

PROGRESSIVE GROCER

NOVEMBER 2011

AHEAD OF WHAT'S NEXT

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INDIA EDITION

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Food Safety

Industry braces up to
get its 'Act' together
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From farm to fork and a lot in-between

The Food Safety & Standards Rules that came into effect in August 2011 has replaced the archaic 50-year-old Prevention of Food Adulteration Act (PFA). The new law is more scientific, with separate laws for meat, milk, edible oil, fruits and vegetables, etc. FSSAI is currently working on implementing it.

It brings into its ambit all stakeholders involved in production, manufacturing, trading, storing and transportation of food. All the factors in the supply chain will be documented scientifically, and verified by officials regularly. This will percolate right down to the farmers who would be required to adopt good farming practices.

For the first time, the law has put the onus of ensuring food safety on the manufacturer. Earlier, food inspectors checked the quality and had the authority to prosecute. Now, food safety officers will inspect every function along the supply chain, including sourcing, manufacturing, storing and distributing, and they will work with manufacturers, street vendors and retail owners. With more and more imported items coming into the country, safety of imported food and risk analysis also poses a fresh concern.

It is envisaged that the new Food Safety Act will strengthen the ability of regulators and the government to handle food contamination incidents.

Implementing the Act is, no, doubt, a mammoth task, considering the large number of industries and people involved. Food associations such as the Tamil Nadu Chamber of Commerce and Industry and the Agro Food Chamber of Commerce and Industry, have

expressed their concerns about the feasibility of the Act as the ground realities are very harsh, and have described the Act as stringent and impractical. Even the fine levied for violations is a steep Rs 1 lakh to Rs 10 lakh, and could severely affect the business of small operators.

In their opinion, the Act should be enforced only after April 2014 after incorporating necessary changes, creating adequate awareness, and providing requisite training to the traders and producers in cities as well as in the villages. They also hold that the tax exemption under VAT and CST should be extended to processed foods also.

Governments around the world are proposing more stringent regulations to prevent a breakdown at any point in the food system on the farm-to-fork spectrum to better protect consumers from contaminated, adulterated or deteriorating food quality, and the consequent economic loss to the food industry. India's efforts in this sphere need to be supported by all the stakeholders in the food industry as well as by the consumers.

This issue carries detailed insights on the Act and what it entails by industry experts and specialists. Plus our regular features on food, non-food and the grocery business. An inspiring piece on optimizing the store's front-end experience for shoppers, is well worth a read for those retailers who have long ignored this section, but would like to see a smile on their customers' face as they leave their store.


Amitabh Taneja
Editor-in-Chief

All feedback welcome at editorpgindia@imagesgroup.in

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The new Food Safety & Standards Act, that came into force recently, had leading industry players from across the world congregate at CII's 6th National Food Safety & Quality Summit in New Delhi, to discuss pertinent issues and impending challenges. Our cover story on what the new Act entails includes a discussion on the provisions and challenges of the new legislation and regulations (Dr Jitendra P Dongare – FSSAI); the logistics and distribution of high-risk products (Manjunath MS - Ingersoll Rand); importance of packaging (Dalbir S Wariah – ITC); building a safe fresh food supply chain, and what traceability and food recall entails (Sudeshna Das – GS1); while three international experts lend a fresh perspective on the topic of food safety.

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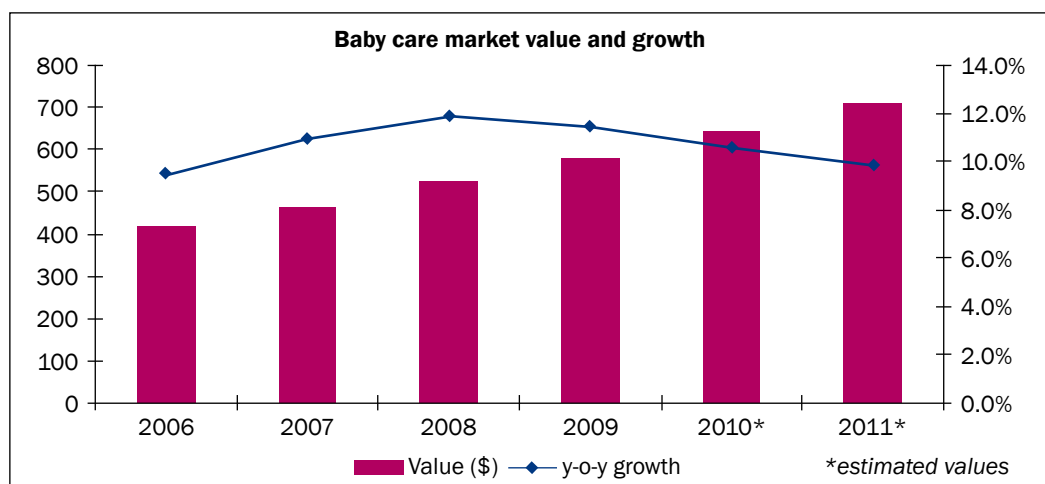


Baby's Day Out!

By Itty Gupta

The baby care market in India is riding high on the back of a booming economy and growing parental aspirations

Baby care in India has historically been limited to oil and soap, cloth diapers, maybe some home remedies, and breast milk, with infants later being weaned onto home-cooked food. However, this traditional mindset is slowly but steadily changing. The typical product basket is now expanding to include talcum powder, moisturizer, body wash, shampoo, and more importantly wipes and disposable diapers. Breast feeding, which was traditionally



The baby care market in India has registered double-digit growth over the last five years

considered to be the only acceptable source of nutrition for babies, is now being selectively replaced by infant formula, owing to various lifestyle changes that have been adopted by today's parents. This has led to growing acceptance of baby care products that were once mostly considered unfit for use on babies by parents with traditional mindsets and, at best, were seen as optional.

A strong growing economy has led to an increased average income and expanding employment opportunities nationwide. With rising disposable incomes, greater importance being placed on convenience, and increasing awareness of the nutritional and hygiene requirements of infants, urban parents are demanding products that are both high quality and innovative. They place less importance on price and more on quality. And with the Indian retail revolution having kicked in during the last decade, consumers are now spoiled for choice, and therefore, demand variety when shopping for baby care products. In particular, the growing acceptance of baby care products in shopping baskets, coupled with devoted shelf space in malls and department stores, is fueling the growth of the market in urban centers.

The "trickle down" effect of growth has helped to create more employment opportunities, and this has caused an increase in rural disposable incomes. With an increasing focus on baby health and hygiene via various awareness campaigns, rural consumers are increasing their consumption of baby care products, much like their urban counterparts. This is creating great opportunities for the Indian baby care sector in these areas, where the potential consumer base is huge but penetration levels remain extremely low.

Show me the money, baby!

The Indian baby care sector is the second fastest growing market, after China. India's high birth rate has resulted in a rapidly rising population in the 0-4 age group, consequently boosting the baby care sector. Additionally, compared to other growth economies, India has an ever-growing population in the key purchaser segment for this sector - women in the age group of 25-44 years.

The sector has recorded a CAGR of around 11 percent over the last five years, and is expected to cross the US \$700 mn mark in 2011. Despite the global economic slowdown, the Indian baby care sector has continued to develop at a double-digit growth rate.

I too want a share of the pie

The Indian baby care sector is recognized as one of the largest untapped sectors globally due to the double-digit growth rate that the sector is currently enjoying. It is thereby attracting the attention of many international players. The sector, which was once dominated by Johnson & Johnson's baby toiletries and Nestlé's infant formula and Cerelac baby food, has witnessed a wave of new brand introductions by international and domestic players.

International baby care players such as Mann & Schroder, Artsana Group (Chicco), and Pigeon have invested

heavily in India in an attempt to capture a large share of the growing sector. Elder Healthcare, an Indian fast-moving consumer goods major, has joined up with Mann & Schroder to introduce the latter's Sanosan baby care products to the Indian market. Elder Healthcare also plans to venture into the baby food and drinks market and is currently in talks with local manufacturers for third-party contract manufacturing. Lilliput, Mahindra's Mom and Me, and Mothercare, among others, have also entered the sector in the past five years, looking to capitalize on the growth trend.

Bulging wallets, changing mindsets?

Members of the relatively young urban population are the prime beneficiaries of the jobs created in modern industries such as business process outsourcing and IT. To make the most of these opportunities, which are still mostly limited to metropolitan cities and urban centers, young Indian adults are slowly moving away from their hometowns and towards smaller urban households. This results in smaller family units, with



Cover Story

Food Safety from Farm to Fork

Partners in Safety

Leveraging the commitment of all stakeholders in the food chain from 'farm to fork' for ensuring food safety comes with challenges that can be met through effective communication, better awareness, and shared culture and capability building through partnerships



With the enactment of the Food Safety and Standards Act 2006 (FSSA) effective 5th August 2011, India has taken a significant step towards ensuring food safety for consumers in India as well as abroad. Given the fact that food safety is an inseparable part of the nation's food security, it becomes necessary to scale up the awareness and capability building initiatives such as information systems, food safety systems and regulations, national emergency management system, and early warning systems, keeping in mind the impact of climatic changes on food hazards. All of this and more was discussed at the CII 6th National Food Safety and Quality Summit during 28-29 Sept 2011.

The theme 'Partnering for Food Safety - Agenda for Safe Food Supply Chain' saw participation by leading national and international retailers, manufacturers, laboratories, food safety and quality specialists from the food processing factories, food professionals, government and regulatory authorities, food research institutes, food equipment designers and fabricators, food

infrastructure designers, system and product certification bodies, and all stakeholders in the entire food chain.

Prof KV Thomas, Minister of State (IC) for Consumer Affairs, Food and Public Distribution, in his inaugural address said that with the adoption of modern methods of traceability detection like bar codes and effective labelling, would ensure that the entire food chain becomes safer for the consumers. "The industry too would need to comply under the integrated FSSA, instead of the multitude of food related acts, and CII needs to play a leading role in its effective capability building and implementation," he said.

Dr Gopi Ghosh, Assistant FAO representative, suggested standards building, training in GMP/HACCP, and awareness creation, and spoke of the knowledge depository database in the FAO (Food & Agriculture Organization) website from which one could obtain some of the best in class practices. Manu Anand, Chairman and CEO PepsicoCo India, noted that the focus of the Summit was for all the partner stakeholders to drive food safety and quality across the entire food chain, where each had their own

responsibility towards ensuring safe food to the end consumer. "A safe food supply chain is ensured when it manages its partnership process well, systematically upgrading the levels of relationship with aligned policies and strategies including effective communication, co-decision making and co-creating through shared competency development programs, resource upgradation and periodic review of the benefits," he said.

Raj Jain, President Walmart India and MD and CEO, Bharti Walmart noted, "Food safety is an important issue in India and one that requires our immediate and utmost attention. Lack of hygienic, good manufacturing and agricultural practices, particularly in fresh, impact not just the quality of food, but also deny safe and healthy products to the consumer." Enumerating the various challenges facing the food chain in the country, he said, "Efficiency, inclusiveness and sustainability are crucial factors. Building food safety standards in India requires massive capital investment. Allowing FDI in multi-brand retail will greatly enhance food safety efforts and bring about a paradigm shift in this area, thereby helping people live better." Bharti



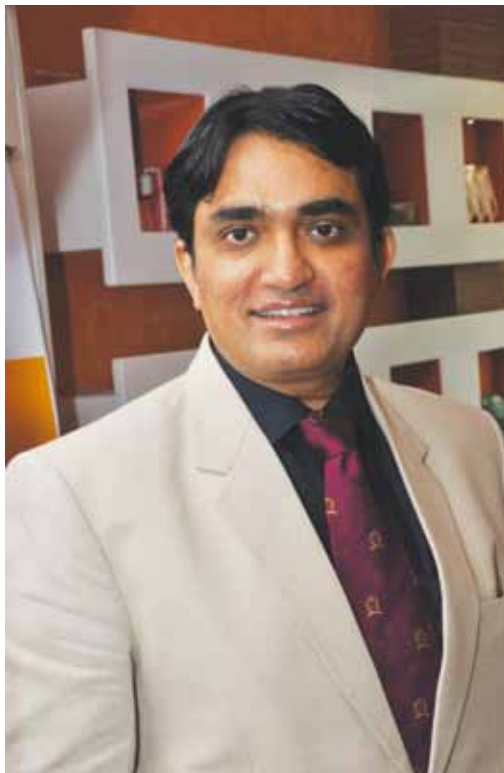
Wake Up & Smell A New Tea

By Seema Gupta

Wagh Bakri Chai, a Rs 550-crore tea brand, is moving ahead: from being a largely Gujarat-centric regional player, it is positioning itself across the country. Parag Desai, Executive Director, Sales & Marketing, dicusses the company's expansion plans

What is the current status of your brand vis a vis other established brands?

We are currently the 3rd largest tea company in the country after the two national players with a market share of around 5-7 percent, and the largest tea company in the private sector. Our latest turnover is Rs 550 crore and our sales volume has touched 25 million kg of tea. We are growing annually at 10-15 percent, and are aiming at achieving a 12 percent market share in the packaged tea segment. The main differentiation with the other established brands is the unique blend that is created for all our brands through research by our tea tasters, and an expertise in selecting and making the best blends possible, in fact, being in the best for over a hundred years, this



The total tea market in India is around 960-980 million kg annually out of which 150-180 million kg is exported; import duties are almost 150 percent

is a habit. We also make customised blends for different markets after research into local tastes and palates of the consumers. For instance, Wagh Bakri Perfect is a blend made especially for the Maharashtra market.

Your company has significant expansion plans lined up. Please elaborate on them.

We are currently available in the markets of Gujarat, MP, Rajasthan, Maharashtra, Goa, Delhi/NCR and Chattisgarh. We have achieved a 50 percent market share in Gujarat, 25 percent

in Rajasthan and Madhya Pradesh, and in UP, Maharashtra and Goa it is between 2-7 percent currently. We are expanding in the northern and the western markets aggressively as our ambition is to be a national brand. We have also invested around Rs 40 crores for building a new manufacturing facility, which is about 40 minutes away from Ahmedabad. This will be in addition to the current one which has a capacity of around 25 million KGS. The new facility will have the capacity to blend and process 10 million kg of tea to add to the existing 25 million kg (around 30%) at three other existing facilities. This will also be one of the largest manufacturing and packaging facility in the country, and will be in operation within 6 months. We are targeting over 20 percent growth in the next two years even as the tea industry in the country is growing at 5 percent annually.

We are exporting our tea products to US, UK, Canada, New Zealand, Australia and the Middle East markets, and targetting the new markets of Russia and Africa. Our exports

constitute around 2-3% of the total turnover and is growing at a rapid pace.

We cater to ethnic markets primarily (Asians & expats) and our already a household name in the U.S., Canada and Australia. Our overseas sale is around 2-2.5 percent of our turnover. We are also planning a packaging unit in Dubai which will help the Group to increase its exports. The investment will be around Rs 30-40 crores.

What is your marketing strategy?

The most important for expansion right now is to establish a strong sales and distribution network in the new markets. Maharashtra is already a strong market for us. Our consumers can see our brand wherever he/she goes hence, we work towards placing our product in every shelf., and with the staggering range that we have, the consumer gets an array of choices too. In the same way, we are concentrating on developing a strong distribution network for the Delhi & NCR regions.

Our marketing budget is around Rs 50-Rs 55 crores which includes ATL + BTL. activities. This includes TV and print media (which forms a large part of the budget) and lots of consumer experience activities. To know about our brand in a category like tea, we believe that our target consumers need to taste it, so we plan a lot of tasting activities outside retail outlets.

We also believe in localised communication, for example, we sponsor Ganesh Chaturthi festivals in Mumbai and serve complimentary tea to everyone. In fact, all our communication





- The flooring around the front end area was designed to guide shoppers from the main thoroughfare (wood paneling) to the front end zone (light tiles) to the individual checkout lanes.

Lasting Impressions

By Joseph Tarnowski



RoNetco Supermarkets reinvents its front end design so that every customer leaves with a smile

Dominick J. Romano, owner of RoNetco Supermarkets of Ledgewood, New Jersey, is confident that when a customer walks out of one of his seven ShopRite stores with a smile on her face, he'll see her again.

So when the folks from Cadbury (now a subsidiary of Kraft Foods) told him that the findings of an in-depth research study could help transform his customers' front end experience from that of a "cattle cart" to that of a comfy living room, he was all ears. "The front end is the last impression we give our customer," says Romano. "If there was anything we could do to make their checkout experience more appealing and comfortable, it was worth exploring."

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strong



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Lighter



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BARTLETT

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July

Ripens to bright yellow from a light green when still unripe. Excellent fresh eating pear, but holds shape and flavor in cooking process. A choice canning pear.

RED BARLETT

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July

Bright red skin when fully ripe. Can be used fresh or for same purposes as Yellow Bartletts. They offer a brilliant, appetizing color touch when used fresh in salads or fresh fruit desserts.

ANJOU

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July

A salad pear. best when eaten fresh. Has abundant juice when ripe. and a sweet mellow flavor. Shows no color change in ripening. If firm, ripen at room temperature until they yield to gentle pressure

RED ANJOU & OTHER RED PEARS

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July

A salad pear. best when eaten fresh. Has abundant juice when ripe. and a sweet mellow flavor. Shows no color change in ripening. If firm, ripen at room temperature until they yield to gentle pressure

BOSC

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July

Excellent for baking, poaching, broiling, or microwave recipes. Also a good choice for salads and fresh out-of-hand eating. If firm, ripen at room temperature. Bosc do not change color in ripening process.

COMICE

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July

One of the sweetest and juiciest of all pears. A dessert pear, very flavorful, fresh, in salads, an excellent accompaniment to fine cheese. If firm, ripen at room temperature until they yield to gentle pressure.

FORELLE

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July

A smaller pear variety, ripening to yellow, with brilliant red blush or freckling. Excellent snack or lunch box pear, sweet with abundant juice, and a crisp texture even when ripe.

SECKEL

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July

Tiny pears with ultra-sweet flavor. Good for pickling or as a school lunch snack for small appetites. If firm, ripen at room temperature until they yield to gentle pressure.



The Thumb Test . . .

Apply gentle thumb pressure near the base of the stem. If it yields slightly, your USA Pear is ripe and ready to eat. When ripe, USA Pears are sweet, buttery, tender and filled with juice. It is also then ready to store in your refrigerator until you want to eat them. Please remember that firm unripe USA Pears do not ripen under refrigeration.



Contact For More Nutrition Facts, Recipes & Pears Ideas:
Pear Bureau Northwest
 651 Pace City-II, Sector 37 • Gurgaon (HR), INDIA 122 004
 Ph: +91(124)434-4500 • Fax: +91(124)434-4501
 www.usapears.com • usapears@scs-group.com

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