



**Licious -- What
next!**

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Key Drivers and Stakeholders

Context

- Rising disposable incomes and changing dietary preferences.
- Growing preference for online shopping, driven by convenience and hygiene.
- Heightened focus on food safety, particularly post-pandemic.
- Regulatory landscape with strict food safety and quality compliance.

Company

- D2C meat delivery startup.
- Operates in multiple cities, offering fresh chicken, seafood, lamb, and ready-to-cook products.
- Known for maintaining strict quality control through an end-to-end supply chain.
- Focuses on delivering fresh meat to set itself apart from competitors.

Customer

- Urban middle and upper-middle-class households, looking for quality and convenience.
- Health-conscious consumers, prioritizing hygienic, high-quality meat.
- Food enthusiasts, interested in gourmet and ready-to-cook options.
- Busy families, seeking reliable and convenient home-cooked meals.

Collaborators

- Farmers and fisheries, for sourcing fresh meat and seafood.
- Logistics providers, partnerships for scaling delivery services.
- Tech partners, supporting app development, payments, and user experience.
- Packaging companies, ensuring safe and sustainable packaging.

Competition

- Direct competitors, FreshToHome, Zappfresh, Relish, TenderCuts.
- Supermarkets and local vendors, established stores and traditional butchers.
- Food delivery apps, Swiggy and Zomato with grocery/meat sections.
- New entrants, local and regional meat delivery startups.

Market Insights

- \$30bn market size.
- 70% non-vegetarian population.
- 4 million metric tonnes consumption of poultry meat (2021).
- 95% meat industry unorganized.
- Online meat delivery expected to grow at 12-15% CAGR.

Value Proposition

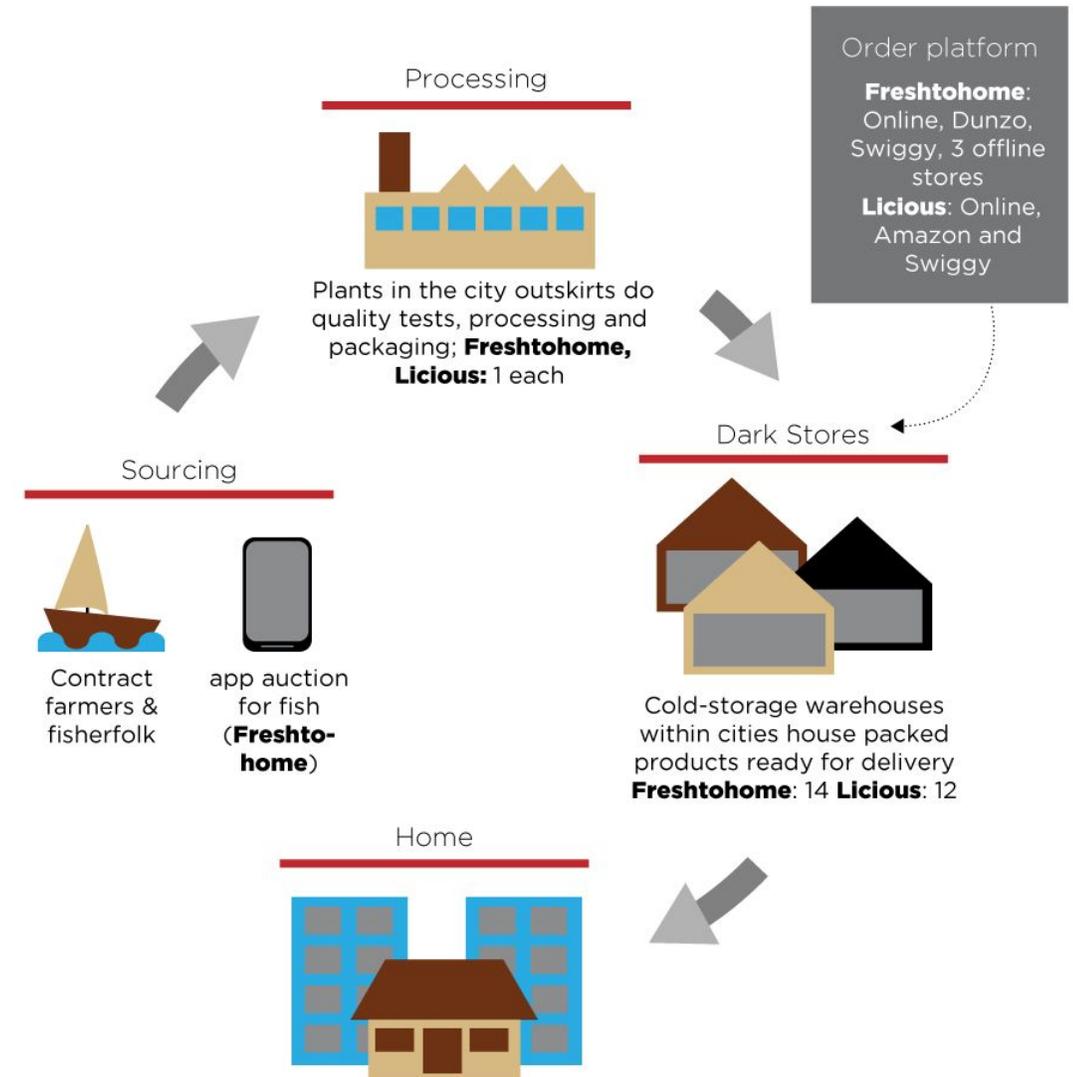
- From farm to home in 48 hours.
- Sourcing from 'bruise-free' carcasses.
- No antibiotics used on the chicken.
- Meat sold in neat boxes and leakage-proof pouches and containers.
- Categories like RTE & RTC.
- Physical stores – Own + Acquisitions like 'My Chicken and More'.

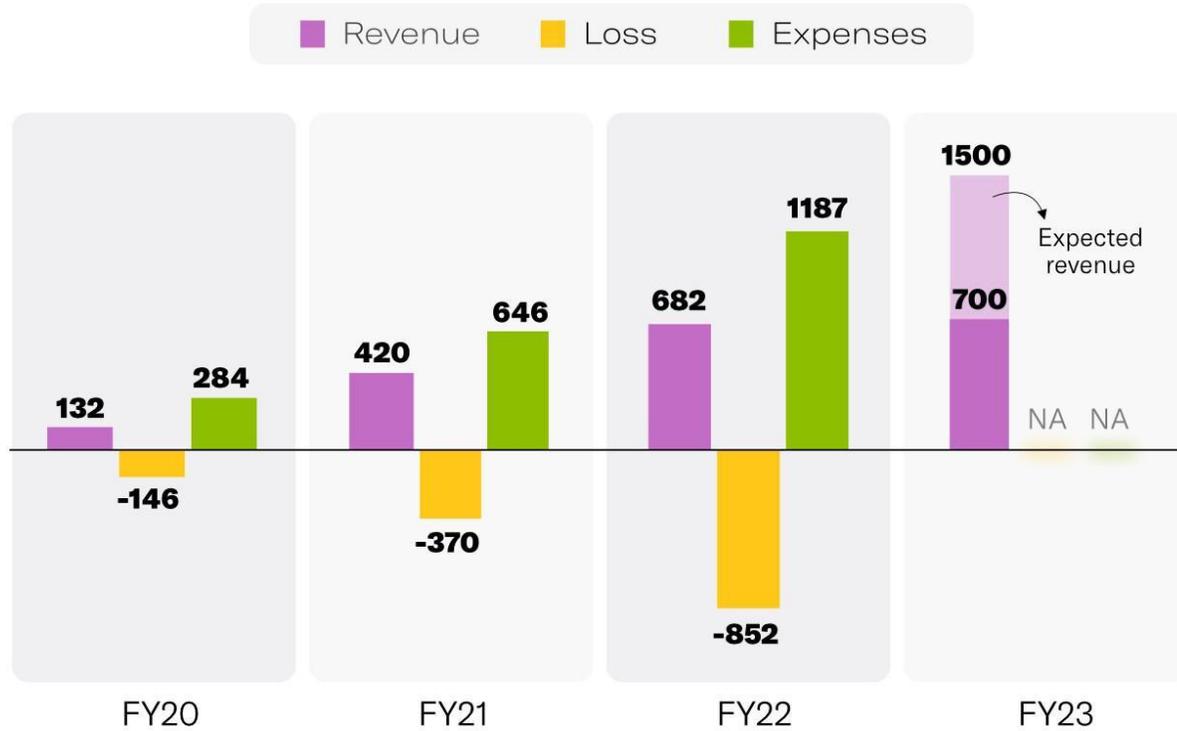
Business Overview

- Farm-to-Fork business model handling the entire supply chain. =>
- No middlemen and procurement controlled directly along with processing and marketing.
- 50% of the startup's meat comes from own farms (10% in 2020).
- Major chunk of its revenues from the sale of its meat products, seafood, marinate, and eggs.
- Repeat purchase rate of around 90%.
- Other Revenue Streams – Plant-based meat, Supplying to other businesses, Offline retail via own stores and modern trade, RTE & RTC products.

STAYING FRESH

Here's how the online meat-ail supply chain keeps the meat or fish fresh - illustrated keeping Bengaluru in mind





FY'24 Results

- Losses reduced by 44 per cent in financial year 2023-24 (FY24) to Rs 293.77 crore, from 524.18 crore in FY23.
- Company's revenue dipped 8 per cent in FY24. It was Rs 685.05 crore in FY24, down from Rs 746.38 crore in FY23.
- Company expects EBITDA breakeven or to turn in profits in the current financial year even as it aggressively ramps up its offline store network.
- The closure of distribution channels -- Dunzo in particular -- and the winding down of exposure to modern trade and local stores dragged revenue down as the firm revamped distribution, focusing on owned channels.
- The losses from the closure of Dunzo and Swiggy Meatstore, alongside deprioritizing modern and general trade, were offset by the growth of quick commerce deliveries, which increased 35 per cent YoY.
- 1.2 million consumers served monthly via the Licious app. Loyalty program, Infiniti, now has 2 lakh weekly active subscribers, contributing to 58% of the company's monthly business.

Key Challenges

- Rise of more competitors.
- Frequent Livestock Infections.
- Rise of meat substitutes.
- Costs in servicing smaller orders.
- Consumer preferences to buy meat from local meat sellers.

Licious vs Relish

Zepto launched Relish around a year ago, and the business appears to be doing well. In March, some reports claimed that Relish was already doing an annualised revenue run rate (ARR) of Rs 150 crore. This is a pretty-striking growth considering that Licious makes somewhere around Rs 800 crore a year. Zepto projected that Relish would hit Rs 1,000 crore by 2026.

What went wrong?

- **Overestimation of the market:** While the concept has gained traction in urban areas, expanding to smaller towns and cities may have proved challenging.
- **Limited product-market fit beyond Tier-1 cities:** Preferences and consumption habits of consumers in Tier 2 and 3 differ significantly from Tier-1 making it difficult to replicate.

Other Revenue Streams

Revenue Streams	Challenges	In-depth Analysis
Plant-based meat	Other significant plant-based protein sources are available, a small market for these products, and the concept is yet to take off in India.	<ul style="list-style-type: none">• Invest in awareness campaigns on health and environmental benefits.• Partner with restaurants for plant-based options.• Launch limited trials in metro cities to gauge demand.
Supplying to other businesses	B2B doesn't need that kind of premium meat specialization, which Licious's supply chain was designed to procure and to cater for it, would have to reconfigure it's sourcing	<ul style="list-style-type: none">• Offer a cost-effective meat line for B2B clients.• Build/partner with separate supply chains for bulk orders.• Focus on premium B2B clients like hotels and caterers.
Offline retail via its own stores and modern trade	Startups like FreshtoHome gave great competition with brick-and-mortar stores which offered promising growth offline. Modern trade channels pose difficulty to Licious's costs with other distribution partners draining away the margin.	<ul style="list-style-type: none">• Implement an omnichannel strategy integrating offline and online.• Differentiate with curated products, subscriptions, and combos.
Ready-to-cook and Ready-to-eat products	The meat procured to create ready-to-cook and ready-to-eat items was taken care of, but other raw materials were taken at wholesale prices and added up to their costs without leaving much margins.	<ul style="list-style-type: none">• Source raw materials directly to cut costs.• Optimize recipes for cost-efficiency while maintaining quality.• Invest in scalable manufacturing to lower per-unit costs.

Recommendations

Educational Marketing

Licious can boost revenue by using educational marketing to subtly promote its key value proposition. Informative content, such as articles or videos, can highlight the benefits of fresh, antibiotic-free chicken and bruise-free carcasses. This positions Licious as a trusted source on healthy food choices, engaging consumers and encouraging purchases through informed decision-making.

Shifting to Variable Costs

Licious can reduce expenses by shifting from fixed pay structures to variable costs in areas like logistics, packaging, and marketing. By tying costs to performance, such as paying delivery partners or using pay-per-click advertising, Licious can scale expenses in line with demand. This flexible cost structure ensures that the company can manage cash flow better, avoiding high fixed expenses during slower periods and allowing more funds to be directed towards growth when business picks up.

Investing in Sustainable Practices

Licious can reduce input costs and improve brand perception by adopting eco-friendly packaging and optimising energy use in operations. By incorporating sustainable practices like recyclable packaging and energy-efficient transportation, Licious can appeal to environmentally conscious consumers while cutting long-term operational costs.

Partnering with fitness or nutrition influencers

Licious should collaborate with fitness and nutrition influencers who can authentically advocate for its product's health benefits and quality. This approach can amplify trust and position Licious as an essential choice for health-conscious families and individuals. Such collaborations can drive user engagement, extend reach into aspirational markets, and justify the premium pricing through a focus on health and quality.

Widen the target audience

To address the stagnation in user base growth, Licious should focus on targeting audience like middle-class parents by emphasizing the health benefits and trust markers of antibiotic-free meat. Parents prioritize the welfare of their families and are willing to invest in products that safeguard their children's health. By showcasing the long-term advantages for kids and highlighting certifications that reinforce trust, Licious can differentiate itself in a crowded market.

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