

Country Delight: expanding the consumer's product pantry

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The authors wrote this case study to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised specific names and other identifying information to protect confidentiality.

“Chaki, you know, since our last town hall, where the recruit had artlessly queried – How stable is the promise of customer delight? It got me thinking. Have we, in our exuberance in creating a winner of a business model, become complacent? Since 2015, we have raised three rounds of funding, and in the future, we must look at additional rounds. It is time to go to the drawing board and look for new ways to delight our consumers and stakeholders – from venture capitalists to consumers to suppliers. Both to stay relevant and not just survive but stay ahead of the curve, we must chart out our next chapter of growth.” Nitin Kaushal, chief operating officer (COO) of Country Delight – a direct-to-consumer (D2C) Indian dairy and grocery startup – laid down the cards on the table to Chakradhar Gade, chief executive officer (CEO) of the firm.

Country Delight was the brainchild of two management graduates from one of India's leading business schools. Both investment bankers had decided to take an unusual leap from financial markets to fresh foods and essentials. The co-founders identified the humungous milk consumption market as the entry point to build a D2C business, as the duo identified a gap and found that despite many national and state cooperatives and international and national firms, the market was peculiar and very different from the consumer milk market of the developed world.

Their farm-to-consumer bootstrapped journey began with a part-time end-to-end milk delivery business in the National Capital Region (NCR) in 2011. Kaushal and Gade formally started operations in 2015 with Country Delight as their fresh milk brand. The firm was on an exciting growth trajectory after funding rounds and organic growth into new product categories such as vegetables, eggs and coconut water. The model that worked in the NCR was replicated and modified to deliver in new regions across the country. To date, the firm had delivered to 15 Indian cities. Kaushal was clear about the need to “honour the freshness promise we have made to our delighted customers. So, the intent is to integrate fully into as many products as possible. This step would ensure that we reduce all the intermediaries and minimize the tampering with the product during storage or the supply chain [1]”. The firm had positioned itself as a *mass premium* brand with quality at its core. Gade clarified, “Our value proposition is giving fundamentally better and natural products. We do not want to look at ourselves as a convenience-driven business or platform. We want to be responsible for the products that we are giving to the customer. Better quality is the primary play, which makes our business truly unique in the way we are doing it” (Tandon, 2022). The firm grew organically by constantly pivoting, hustling and staying true to the customer obsession and feedback culture. What began with fresh milk had now expanded to other products that were part of their customer's list of essentials.

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However, the question was how far the firm could stretch to delight the customer. Milk was the hero of the Country Delight saga; would it get lost in this rapid expansion into additional and variegated product categories? The firm had expanded to additional geographies and enhanced customer reach with the existing product mix. However, the subsequent growth phase had to ensure that Country Delight emerged as a strong contender against the big dairy players and established itself as a national brand. Unless the strategic plan was well structured and articulated, financial capital to fuel its next track would not happen. The question was, what was the best path to the customer's pantry and, ultimately, heart and mind space?

The milk and dairy market: an overview

In the past decade, the Indian dairy industry had witnessed considerable growth in value and volume. The chairman of the National Dairy Development Board, Meenesh Shah, said, "The size of the Indian dairy market stood at Rs 13 trillion [2] (\$157 billion approx.) in 2021, and it is expected to reach Rs 30 trillion (\$362 billion approx.) by 2027" ([Business Standard, 2023](#)). India had substantially higher per capita milk availability than the rest of the globe. Compared to the global average of about 350 g per day in 2022, the country's daily milk consumption increased from 107 g per person in 1970 to 427 g per person last year ([Press Information Bureau, 2022](#)). Cooperatives had historically dominated the formal sector up until 2002. Private investment had greatly expanded since the dairy sector was liberalized. However, because a sizable portion of milk and milk products were sold through the informal channel, the organized sector's share in milk procurement was extremely low. In an online study of 10,552 Indian consumers across the country, when asked about their milk purchase, it was found that 72% were buying milk in 500/1,000 mL plastic pouches, 12% were buying milk bottled by local farms, 14% were buying loose milk from local vendors and 2% were buying tetra packed milk ([Business Standard, 2022](#)). Furthermore, standardized government regulations regarding milk procurement, distribution, pricing and quality measures significantly impacted the market.

Dairy sector: glimpse of the regulatory framework: After de-licensing the dairy sector in 1991, the Government of India announced the milk and milk product order in 1992. The change was introduced under the Essential Commodities Act of 1955 provisions. This order mandated that any dairy plant with more than 10,000 L/day of milk production or 500 metric ton of milk solids/annum must register with the specific authority appointed by the [Central Government of India \(2024\)](#). This regulatory order ensured measures such as compulsory registration, strict production rates, hygiene standards and penalty provisions in case of defaults to protect the organized dairy sector in the country. In addition, the "Agriculture Produce, Grading, and Marketing Act of 1937" regulated three dairy products, namely, ghee (clarified butter), butter and fat spreads, to ensure the non-possibility of counterfeiting or selling misguided articles. Furthermore, The Standard of Weights and Measure (SWM) Act 1976 and SWM (Packaged Commodities) Rules (1977), along with Bureau of Indian Standards (BIS 1986), regulated the organized dairy sector in the country in terms of sharing the fat content, quantity and price of milk and milk products sold to the consumers ([Kumari, 2024](#)).

Dairy sector: consumer behaviour: Milk played a crucial role in Indian culture and traditions and was a necessary component of the Indian diet. In India, milk was consumed and sold in various forms, including fresh, packaged and milk-based goods such as cheese, butter, ghee and yogurt. The sheer volume of milk products available in the Indian market demonstrated the importance of milk in the kitchens and minds of Indian consumers. The Indian Government provided considerable support through programmes such as Start Up India, Jan Dhan Yojana and others to encourage entrepreneurs to enter the industry. In addition, socio-economic factors such as rising household incomes, the pandemic and

recognition of healthier consumption led to the preference for high-quality dairy products free from adulteration.

Dairy sector: competitive landscape: The dairy industry's competitive landscape consisted of national and international players. There were national cooperatives such as Amul and Mother Dairy and state cooperatives such as Saras, Vita, Paras, Verka and others ([Exhibit 1](#)). On the contrary, the unorganized segment was marked by traditional milk vendors who gathered milk from small producers and farmers and sold it directly to the consumers. The nature of this milk was unprocessed and raw. Despite the emergence of the organized sector, the unorganized sector accounted for a significant share of the Indian milk and dairy market.

Grocery and fresh produce: a plethora of offerings

India's traditional retail grocery market was still dominant in the overall grocery market. According to a report by the India Brand Equity Foundation, the Indian retail grocery market was estimated to be around US\$600bn in 2020. It was expected to rise at a cumulative average growth rate (CAGR) of 10% to reach \$1.1tn by the financial year (FY) 2025. The retail grocery market was primarily composed of unorganized retailers, such as small mom-and-pop stores and street vendors, which accounted for around 90% of the market share.

However, with increasing urbanization, rising disposable incomes and increasing mobile penetration rates, online retail grocery chains such as Big Bazaar, Blinkit, Zepto, Big Basket, Reliance Fresh and others were providing great value for money with convenient and seamless shopping experiences ([Exhibit 2](#)). In FY 2022, the Indian online grocery industry had a market value of \$6.8bn. International market analysis research and consulting group estimated that the industry would grow at a CAGR of 31.3% from 2023 to 2028, reaching \$37.0bn.

Grocery retail: future prospects: The growing demand for online groceries to avoid visiting physical stores and an increase in the number of e-commerce companies offering high-quality organic goods were significant industry drivers ([OpenPR, 2023](#)). Overall, India's grocery and fresh produce market was a massive opportunity for businesses, with a growing middle class and increasing consumer demand for convenience and quality products. While the unorganized sector continued to dominate the market, the organized sector and online grocery delivery platforms were expected to gain ground in the coming years because of the increasing popularity of modern retail formats and changing consumer preferences. The growth of the online grocery market could be attributed to factors such as increasing internet penetration, growing adoption of smartphones, convenience and time-saving benefits offered by online shopping. In addition, the COVID-19 pandemic had only accelerated consumers' adoption of online shopping.

Country Delight

Country Delight was a young D2C startup set up by Gade and Kaushal, batchmates from a prestigious business school in India. Gade worked in financial services and investing while Kaushal was a banker. In 2011, the duo identified an opportunity in the large liquid milk market. Shared Gade about the inception. "We started by purchasing 50 cattle and identified a land parcel. We didn't understand how to manage the cattle and the milk production reduced as the milk cycle became unpredictable" ([Lakshmi, 2022](#)). By 2013, cattle management and distribution were becoming problematic, so the founders decided to oust from production to effective supply chain management. Gade shared, "Technology, customer feedback, and research played a significant role in helping us to arrive at the product base we have today" ([Lakshmi, 2022](#)). Kaushal shared: "Please understand that India is a vast milk-consuming nation, and unlike the Western countries, we are nearly entirely a fresh milk-driven consumer economy. Tetrapak's are still less than 1 percent of the total milk market, and we are a packaged-driven milk-at-your-doorstep consuming group."

The second thing we realized is that the liquid milk market is primarily disorganized and has a monopoly of a few cooperatives but needs more innovation [3].”

Kaushal further clarified, “In the country, firms like Amul worked on a cooperative model to supply milk to a milk deficit nation, and the aim was ‘nutrition for all.’ When you want to scale at a national level with a perishable product like milk, it needs what I would call some ‘realignment’ to ensure that the 4–8-hour shelf-life product could be modified to become a higher shelf-life option. Thus, their product is a mixture of milk powder, ghee (fat), and water. For example, toned milk is 3 percent ghee, 8.5 percent milk powder, and the rest, close to 88 percent, is water. So, the milk the consumer bought was not original but a reconstituted product. As a company, we realized that amongst the large mass of milk consumers, there is a consumer group that is aware of and wants ‘original fresh milk.’ This customer is willing to pay slightly more for the freshness advantage. So, a small but real value-driven opportunity was evident, and we decided to deliver fresh milk direct-to-home (D2H)” (Lakshmi, 2022).

The firm’s headquarters were in Gurugram (a city in Haryana), part of the NCR. The monitoring and packaging were carried out at the company-owned facilities in Gurugram. Freight and transportation were co-managed with freight suppliers. The firm ensured the milk was delivered fresh, between 24 and 36 h, from the farm to the customer’s doorstep. The challenge of guaranteeing freshness was handled by making effective use of technology. Gade shared: “We overcame these challenges by integrating our supply chain with technology and building scalable options” (Lakshmi, 2022). Kaushal clarified, “Amul, Mother Dairy, and other state cooperatives are not-for-profit businesses, so they build their business and supply chain around minimal costing, and we do not build our business like that. We bring more premiumization for the customer. Our financial decisions are very consumer-driven. The impetus is to give a better product and then see how you can integrate your supply chain in your procurement formats to manage your costs and equipment backward, and the industry works the opposite way [4].”

Gade and Kaushal handled the roles of chief executive officer (CEO) and chief operating officer (COO). The firm’s young and vibrant 200-member team handled its technical operations, digital platform and coordination. The firm had a distribution network of about 7,000+ partners. Country Delight relied on external contract labour to handle the plant operations and supply chain. The door-to-door delivery of the milk and other produce was done by part-time low-income entrepreneurs who were paid for the 3–4-h morning delivery stint that they did. On the other hand, advertising and marketing were handled by the in-house team.

After a bootstrapping start, the company raised \$25m in Series C funding led by Elevation Capital, formerly Softbank Asia Infrastructure Fund Partners, in November 2020. The firm then did two rounds of funding in 2022 to raise its valuation to \$615m (Parmar, 2022). The journey that began with only liquid milk had grown exponentially, with growth of 2–2.5× annually, into multiple categories and regions. Gade shared, “From a Rs 6 crore [5] with a turnover of Rs 60 million [\$0.7 million approx.] in 2017, Country Delight has crossed Rs 1,000 crore (Rs.10 billion [\$120 million approx.]) in revenues this year” (Tandon, 2022). The firm, being a vertically integrated private label firm, could cover its capital expenses and aimed to be listed on the domestic stock exchanges by the FY 2024–2025.

Country Delight’s products, especially its liquid milk, were priced 12%–15% higher than the other options available in the package milk market. Gade shared the brand’s core and the founder’s intent: “We are a mass premium brand” (Forbes, 2022). Gade emphasized, “We will stand out with the brand, the product quality, and then the convenience. As our product categories increase, as customers spend more with CD there is scope for reducing prices, but we don’t plan to become a super-premium brand” (Tandon, 2022).

Kaushal clarified [6], “Customer feedback and promise are the credo at Country Delight. We maintain constant communication with the customers. Being a subscription-based

business, our contact with the consumer is every day. Whether during COVID or now, we keep the customer in the loop. This transparency gives the consumer a lot of comfort and trust, and it builds brand loyalty predominantly because you are trying to be as transparent with the customer as possible. At the core of every decision we take, whether adding a product category or providing quality assurance and testing facilities to consumers, is always the consumer. As a business, we go the extra mile to understand consumer pain points and wants. The objective is to work on customer feedback and solve a customer's problem. So, if there is an opportunity to increase consumer demand, we try to work out the unit economics. If viable, we want to make and deliver as many natural and unadulterated products to the consumer's doorstep at a good price. Further, the products we look at, like bread or idli-dosa batter, have a repurchase intent and are bought at least 4 to 5 times a month. However, we work out the economics and venture cautiously to ensure that we can deliver a superior quality product in a manner that is sustainable in the long run."

Country delight: product and the product promise: The inception of the journey was with natural, unadulterated milk. From a fully owned to a healthy thought-through business model, Kaushal emphasized, "We are a full-stack business model and have almost complete control over the entire value chain. We do not own the logistics but the drivers; the IoT (Internet of Things) is entirely company-devised and owned. Despite the highly perishable nature of the product, our technological processes ensure that we get real-time updates on the milk temperature, bacterial growth of the product, and all quality parameters. Moreover, this quality monitoring is done across all locations that we serve. Technology and its careful use have saved us a lot of money in terms of capital investment [7]."

Country Delight delivered nearly 8 million litres of milk across 15 metro cities such as NCR, Bengaluru, Pune, Mumbai, Hyderabad and Chennai. To add to consumer trust, the firm gave a complimentary Defense Research and Development Organization-approved milk testing kit on the first delivery to the consumer. Furthermore, the backbone of the 100% delivery promise and zero wastage was the well-crafted unique cold supply chain model, which maintained a 4°C temperature to ensure the milk retained its original form ([Exhibit 3](#)).

After milk, Country Delight forayed into other milk products, such as ghee (clarified butter), paneer (cottage cheese), yogurts, buttermilk and flavoured milk. The firm also added bread, eggs, fresh fruits and vegetables (only NCR). Most categories' prices were 10%–15% higher than the mass range ([Exhibit 4](#)). "Milk and Dairy formed 60% of the business, and the rest came from the other categories. Regarding geography, NCR contributed 45% of the business, west Mumbai and Pune was 35%, and the rest came from South India", shared Kaushal ([Tandon, 2022](#)).

Country Delight: customer interface: The firm operated on a subscription model and had over 400,000 subscribers. In addition, it had a premium membership model called the very important person (VIP) programme for regular customers through which they could save up to 30% of their spending by making an upfront payment. As the firm had a subscription-based model, it could track the demand in real time. Based on consumer buying patterns, the demand forecasting was accurate and built backward into supply and procurement. However, as a buffer, the firm kept an inventory of 10%–20% to handle any demand fluctuations. Efficient supply chain and technology-enabled inventory management kept milk spoilage at less than 1%. Country Delight delivered to its consumers and managed an interface through its well-crafted, simple-to-navigate mobile application. "Our intent is obvious we want to stay a D2C brand, and the subscription model works in our favour because (a) the attrition is low and there is high consumer stickiness and (b) the cycle of consumer orders helps us be more accurate in our demand forecasting, and therefore we can integrate this backward into our supply chain more efficiently," shared Kaushal ([Tandon, 2022](#)) [8].

What next?

The journey thus far had been both exciting and challenging. However, it was time to plan for Country Delight's next growth phase. "Our vision has always been to become a natural wellness brand in the Indian market," shared Gade. "We want to become a one-stop space for people looking for products that help them live better. CD intends to build an inclusive business while solving customer problems and empowering the farming community. CD should be the one-stop platform for wellness. Hence, our mantra is 'Live Better'" (Sinha, 2022).

What had started organically and then developed strategically had worked well for the young firm. The faith of the equity players who had invested funds in the firm demonstrated clearly that the brand was going places. Rishika Chandan, executive managing director of Venturi Partners (Country Delight investor), observed, "Country Delight is solving a very real problem at scale. Quality consciousness in India is on the rise as are customer expectations of transparency and clean products. The brand's focus on offering farm-to-doorstep daily pantry essentials that are fresh and of the highest quality has resulted in immensely positive customer feedback and strong loyalty. We have been very impressed by their product-first approach, vertically integrated business model, and ability to expand across categories. India has about 20 million affluent households across the top 50 cities that could benefit from Country Delight's range of products, making this a huge opportunity that has remained primarily commoditized thus far" (Soni, 2022).

"In most of the food staples, the trade channels eat up 30% of the margins, which makes the price unaffordable if the quality is very good. But here I own my distribution channel and this distribution channel is paid for by milk. So, as our stock keeping units (SKUs) increase, we have the potential to make everything more competitive because we own our distribution," shared Gade (Tandon, 2022). There were lessons learned, and an important caveat for the next phase was that as the operations were now considerable and the stakes much higher, the next phase had to be well-defined and articulated. As Kaushal waited for Gade to join him for a "future planning" meeting, Kaushal doodled possible directions that he had been mulling over the past few days.

Milk had been Country Delight's first and favourite child. Over the years, Country Delight expanded into milk variants such as ghee, paneer and yogurt. The value chain from procurement to delivery was now nearly seamless for maintaining and delivering on the "pure and fresh" promise. One category that Country Delight had not explored was ice creams and milk-based cold desserts, with local flavours such as "mishti doi" (sweetened curd), srikhand (flavoured yogurt), kheer (rice pudding) and payasam (vermicelli pudding). With the summer season approaching in North and other parts of India, it was a good time to look at expanding into these categories. The challenge was that the current cold chain would work for the desserts, but ice cream would need a different set of processes and additional capital expenditure. Secondly, this space already had players such as Mother Dairy, Amul, Vadilal, Kwality Walls, the international Baskin Robbins and London Dairy. Would Country Delight get trials if not tractions? Alternatively, staying in milk and looking at alternatives such as almond and soy milk would be better. However, this again needed different expertise, processes and packaging. Which of these were the right product extensions the firm should consider?

"We intend to reach a million subscribers by FY25," shared Gade (Food Tech Biz, 2023) [9]. Country Delight was operating in 15 metro cities, so was it time to expand into new geographies? However, the climatic and cultural factors might change and required tweaking regarding the communicated benefits and shelf-life challenges. In addition, each geography would have its own regional and unorganized players. Could Country Delight create a mind and shelf space in consumer kitchens?

Country Delight: growth possibilities: Country Delight expanded operations in categories other than milk and milk products, such as coconut water, vegetables, groceries, breads and idli-dosa batter. Here, the emphasis had been on the “freshness promise”. Would it not be suitable to cater to the other half, the non-vegetarian consumers, and delivered with fresh meat, poultry and seafood? This basket expansion would complete the fresh ingredients for the home cook kitchen. The challenge was that the procurement, transportation and delivery would need to be separated and designed. This expansion meant both expertise and additional investment. However, this investment was doable as the firm was looking at the next round of funding. Would investors be as excited about the opportunity? Would investors realize the profit potential for additional investments in Country Delight?

Lastly, Kaushal was very impressed with the diversification into agritourism, such as the Pune-based vineyard – Sula. He wondered whether taking the consumer to the farmers from whom they sourced the milk, vegetables and other items would contribute additional revenue to Country Delight and their farmer suppliers. It could be a great way of building consumer engagement as the consumer engaged in vegetable or fruit picking, oil/grain extraction process or making clarified butter and buttermilk. The idea was exciting and would serve better to build consumer awareness and stickiness; the challenge would be at the organizational level (it would need an arm good at hospitality and customer service). The customer who went rustic wanted a “village experience” but expected the comfort and hygiene of at least a three- to four-star hotel. This requirement would need careful blending of the rustic with the urban expectation. Was there a pot of gold at the end of the farmyard?

Thus, there were both exciting possibilities and accompanying challenges. Country Delight had delighted its customers thus far, and Kaushal wanted to leave no stone unturned to delight the consumer further, and yet at no cost should a new path have a diluting effect on the existing sheen of the brand. As he walked purposefully to the meeting room, Kaushal struggled to identify the right road to lead the brand to its chosen goal.

Keywords:
Consumer food purchasing,
E-commerce,
Food and nutrition,
Marketing strategy,
Product management,
Value chain

Notes

1. The authors interviewed Kaushal, COO and co-founder of Country Delight, on 7 February 2023.
2. USD–INR X-rate: \$1= INR 82.78 as on 7 March 2024 (Source: <https://www.bloomberg.com/quote/USDINR:CUR#xj4y7vzkg>)
3. Authors' interview with Kaushal, COO and co-founder of Country Delight, on 7 February 2023.
4. Authors' interview with Kaushal, COO and co-founder of Country Delight, on 7 February 2023.
5. USD–INR X-rate: \$1 = INR 82.78 as on 7 March 2024 (Source: <https://www.bloomberg.com/quote/USDINR:CUR#xj4y7vzkg>)
6. Authors' interview with Kaushal, COO and co-founder of Country Delight, on February 7, 2023.
7. Ibid.
8. Ibid.
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Exhibit 1. Milk and dairy players in India

National players

Mother Dairy (1974)

Headquarters: Headquartered in New Delhi, India.

Product range: Milk, cultured products, paneer, ghee, ice-creams, breads, Dhara (cooking oils) and Safal (fresh fruits and vegetables, frozen vegetables).

Business model: Mother Dairy operated on a cooperative milk business model. Most of Mother Dairy's daily milk production was sourced from dairy cooperatives and community-based organizations. A national brand, Mother Dairy had established itself as a household name in the branded milk market thanks to its high-quality and dependable products, a strong network of smaller milk booths at the local level and larger retail channels [10]. Mother Dairy had a strong distribution network that comprises over 1,500 exclusive retail outlets, 1,000 booths and 3,000 franchises across India.

Amul (1946)

Headquarters: Headquartered in Anand, Gujrat, India.

Product range: Bread spreads, beverage range/milk drinks, powder milk range, Amul Pro, Amul fresh milk range, Amul cheese range, Amul cooking range, Amul dahi range, Amul mithai/desserts range, Amul health drink, Amul chocolates, Amul ice creams, Amul cream and Amul whipping cream [11].

Business model: Amul had a cooperative business model. Amul sourced its milk primarily from its network of dairy farmers. The company had over 18,700 village-level milk collection centres across India, which collected milk from over 36,000 villages. It operated pan-India and also exported its products to over 60 countries worldwide.

Verka (1973)

Headquarters: Headquartered in Mohali, Punjab, India.

Product range: Dairy products such as milk, curd, butter, ghee, paneer and ice cream [12].

Business model: Verka was a dairy brand owned by the Punjab State Cooperative Milk Producers' Federation Limited. It operated mainly in Punjab, India, where it was headquartered. Verka sourced milk from a network of over 3,000 village-level dairy cooperatives in Punjab, India.

Saras (1972)

Headquarters: Headquartered in Jaipur, Rajasthan, India.

Product range: Milk, ghee, butter, cheese, ice cream and dairy whitener.

Business model: Saras was owned by the Rajasthan Cooperative Dairy Federation (RCDF). Milk was sourced from cooperatives owned and operated by local dairy farmers who were regular fresh milk suppliers to RCDF.

Vita (1977)

Headquarters: Headquartered in Anand, Gujrat, India.

Product range: Milk, ghee, butter, paneer, dahi, lassi, sweets and energy bars [13].

Business model: Vita operated on a three-tiered system based on the Anand model. It operated primarily in Haryana, sourced milk from milk plants and processed it. The processing involved pasteurization, homogenization and packaging milk and other dairy products.

Paras (1960)

Headquarters: Headquartered in Lucknow, Uttar Pradesh, India.

Product range: Milk, dahi, ghee, chaach, paneer, chena kheer, dairy whitener, milkshake, dairy cooking cream and whipping cream.

Business model: Paras Dairy was a cooperative society owned and managed by milk producers in Uttar Pradesh, India. The company's milk procurement process was based on a fair pricing and quality control system with the local farmers [14]. Paras sourced its milk from a network of over 400,000 farmers who were cooperative society members. Paras Dairy used advanced technology and equipment to ensure the quality and safety of its dairy products. Paras Dairy's well-established distribution network enabled it to reach a large customer base across different regions of India.

Farmery (direct-to-consumer) (2015)

Headquarters: Headquartered in Mumbai, Maharashtra, India.

Product range: Milk, curd, ghee, buttermilk, eggs, paneer, fruits, groceries, vegetables and juices [15].

Business model: Farmery operated on a subscription-based model, allowing customers to sign up for regular deliveries of their dairy requirements. Farmery sourced its milk directly from dairy farmers who followed ethical and sustainable farming practices. It had a vertically integrated supply chain and handled the entire production process, from sourcing milk to processing and packaging products to delivering them to customers.

International players

Nestle

Headquarters: Nestle India Ltd. was the Indian subsidiary of Nestle, which is a Swiss multinational company.

Product range: Nestle milk, including ultra heat treatment milk, tetra pack milk, condensed milk, milk powder, Nestle yogurt, Nestle cheese, Nestle ice cream, Nestle infant nutrition, beverages, chocolates and confectioneries.

Business model: The production and marketing of a wide variety of food and beverage items, particularly dairy products, were the main goals of Nestle's business strategy, which combined research and development, brand creation and marketing and a robust distribution network [16]. Nestle India sourced milk from over 100,000 dairy farmers across India through a network of village-level milk collection centres. The milk was collected in bulk and transported to Nestle's dairy plants for processing. After processing, the dairy products were packaged into containers, such as pouches, bottles, cans and others. Nestle India's well-established distribution network enabled them to distribute their dairy products to various retailers, wholesalers and distributors across India. Dairy products were sold to customers through different retail outlets, such as supermarkets, grocery stores and online platforms.

Britannia

Headquarters: Headquartered in Bangalore, Karnataka, India.

Product range: Milk, cheese, ghee, milk-based drinks, dairy whitener, butter, dahi, paneer, cream, bakery products, biscuits, bread, cakes and rusk.

Business model: Britannia Dairy Private Limited, a subsidiary of Britannia Industries Ltd, was engaged in the dairy business. The company's business model focused on producing and selling dairy goods for the Indian market. High-quality milk was obtained from farmers, processed in the company's cutting-edge manufacturing facilities and distributed through a vast network of distributors and merchants throughout India. Britannia had a reliable supply chain that ensured milk was delivered on schedule from farms to its production facilities, and then the final goods were delivered to end customers [17].

Source: Compiled by authors

Exhibit 2. Grocery and personal care online retailers in India

Table E1

<i>Inception and location</i>	<i>Product categories</i>	<i>Private labels</i>	<i>Business model</i>
<i>Big Bazaar (2001) was headquartered in Mumbai, Maharashtra, India.</i>	A wide range of products included food, groceries, fashion, electronics, home appliances and more	A range of private label brands, including <i>CleanMate</i> (household cleaning products), <i>KitchenMate</i> (kitchen appliances and cookware) and <i>Tasty Treat</i> (snacks and sweets)	Big Bazaar operated in a hypermarket format, offering retail and wholesale products. The company followed an inventory-based model, stocks products in its stores and sells them directly to customers. Big Bazaar operated across India, with over 300 stores in over 150 cities. It sourced products directly from manufacturers and suppliers. Big Bazaar had its supply chain, transportation and logistics network to manage inventory and transportation
<i>Reliance Fresh (2006), Headquartered in Maharashtra, India</i>	A range of grocery items, including fresh fruits and vegetables, dairy products, meat, packaged food items and household essentials, were stocked	Private label products under brand names such as <i>Best Farms</i> , <i>Good Life</i> and <i>Pure</i> . These products are manufactured by Reliance Industries and sold exclusively at Reliance Fresh stores	Reliance Fresh operated as a subsidiary of Reliance Retail and Reliance Industries Limited. The company followed a supermarket format, where customers could browse and select products from the store shelves. Reliance Fresh sourced its products from local farmers, suppliers and manufacturers. The company also had tie-ups with several international suppliers to import exotic fruits and vegetables
<i>Big Basket (2011) was headquartered in Bengaluru, Karnataka, India.</i>	Fruits, vegetables, meat, dairy, bakery products, personal care, household essentials and more	<i>Fresho</i> (fruits and vegetables), <i>BB Royal</i> (rice, pulses, and spices), <i>Royal Umbrella</i> (Thai rice) and <i>Happy Chef</i> (ready-to-cook meals and snacks)	Big Basket operated an online grocery delivery business model, where customers could order groceries through its website or mobile app and have them delivered to their doorstep. The company followed an inventory-based model, stocking products in its warehouses and delivering them directly to the customers. Big Basket sourced its products directly from farmers, wholesalers and manufacturers. The company had tie-ups with over 3,000 farmers and over 1,000 brands
<i>Blinkit (formerly Grofers) (2013) Headquartered in Gurgaon, Haryana, India.</i>	Groceries, fresh fruits and vegetables, meat, stationery, bakery items, personal care, baby care and pet care products, snacks, flowers, etc	None (presently)	Blinkit was a startup that aimed to connect small and medium-sized retailers in India with consumers through its platform. The business model was based on offering various products from multiple retailers on a single platform, making it convenient for

(continued)

Table E1

<i>Inception and location</i>	<i>Product categories</i>	<i>Private labels</i>	<i>Business model</i>
Zepto (2021) <i>Headquartered in Noida, Uttar Pradesh, India</i>	A wide range of products such as groceries, fresh fruits and vegetables, meat, stationery, bakery electronics, home appliances, fashion, personal care and more	None (presently)	consumers to shop. It operated on a marketplace model where it did not have any personal warehouse or grocery store. It only collaborated with local grocery stores and merchants in the city. Blinkit operated in close to 30 cities in India Zepto operated on an online marketplace model, connecting buyers and sellers through its platform. The company earned revenue through commissions and fees charged to sellers. Its strong point was the cloud stores or the dark stores it ran. Zepto sourced products from its registered sellers, who were responsible for the quality and authenticity of their products

Source: Compiled by authors

Exhibit 3. Country Delight: tracing the supply chain

Milk and dairy products: Country Delight operated a completely integrated supply chain. The firm used local supply chains to serve customers in different regions. This step included farmers and suppliers within a 200–250 km radius. The farmers had a “pact” to deliver their milk to Country Delight. Manish Parmar shared, “The farmers stay with us for several reasons. We pay 10-15% higher than the cooperative and private players. Secondly, we ensure timely payments and financially support the farmers if they buy farm equipment, livestock, or other materials. This zero-interest loan amount can be adjusted in their regular payments and repaid in 10 installments. We do not disconnect unless there are quality issues with the farmer; there is attrition, of course, but mostly, we have long-term partnerships.”

The milk was collected from 100 to 400 farmers at milk collection centres (MCC), usually on state borders (e.g. for the NCR, the MCCs were at Haryana and Rajasthan borders). The milk that was brought to the MCC was at room temperature. Because the milking was done early morning and late evening when temperatures were friendly and not too hot, the milk could stay “good” for 4–5 h at the MCC, where it was tested and then transferred to milk tankers, which maintained a temperature of 2°. The collected milk was transported from the MCC in tankers carrying 10,000–15,000 L. Milk was collected in two shifts, one in the morning and another in the evening. In 4–8 h, the collected and chilled milk was carried to the processing units in the tankers. The firm had processing units close to each region. The milk from the MCC was transferred to the nearby unit. There was one unit in Gurugram (Haryana) to service the NCR and one in Chaken (Maharashtra), which services Pune and Mumbai in Maharashtra and Surat in Gujarat. There was a plant on the Tamil Nadu and Karnataka border at Vicota that services the Chennai and Bengaluru markets, one in Kolkata and one in Hyderabad. Each of the plants was on a 5/10/15-year long-term lease. The firm is developing a company-owned plant in Jajhar (Haryana).

Once the milk reached the plants, the temperature was checked, and chilling was done to keep it at 2°C. It was packaged and kept in cold rooms until it was time to deliver to the consumers’ doorsteps.

In terms of quality checks, unlike private and cooperative players, Country Delight did multiple quality checks. The first was done at the source at the MCC. Parmar shared: “At each collection center, we have deployed very sophisticated hardware from Indie force.

The machine provides real-time data about the milk quality. The company has developed in-house technology to facilitate remote monitoring and quality checks. So, if milk is not of the required quality, it is rejected. So even if it is 100-liter milk, we reject it and do not accept low-quality milk. We communicate this to the farmer with a warning of compromised quality as unacceptable.” The following quality check was done after the pasteurization process was completed at the plant and milk was to be packaged.

Non-milk products: All non-milk products were also delivered through the D2C channels. There were a variety of products. Products like eggs (three different varieties) were procured from a poultry farm in Andhra Pradesh. They were supplied with packing material. “They do the sorting and grading process. We do the monitoring, so we have one person deployed at their facility, and every time our batch runs there, we do our quality check,” shared Parmar. The company also sold its own manufactured bread. There was a contract manufacturing agreement with a large vendor that had baking facilities for bread manufacturing. Parmar added that he also has other facilities from where he serves other vendors and brands. However, one facility is only for Country Delight requirements.

“Moreover, we have in-house employees who monitor quality. Coconuts were procured from Kolachi (Tamilnadu). So Kolachi is recognized as producing the best coconuts in the world. 97 to 98 percent of these coconuts yield two glasses of coconut water, which is why the coconuts are one of our higher selling items; we sell almost 78,000 coconuts a day,” shared Parmar enthusiastically. For coconuts, sorting and grading were done, and the coconuts that appeared smaller were sold to local vendors through a secondary supply chain.

Products such as fresh fruits, vegetables and salads were sourced from the local mandi (wholesale vegetable and fruit market). The sorting and packing of the products and quality checks were done at the “dark stores-cum warehouses”. Grocery, cereals and spices were bought from wholesalers and then sorted and packaged at the company facilities. Parmar clarified, “We do not add preservatives or chemicals in our products.”

The last mile: The packaged milk and the other milk products the consumer ordered were transported to distribution centres (small shops/houses) near a subscriber circle. The facility had both cold and standard rooms. Milk and other products that needed a specific temperature were unloaded and segregated into the rooms. The other items were kept in dry spaces. All orders arrived, were sorted and stored in the distribution centre between 12 a.m. and 4 a.m. At 6 a.m. round 100 delivery partners collected the orders and the route map for the delivery. Parmar shared, “We do individual customer-level packing for the non-milk orders at the distribution center. So, a customer ordered 3 to 4 grocery items: eggs and bread. So, all the items will be packed in a separate large poly bag. In the case of milk, we do not do that kind of customer-level aggregation. The delivery partner has a list of which customers ordered what type and quantity of milk, so he will have all these packs and leave them at the customer’s doorstep as per the order placed.”

Source: Compiled by authors based on an in-person interview with Parmar, head of Pan India process and operations excellence, Country Delight, on 8 April 2023.

Exhibit 4. Country Delight: product category details

Table E2			
<i>Category</i>	<i>Variant</i>	<i>SKU</i>	<i>Price (INR)</i>
Milk	Low fat cow	450 mL (pouch)	42.50
	Cow	450 mL (pouch)	41.00–42.50
	A2 cow	1 L (tetra pack)	115
	Buffalo	450 mL (pouch)	48.50
Milk products	Mango lassi	140 mL (cup)	37
	Punjabi lassi	140 mL (cup)	40
	Pudina chaach	250 mL (cup)	23
	Flavoured milk (chocolate and kesar badam)	130 mL (cup)	36
	Flavoured yogurt (mango, blueberry and strawberry)	85 g	32
	Curd (low fat and normal)	400 g	57
	Paneer (cheese)	180 g	102.50
	Chaach (zeera and pudina)	250 mL	23
	Desi daanedar ghee (clarified butter)	900 mL	809
	Fresh tender coconut	1 pc (270–300 mL)	78.50
Grocery (pulses and spices)	500–1 kg	Fluctuating*	
Eggs (white, protein white and protein brown)	10 pieces	124–176	
Bread (brown, white, multi-grain and home style)	400 g	51.50–78.00	
Dry fruits	500–1 kg	Fluctuating*	
Fresh fruits, vegetables and salads	Varied	Daily rate**	
Cold-pressed oils (mustard, groundnut and sesame)	700 mL	232–340	
Idli-dosa batter	450 g	42.00	

Notes: *10% higher than mass products; **Market rate
Source: Compiled by authors

About the authors

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