

# Internal and external analysis of Licious

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## ABSTRACT

*Licious, a start-up that mostly offers meat and seafood items, has seen a 300 per cent increase in income and a six-fold increase in daily orders in the four years since its founding. Fresh and processed meat and fish, pickles, soups, and spreads are among the company's online offerings. To date, Licious has amassed over 1 million unique clients. INR 700 is the average basket size. In the first year, the firm made INR 1.47 crores in sales, and in FY 2019–20, it made INR 180 crores in revenue. Despite the country's significant vegetarian population, Licious profited on the increased consumption of meat, fish, and seafood in India. Adopting a farm-to-fork strategy, Licious maintains rigorous quality control in its integrated supply chain, appealing to a rising number of consumers ready to spend more for higher-quality food and drink. The simplicity of Licious' online retail approach appeals to time-pressed younger urban consumers, who frequently have bad experiences while shopping for meat and seafood at wet markets or conventional butchers and fishmongers. In this research, paper researcher has analysed internal and external business environments affecting the business of Licious.*

**Keywords:** *Licious, Internal analysis, External Analysis, Seafood*

## 1. Internal and external analysis of Licious

Abhay Hanjura and Vivek Gupta founded Licious, which is owned by Delightful Gourmet Pvt Ltd., in July 2015. Licious is a Bangalore-based online retailer of fresh meat and seafood. Licious is the first D2C startup headquartered in Bengaluru. (Manish Singh, 2021). According to research, the Indian meat market is valued at US\$ 31 billion and is predicted to increase at a CAGR of 20% to reach US\$ 65 billion by 2022. (Chandran et al., 2020). Indian butcher shops and fish markets are marred by the foul stench, unclean and unhygienic conditions. More than 95% of the seafood and meat market is occupied by an unorganised sector (Dutta, n.d.) and consumers are unhappy with the quality, cuts and overall experience in terms of purchase lacks dissatisfaction. Meat and seafood dishes are food to 72% of Indians. Licious fills the gap by providing fresh meat and seafood, ready to eat and ready to cook food by enabling it to order online. (Google Inc, n.d.)

## 2 Objectives of Research

- 1) To examine Licious' external business environment in terms of industry analysis, Porter's Five Forces, PESTLE Analysis, and risks and opportunities.
- 2) To examine Licious' internal business environment in terms of Value Chain Analysis, Segmentation, Targeting, and Positioning, as well as Strengths and Weaknesses.

### 3. Industry Analysis

By 2026, the Indian fish market is estimated to reach 26.6 million metric tonnes, with a CAGR of roughly 9% between 2021 and 2026. Over the last few years, both domestic consumption and export of fish have increased substantially in India. Fish consumption per capita has also been increasing steadily over the previous few years (Indian Fish Market Size, Share, Growth, Trends & Forecast 2021-2026, n.d.) While the overall meat industry in India was at about Rs 330 crore in 2019, it is expected to expand to more than Rs 460 crore by 2024. Well over 70% of the Indian population eats meat in some form. The meat industry, in general, is mostly unorganised, while online is in its inception, with a market size of INR 700 crore in 2019. (BigBasket Revenue | BigBasket Business Model | Dunzo Business Model, n.d.) the organised sector now has a better opportunity due to Covid-19. Pandemic has sparked a great trend among businesses, with many customers switching to hygienic meat/seafood brands in a matter of months rather than years. This is a once-in-a-lifetime chance in a time of crisis. Millennials, rising disposable income and busy schedules are health-conscious are various factors leading to the exponential growth of the online meat and seafood business. Organised meat and seafood online retailers' key USP is quality assurance, correct weight, nutritional value, tender and fresh food, cutting and cleaning under a controlled environment and hygienic conditions.

Competitors of Licious includes fresh to home is a vertically focused E-grocery company dealing in fish, meat and vegetable products. Zappfresh is an online fresh meat brand run by DSM Fresh Foods Pvt Ltd. BigBasket has branded the milk delivery service as BB Daily.

### 4. External environmental analysis

#### 4.1 Porter's Five Forces

In 1979, Harvard Business School professor Michael E Porter created Porter's Five Forces of Competitive Position Analysis. This theory is based on the idea that a market's competitive intensity and attractiveness are determined by a set of five forces. The notion can be used to find areas of strength, address deficiencies, and avoid mistakes by understanding where power is concentrated. (Porter's Five Forces of Competitive Position Analysis, 2013)

##### 1. Supplier power.

Licious has curated suppliers who supply meat and fresh as per laid guidelines. They have been highly trained. Suppliers of Licious are a handful and the supply chain depends solely on them

##### 2. Buyer power

Buyer of licious does not have any bargaining power in terms of purchase. Buyers are scattered geographically

##### 3. Competitive rivalry.

Competitiveness in the organised Fish and Meat industry is accelerated. Licious faces competition from FreshtoHome, Bigbasket, Zappfresh, Meatwale, Meatigo, FreshPick, Easymeat

##### 4. Threat of substitution.

Licious is operating in the market where 95% market is occupied by the unorganised sector and substitutes are available at cheaper rates

##### 5. Threat of new entrants.

Since the Fish, Seafood and Meat market is highly profitable, new entrants are a common phenomenon. Barriers to entry do not exist as such except for capital requirements.

#### 4.2 PESTLE analysis

PESTEL Analysis is a strategy framework that breaks down possibilities and hazards into Political, Economic, Social, Technological, Environmental, and Legal elements in order to evaluate a company's external environment. It can be a useful framework for determining the benefits and drawbacks of a business strategy during corporate strategy planning. (PESTEL Analysis - Overview, Factors, Examples, n.d.)

For companies to prosper, India provides political stability. India is the world's biggest democracy and a republic nation. Through privatisation, the nation has attempted to limit government or political influence in businesses, start-

ups, and general corporate activities. It will aid in the independence of firms.(PESTEL Analysis - Overview, Factors, Examples, n.d.)For business expansion, Licious was able to obtain \$150 million (about Rs. 1,140 crores) in finance led by Singapore-based Amansa Capital. Inflation in India for the last 5 years average stands at 6% (Moderate) and Out of the total basket of Food category, the consumer price index for Meat and fish stands at 3.61%, also fish and meat is covered under Nil tax rate under GST which improves the profitability of the firm (GST Rate for Fish, Fish Products and Seafood - IndiaFilings, n.d.)Social factors which support the growth story of Licious is India has a population of 1.43 billion with a decadal growth of 17% also there is an increase in middle and higher class families, the urban population for 2020 was 481,980,332, a 2.32% increase from 2019 (**Sharma, 2015,21-30**)According to **G2 Stack**, Licious employs 41 different technologies, including HTML5, Google Analytics, and jQuery. According to BuiltWith, Licious' website employs 102 different technologies. Viewport Meta, iPhone / Mobile Compatible, and SPF are some of the options. (**Licious - Tech Stack, Apps, Patents & Trademarks, n.d.**)Cold-chain company Licious has built a unique cold supply chain, maintaining a consistent temperature of zero to five degrees from product procuring to the delivery lifecycle. It is working with the Google maps platform and geocoding APIs to strengthen its logistics and delivery operations. (**Singh, 2022**) Also, butchers (meat technicians)have been highly trained for perfect fish and meat cuts using AI technology. Licious is a highly technology-driven company that employs technology for demand planning, supply planning, logistics, procurement, manufacturing, inventory management. Licious is highly legal conscious, is an FSSC 22000 certified company and also has a registered trademark of the company. Also, it is committed to ESG norms compliance taking into account waste reduction, pollution control and efficient use of resources and energy. (**Hanjura & Gupta, 2021**).

### 4.3 Opportunities and Threats

#### Opportunities

By 2020, India's fish market is anticipated to be worth INR 1,232 billion. Between 2021 and 2026, the sector is predicted to grow at a 10.5 per cent CAGR, reaching a value of INR 2,243 billion. In 2019, India's meat sector was worth INR 330 billion, and by 2024, it is expected to be worth INR 460 billion or more. Due to Covid -19, there has been a threefold increase in online fish and meat orders. With its cleanliness and quality assurance, processing, packing, storage, and marketing of meat and animal-derived goods, Licious can get into the unorganised sector, which represents 95 per cent of the fish and meat business, also over 73% of Indians eat fish and meat. Furthermore, Licious' metro footprint is expanding, and the company is already expanding into Tier-II cities. Licious has raised \$1.05 billion in capital to date, which will be utilised to develop the company's foreign market and portfolio. The company's current revenue run rate is Rs 1,000 crore. And the figure is projected to climb to Rs. 1500 crore (Goel, 2022). India has risen to the ranks of major global economic powers thanks to its young population, rising income levels, expanding (globalised) middle class, and stable democracy. India's distinct urbanisation pattern is not a byproduct of its growth story but rather a driving force. About two-thirds of the country's economic output comes from its cities. (**Prasad, 2019**)

#### Threats

##### 1. Environmental Factors:

According to research by the Central Marine Fisheries Research Institute, fish catches off India's western coast have decreased (CMFRI). This decrease is attributed to increased pollution, global warming, and a decrease in the phytoplankton population, according to climate scientists. Climate change and pollution is the biggest threat to the industry in the coming years.

##### 2. Plant-based Meat

Animal agriculture poses significant long-term sustainability challenges. Meat substitutes made with cutting-edge food technology (e.g., plant-based and cultured meat) are known as alternative meat (alt-meat) products. The effects of plant-based and cultured meat on the environment have been thoroughly investigated. Newton and Rujeto (Newton & Rujeto, 2021) Alternative meat (alt-meat) products are meat substitutes created using cutting-edge food technologies. Plant-based meat products have the same taste, texture, and gustatory experience as traditional meat and can be used in place of meat. They do not contain any animal products. (Cameron and O'Neill, 2019)

##### 3. Veganism

Veganism can be a potential threat to the seafood and meat industry as rising food preference for veg food items can reduce demand for the industry

## 5. Internal Environment Analysis

### 5.1 Value Chain Analysis

The "value chain" is the chain of all the activities that go into making a product or providing a service. A value chain can span multiple stages of a product's lifecycle, from research and development to sales and everything in between. Harvard Business School Professor Michael Porter developed the concept. (Stobierski)March 2022. After the activities have been analysed, the results can be used to evaluate ways to improve a company's competitive advantage - such as by looking at how products are made. Licious has a strong network of curated suppliers who supply fish and meat according to set standards which are the transported to cold storage and warehouses which are available in a radius of 200km in every city. Licious heavily invest in digital marketing for advertising and targeting segment market.

### 5.2 Segment,Targeting ,Positioning

#### 5.2.1 Segment

<b>Geographic</b> <ul style="list-style-type: none"> <li>● Region</li> <li>● City</li> <li>● Urban/Rural</li> </ul>	India Metro Cities, Tier I and Tier II Cities Only Urban area
<b>Demographic</b> <ul style="list-style-type: none"> <li>● Age</li> <li>● Gender</li> <li>● Income</li> <li>● Family size</li> <li>● Occupation</li> </ul>	20 to 60 Years Male, Female Higher Class, Upper Middle, Upper Class Micro family 2 to 5 members Service, Business class, Self-employed
<b>Psychographic</b> <ul style="list-style-type: none"> <li>● Lifestyle</li> <li>● hobbies,</li> </ul>	Culture and Outdoor oriented Sports, Foodie
<b>Behavioural</b> Occasions User Status Usage rate	Daily, Regular Regular user Medium, Heavy

#### 5.2.2 Targeting

Targeting	Male and Females who are working and having a family size of 2 to 4 members from Urban and Metro Cities with High income and Upper-class segment
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#### 5.2.3 Positioning

Positioning	<ul style="list-style-type: none"> <li>● As fresh Farm product</li> <li>● Fresh and Hygiene product</li> <li>● FSSC 22000 Quality certification</li> <li>● Ready to cook</li> </ul>
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Source: Fieldwork

### 5.3 Strengths and Weaknesses

#### 5.3.1 Strengths

##### 1. Strong Supply Chain

Licious owns a cold chain processing centre which is within a 200 km radius of the city. Centres are temperature controlled driven by IoT. After processing, the products are transported to delivery centres, which are located across the city, in a cold chain-powered vehicle with an IoT intervention. (Mohan, 2019)

##### 2. Technology Driven

Licious is a highly technology-driven start up. AI, IoT has been employed in its cold chain and supply chain. R&D is an integral part of processes and uses the farm fork model. Right from demand forecasting, customer acquisition, processes, inventory management AI and ML technology is employed.

##### 3. Range of Products

Licious offers a wide range of portfolios of fish and seafood, meat, chicken, ready to cook marinated products, spreads, eggs. It also offers deals of the day, combo offers and other offers.

##### 4. Farm to Fork Model

Licious work directly with cattle farmers and fisherman, and now have a network of independent farmers and related labour, ensuring that all of the products come from company-curated farms and hand-picked seafood boats. (Prasad, 2017)

##### 5. Express Delivery

Licious express delivery orders are delivered in 90 to 120 minutes. their delivery starts from morning 6 am till 11 pm in the late night

##### 6. Repurchase

The Repurchaser rate of Licious is 90% (Dutta, n.d.) which reduces customer acquisition costs, also builds a strong customer base.

#### 5.3.2 Weakness

##### Internet-Based Business

Since Licious is an e-commerce company, a major threat to its business can be the lack of internet and also online and cyber security risk is high.

##### Constant Temperature

Since it deals with the Fish and Meat business which is highly perishable goods, contamination chances risk is high so Licious has to maintain temperature all the time during the supply chain to avoid contamination.

Intense Competition Licious has started facing market competition and rivalry since several market players are rising, also it faces challenges from supermarkets, shops, vendors, etc to maintain its position in the market.

#### 5.4 VRIN framework

The VRIO framework is designed to help you find the precise resources that make your company more competitive by focusing entirely on internal resources.

**Value:** Resources that can bring value can be a source of competitive advantage. A Licious farm to fork model and a strong network of supply chain gives it a competitive advantage over its competitors.

**Rarity:** All resources acquired by Licious are available with its competitors thereby placing it on competitive parity

**Imitability:** all technologies employed by Licious are available to competitors hence making it stand at a competitive disadvantage

**Imitability:** All resources owned by the firm are easily imitable and hence does not hold any rarity hence loses its unique selling point and competitive advantage over other firms.

**Non-substitutable:** An ideal resource cannot be substituted by any other resource. Licious has no such resource quality of non-substitutability

#### Organization:

### 5.5 Strategy CANVAS

The organised e-commerce seafood and meat industry is a highly competitive market that competes on quality and prices. Seafood and meat is a highly sensitive market in terms of quality and prices, hence industry falls into the red ocean strategy. As mentioned in its strengths, Licious has a strong network of quality suppliers, Technology-driven procurement and supply chain management, 3500 well-trained staff, owns cold chain processing centres in every 200 km of the city, making it fall into the Blue ocean strategy.

### 6, Suggestions

Since competition is on the rise in the organised e-commerce sector in the fish and meat delivery business, Licious must build upon a strong competitive advantage in terms of value to the customer. Licious must organise resources that are rare, valuable, sustainable and non-substitutable. Licious also expand its business and reach in Tier III cities.

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