomato and Swiggy may be getting fancy valuations in the market, but they are still loss making. They need to rapidly figure out ways to leverage a huge data pool to boost business. The latest such idea is private labelling food products by digital platforms like Swiggy and Zomato. That will give them much higher retention in the delivery and also make the best of the customer data and the last mile delivery networks built by them. They need to service their capital.

Leveraging Q-Commerce set up

Another reason to go for private label food products is to leverage the quick commerce infrastructure. Today, they have dark stores, fleet of delivery units, complete feet on street staff handling the last mile delivery with efficiency and a workable and valuable business model in place. From quick commerce to the private labelling of food products, it is a mere brand extension. For the likes of Instamart, Blinkit, and Zepto; it may be tough to justify the steep valuations of Q-Commerce models, unless they are able to do multiple iterations and built multiple revenue models into the idea. Private labels for food is just the start.

Making the best of feedback

In fact, one of the finest and eloquent justifications given by digital platforms to justify private label food products is that they can now leverage feedback of customers. For instance, they can select and curate food products that are rated very high on customer rankings and use algorithms to do dark store allocations. It would be an unbeatable logic and also put the feet on street to better use. This will ensure higher earnings for them and also more revenues for



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Zomato and for Swiggy. This is a very valuable data set that they have and private labelled food may allow that to be leveraged. What restaurants are worried is that individual restaurant brands may get subsumed.

An idea whose time has come

Ford Motors took a long time to grasp that “You can have a car of any colour, as long as it is black” does not work. It only drives customers away; the minute they have a choice. Indian eating joints are learning it much sooner. Imagine a Zomato or Swiggy that curates the best food items under each category based on popular feedback and gets that to your home in 15 minutes flat. It would be tough for any restaurant to match that, unless they can assure a unique dining experience. Private label foods is an idea whose time has come and the sooner eating joints adapt, the better. You do not protest or legislate against an idea that adds value to customers!

Indian Economy - There are 4 major concerns that India has to contend with

After 3 years of world beating growth, the Indian economy enters 2025 with a sense of trepidation. The reasons are not far to seek. There are 4 major risk factors Indian economy is up against.

Inflation is the big concern

The spike in inflation in 2023 was fully understandable. It was a year of deficit farm output so food prices stayed high through the year. However, year 2024 has seen record Kharif output and even the Rabi output promises to be robust based on the overflowing reservoirs. In spite of that, the food inflation is high and shows no signs of normalizing. To add to that, even the core inflation is on the way up. The monetary policy choice in front of RBI is also limited with repo rates already at elevated levels of 6.5%.

GDP growth is faltering in FY25

In the second quarter of FY25, the GDP growth fell to a multi-year low of 5.4%. The first advance estimate of FY25 GDP has been pegged by MOSPI at 6.4%. The catch is that it still assumes rather aggressive GDP growth in H2, so FY25 GDP growth could be lower than 6.4%. The big challenge is that capex growth for FY25 has been cut to 11% and with elevated rates, the private capex is just not picking up. Lower rates can fuel a spike in inflation and that would still hit real GDP growth. Inflation and growth is like a Catch-22 situation for the centre. Damned if you do; or even otherwise.

Rupee looks too vulnerable

The one big concern in the last couple of months has been the vulnerability of the Indian rupee. The journey from 85/\$ to 86/\$ has been really rapid. It shows that either the RBI is not intervening or it sees no point in doing so. There are a number of reasons for the sharp fall in the Indian rupee. The current account deficit promises to get worse in the last two quarters, due to rising trade gap. The steady appreciation of the Dollar Index has also weakened the rupee. To add to that, China has weakened the Yuan to stay competitive under Trump tariffs. Above all, FPIs have been sellers in Indian equities on a persistent basis since beginning of October. Weak rupee calls a lot of assumptions to question.

Reforms appear to be lagging

Some foreign investors privately admit that the coalition government may be struggling to assert its full control over the reforms process. NDA depends on the TDP and the JDU for support. As a result, the pace and urgency in reforms seen in the last two terms of the centre is not visible in the third term. That is a factor that is worrying global investors and FDI flows alike. Most of them were willing to pay premium valuations for Indian stocks assuming robust reforms will justify high valuations. That is not happening. Also, there are concerns that fiscal prudence may also take a back seat. It is time to redeem the mojo!

90-Hour Week - Forget the semantics; that is the only way Indian GDP grows faster

A recent statement by S N Subramanian about the need to work 90-hour week, has attracted a lot of public debate. The sad part is that, in the entire battle, the core of the message is being overlooked.

70-hour or 90-hour weeks

The entire controversy began when the Infosys founder, Narayanamurthy, had raised the need to work 70-hour weeks if India had to come up to Asian levels of income. The debate assumed a sharper tone when S N Subramanian of L&T had suggested that he wanted all people in L&T to work 90-hour week. If you look at the social media, the entire debate was distorted to working hard versus working smart. Remember, Murthy created an IT multinational and SNB rose from a small village in Palghat in Kerala to head the largest capital goods company in India.

Obviously, these are not ordinary people but persons of extraordinary merit and enviable achievements. The point that both were trying to make is that the culture of working hard is just missing in India. Actually, one has to only look at how people in China and Japan work and then you understand how they attained such levels of growth and income. Like India, both countries almost started from scratch; Japan in 1945 and China 1979. The difference is that people worked hard and they worked long and they also worked smart. In India, you still find a lot of young people sitting and doing nothing but you hardly see that in Japan or China.

Passion versus long hours

More than working hours, the reference was perhaps about the passion for being productive on a continuous basis. Abdul Kalam best answered this question on work-life balance, when he said that for him work was life and life was work; so, there was no dichotomy at all. Of course, not everyone can be a Kalam, but the point to note is that it is not just about long hours or working hard or working smart. It is about being passionate about getting the right results. It is about not giving up on efforts till the goal. These are not measured in hours. Today, no successful

businessman or top executive reached the position without putting in long hours and living and breathing work each moment of her life. The message was actually a positive message to all.

Finally, on a lighter vein

In the case of SNB, more than the 90-hour story, it was about the statement that he made about women. In most of the other countries, this would have been just dismissed as casual locker room talk. It is only in India that people are taking out that one sentence and making into a national pastime. What would have been the case if it was the other way round? If a women top executive had said that she cannot sit on Sundays and watch her own husband? I am sure the press and social media would have gone berserk about how Indian women had arrived. SNB just learnt a tough lesson this weekend!

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