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Email: info@foodcoast.com

Editor in Chief: **Amitabh Taneja**
 Editorial Director: **R S Roy**
 Publisher: **S P Taneja**
 Chief Operating Officer: **Bhavesh H Pitroda**

Editorial

Editor in charge: **Sanjay Kumar**
 Correspondents: **Roshna Chandran**
Nibedita Roy

Conference Content: **Nakul Jain**
Mohua Roy

Contributing Editors: **Zainab S Kazi**
Namita Bhagat

Creatives

Art Director: **Pawan Kumar Verma**
 Dy. Art Director: **Deepak Verma**
 Sr. Layout Designer: **Naresh Kumar**
 Sr. Photographer: **Vipin Kardam**

Production

General Manager: **Manish Kadam**
 Sr. Executive: **Ramesh Gupta**

Support

General Manager - Administration: **Rajeev Mehandru**

Subscription

Asst. Manager-Subscriptions: **Kiran Rawat**

ADVERTISING

Business Head

Rakesh Gambhir, Convenor, India Food Forum
 rakeshgambhir@imagesgroup.in
 Mob: +91 9910001375

Lokesh Arora, Vice President
 lokesharora@imagesgroup.in
 Mob: +91 9999033612

DELHI **Ekta Roy**, Manager
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FOR ADVERTISING QUERIES, PLEASE WRITE TO salesfood@imagesgroup.in

CONSUMER CONNECT

Anil Nagar, Vice President

anilnagar@imagesgroup.in, Mob.: +91 9811333099

Membership Team: Priti Kapil **R. P. Singh**
Sarika Gautam **Priyanka Sagar**

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Consumer behaviours are quickly changing grocery shopping in multiple ways. This was one of the many engaging themes that was discussed at the recently concluded India Food Forum. Picking on the theme, one of the speakers – a top executive at Coca-Cola India – drew the attention to the bewildering variety of beverage options available today. He observed that beverage buying pattern today is very different from what existed about a decade ago: “Today, there are increasing numbers of people who go for exotic juices, re-hydration products and more...they are into many evolved products like ice teas, juice with milk and many more.”

To be sure, such instances of change and churn are dime a dozen. So much so that the industry feels that the ground is shifting beneath their feet, but is unsure of what lies beneath and what lies ahead. The fact of the matter is that both challenges and opportunities lie in store. The challenges include finding the ways and means to make the right adjustments to customer choices and preferences. Factors like price sensitivity, customer time deficiency, and instant access to promotions and product information will keep putting greater pressure on retail and product companies to shift with consumer demands.

In terms of opportunities, there will always be new vistas for growth. Insofar as retailers and brands will keep increasing their understanding of the customer and use of new knowledge tools and technology, there will always be a growing pipeline of new solutions coming into the market, which will serve the interests of the market and consumers in an equal measure.



Amitabh Taneja
 Editor-in-Chief

All feedback welcome at editorpgindia@imagesgroup.in

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Mumbai: 1st Floor, Panchal Iron Works, Plot No. 111 / 3, Marol Co-Operative Industrial Estate, Marol, Andheri (East), Mumbai - 400 059,

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Bengaluru: 523, 7th Cross, 10th Main, (Jeevanbhima Nagar Main Road), HAL 3rd Stage, Bengaluru 560 075, **Ph:** +91-80-41255172/41750595/96, **Fax:** +91-80-41255182

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From quality farms to your taste buds.

Neo Foods is specialized in pickled and preserved vegetables and fruits grown under contract farming.

Growing and post-harvest management are done under the supervision of experienced Agri team of the company. It's then packed in our state-of-art facility based in Tumkur (75km from Bangalore) in the heart of Vegetable growing areas and this is what guarantees quality produce and helps us to meet the highest standards of our discerning worldwide customers. It goes without saying that while its easy to claim high standards and the best quality products, our roster of customers both Indian and International stands testimony to this claim.

Our repertoire of products includes:

Processed Vegetables - Whole Gherkins, Cornichons / Baby Gherkins, Sandwich stackers / Spears, Burger Chips, Red Paprika, Jalapeno whole and sliced, Silver Skin Onions, Baby Corn whole and sliced, Cherry Tomato Marinated, Red & Yellow Capsicum (Bell peppers strips and quarters), Beetroot whole and sliced. Mixed vegetables and Asparagus.

Preserved Fruits - Pineapples slices and tidbits and Fruit Cocktail.

Pastes - Ginger, Garlic, Mint, Coriander, Tomato and Chilly.

Relish Range - Relish, Hot Dog Relish, Mustard Relish, Carrot Relish, Jalapeno Relish, Tomato Relish and Onion Relish.



Neo Foods products come in Glass Jars, Tins, Pouches and Barrels.

Neo Foods products are available in most of Modern Trade, Premium Kirana stores and Online Groceries.

Market Update

SIAL China 2016 – The best platform for food & beverage business

The largest food innovation exhibition in Asia, SIAL China 2016, will be held from May 5-7. The show's highlights this year include the biggest food & beverage show in Asia; 10 specialised events to inspire your business; strong support from global agents and partner media; 21 product sectors to maximise your product portfolio, along with high ROI & sourcing opportunities.

Poland is the guest country of honour at SIAL China this year. Showcasing Polish apple, pork, cheese and other specialties, the Poland pavilion will impress the visitors with its safe and organic products. On the other hand, Korea pavilion and USA pavilion will both occupy over 1,000 sqm, followed by those from Turkey, Spain, France, Netherlands, Belgium, Brazil, Uruguay, Germany, Malaysia, Australia, Czech Republic, Ireland, Morocco, Argentina, Finland, Canada, Portugal, Costa Rica and many more countries. Dubai Pavilion will debut at SIAL China



for the first time. The event will also showcase diverse food & beverages from different countries and regions, including well-packed snacks from Taiwan, tropical fruits from Indonesia, olive oil from Tunisia, dairy products from Oceania, meat from Americas and other products.

Meat as the most influential sector at SIAL China will once again take up to 25,000 sqm in hall E3 & E4. Responding to the soaring dairy needs in China, a dedicated dairy zone in hall W2 will be set up for the first time in the history. Wines from all over the world will be showcased at the wine zone in hall W5.

Products from China are also a premium sourcing opportunity that one can avail of at SIAL China. Gansu provincial pavilion is the guest province of honour at SIAL China 2016, which will be featured with Gansu wines, halal foods, aquatic products and other organic foods.

Meanwhile Chinese products will have five theme zones: Central Kitchen zones crafted for catering industry in Hall E3 & E4; Green Agriculture zone in hall E2 & E3; Sweets & Snacks placed in hall W1 / W2 / W3 / E1 / E2; High-end beverage zone in Hall W4 and the alcohol zone in hall W5.

In addition to the products, many service companies such as Beijing CBTC, Shenzhen TSL International Trade Co Ltd and others who facilitate the localisation of global food innovation in China by integrating the supply chain, branding and retail channels will also showcase their expertise.

New premium brand of dry fruits and nuts

KBB Nuts, among the largest dry fruits business group in India and offering the widest range of raw and flavoured products, has launched a new brand called Gourima. The new brand will leverage the company's expertise and knowledge to create another organised sector brand with premium positioning for discerning consumers. "We have state-of-the-art processing plants with in-built cold storage facilities in Delhi, Kundli (Haryana) and Amritsar. Tulusi is our flagship brand, which sells through the prevalent conventional wholesale sector, and is also listed across most modern trades," said Ritesh Bajaj, Gourima's Director.

Gourmia's premium range of dry fruits cover roasted pistachios, almonds & cashews in exotic flavours of smoked jalapeno, tangy masala & black pepper to supplement the pure salted options. Now, Gourmia has launched exotic dehydrated fruits like kiwi, mango, cranberry, pineapple & prunes for the anytime fruit lovers, procuring the best products from around the world. Many supermarkets like Reliance and Walmart have already listed these products. The products have also been launched selectively in traditional trade in Delhi/NCR, Mumbai and Pune so far.



"We have launched the brand with smart mono cartons (nuts) and stand-up re-sealable pouches (fruits), both in shelf display-cum-dispensers. We are currently focussing on attracting consumers through the product range and quality and ensure that our packaging continues to maintain the freshness and flavours of the products," informed Bajaj. The products are already available at some popular online e-commerce websites such as Amazon, Paytm, etc. The company is currently targeting for placement across all modern trade and key stand-alone stores in the metros (Delhi, Mumbai, Bangalore, Hyderabad, Chennai) and mini metros such as Gurgaon, Chandigarh, Pune, Goa, etc., by end of 2016.

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First Indian member of Friend of the Sea/Friend of the Earth

Food and retail professional Amod Ashok Salgaonkar has become the first person from India to be selected for the prestigious position of “Friend of the Sea” and “Friend of the Earth” Advisory Board member. He has wide experience in food, retail, seafood-based research in India as well as a good knowledge of international seafood market. “We are happy to have Mr Amod involved in our sustainability projects and we are sure his active engagement will strengthen our programs in Asia and worldwide,” said Dr Paolo Bray,



Director & Founder of Friend of the Sea/ Friend of the Earth.

“Friend of the Sea” and “Friend of the Earth” are international certification programmes for products from sustainable fisheries, aquaculture, agriculture and farming. Over 500 companies in more than 50 countries have relied on “Friend of the Sea” and “Friend of the Earth” to assess the sustainability of their origins. Audits, based on best and most updated available scientific data, are run by accredited independent certification bodies.

Manpasand ties up with METRO for greater reach in urban markets

The Rs. 400 crore fruit juice player Manpasand Beverages has entered into a tie-up with METRO Cash & Carry for making available its flagship mango-based brand ‘Mango Sip’ and recently launched ‘Fruits Up’ in all of METRO’s outlets across India.

This tie-up will facilitate the penetration of Mango Sip into urban markets. It will also give a boost to the Fruits Up brand, which consists of a range of carbonated fruit drinks and premium fruit drinks in different flavours, primarily targeted at urban markets.

Speaking about this tie-up, Dhirendra Singh, Chairman & MD of Manpasand Beverages said, “In continuation of our urban markets expansion strategy, this is our first major tie-up with an international retail brand. We have entered into this partnership to deepen our reach to potential business customers as

METRO works on an exclusive business-to-business wholesale concept. Mango Sip and Fruits Ups, in all existing sizes, will be available at all METRO outlets. We hope to deepen this partnership in the future by offering our future range of fruit juice brands too.”



India is a key market in METRO’s global expansion strategy. With modern trade on the threshold of exponential growth in India, METRO will extend its presence in existing markets by further deepening its network

of customers and suppliers. The company will also expand its footprint into newer markets within the country bringing these markets the benefit of its unique wholesale concept.

“Manpasand’s ‘Mango Sip’ and ‘Fruits Up’ brands will enable METRO Cash & Carry to offer quality fruit drinks to its customers at very attractive prices,” added Singh.

Manpasand operates in the packaged juice segment in India, which has grown at a CAGR of 28% over the past five years. The segment has been growing at twice the nominal GDP growth compared to the overall FMCG market, which is growing at 1.2 times nominal GDP growth, according to a report by ICICI Securities. Owing to the changing lifestyle, health consciousness and rising per-capita income, beverages manufacturers in India stand to benefit further. **PG**

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The talent revolution needed in retail

Can automation actually replace people in retail? Far from it. There are many critical areas where sales people need to step in to make the shopper experience more satisfying and rewarding than can be achieved through automation

By Alagu Balaraman

The role of planning and technology in improving sales and profitability in retail, primarily by improving availability of product on shelf, has been discussed in detail in this column before. These “hard” factors are important and so are the automated tools that can best take these decisions, edging out people with Excel spreadsheets and gut feel. People are not at their best when trying to deal with large volumes of data or with optimisation. Can automation actually replace people in retail? Far from it. Ensuring the availability on shelf is not the only reason for a loss of sale. A customer might not be clear on what she or he wants. Without help, no selection

would take place. A purchase decision may be put off because product features are not clear. Perhaps there are doubts on how to maintain an item. These doubts are not always articulated. They may not even be clearly framed in the minds of the shopper. This is where sales people need to step in.

The criticality of front line sales

With the onset of e-commerce blitz in this country, the retail experience is becoming a key differentiator to get people to shop in brick and mortar stores. This “experience” is created by many factors including branding, layouts and innovations in display and promotion. However, probably the single most important factor is the human interaction that takes place between the shopper and the sales person.

Earlier last year, a study was conducted by the Retailers Association of India and BCG, a consultancy. The study looked at the potential and challenges of the retail industry in India going forward to 2020. While the study is best known for the projections of sales volumes and growth rates, the report also has a section with the views of CEOs of retail companies on their leading challenges. The topic of talent and specifically that of front line sales people was a common theme. In the words of B.S. Nagesh, Founder & Non-Executive Vice Chairman of Shoppers Stop, “... big data cannot replace customer touchpoints. We need to ensure we continue to talk to our customers”.

This is probably why the fashion industry, the ultimate in crystal ball gazing, relies on people and their reading rather than today's much touted big data approach. Statistics works best with large populations. It often stumbles when the sample size becomes small. Imagine how limited such technologies can be when faced with the individual shopper.

Being able to predict the behaviour of the individual is very much the target of the online world. Today an Amazon or a Google can figure out where you went online, what you looked at and even, in the case of Google, what doubts you have as shown up in your search pattern. Despite their formidable capabilities, even they will find it tough to figure out how to address the individual shoppers' concerns and help them to decide. This is an area of the buying process where "people" still reign supreme.

But where are the people?

The challenge in front line sales is exactly that – a good sales person can have a huge impact on getting customers to buy. Unfortunately, good sales people are far and few between. In the same report, various CEOs have commented that front line sales is a top capability concern. This is definitely the case with complex products, like mobile phones. Sathish Babu, Founder and CEO of Univer Cell, says "just talking about features or price is not good enough, the staff has to be able to tell a story." It is even the case with expensive categories, like jewellery. Interestingly, the same concern has been voiced in categories such as apparel and shoes.

Today, the sales person's job is less about taking things out of shelves to show the customer and more about guiding the customer to take a decision. This requires good listening skills, selling the value of the product, crystallising the customers concerns and addressing those concerns. Think back on your own personal trip to a retail store and consider how good sales people are doing this. In most cases, sales people fail at this moment-of-truth and revert to the



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idea that says a good sales person can sell snow to an eskimo. All it takes is to push the customer to buy. Shoppers today can see through this, don't fall for it and usually get put off.

Today, sales people do not come cheap. Estimates vary by category, but salary cost can vary from 20% to 30% of gross margins. This is a big amount and it would be critical for companies to improve productivity. Since this is a fast-growing industry, it is always short of talent and companies cannot expect to draw from an existing pool of experienced people. As J. Suresh, MD & CEO, Arvind Lifestyle Brands, said "Given the talent shortage ... [there is a] need to hire those with raw talent and then groom them". This is a pragmatic approach and can definitely be done, given the time.

Unfortunately, there may not be enough time available. In a survey done in Asia about a year ago, LinkedIn said that 52% of people with 1-10 years experience expected a promotion within 2 years. The number inflated to 82% if only students and people with less than one year experience were considered. People are not willing to wait. As a young economy, aspiration levels are as high as patience is low. So, even if companies are willing to invest behind

With the onset of e-commerce blitz in this country, the retail experience is becoming a key differentiator to get people to shop in brick and mortar stores. This "experience" is created by many factors including branding, layouts and innovations in display and promotion

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developing people, there is a strong risk that the people will not be there once developed.

The IT industry has faced this challenge of job-hopping for a long time. An industry where skilled people are at a premium, it is common for experienced people to demand and get significant salary hikes whenever they move jobs. The industry has worked hard to increase the “stickiness” of jobs, by enhancing other aspects of the workplace. In 2015, the Great Places to Work survey listed four IT companies in the top 10. In comparison, there was only one entry from the retail industry. In the top 100, the retail industry had only 7 companies. What is needed is a method that both accelerates development on the job to justify more rapid growth and also create a higher degree of trust and engagement at the workplace. This might sound like a tall order, but it has been done – in the world of manufacturing.



An idea from the world of manufacturing

Factory workers have very monotonous jobs. This was immortalised in the 1936 Charlie Chaplin movie, *Modern Times*. It is difficult for people to work in such mind numbing environments, where all that was really needed was for a set of limbs to operate machines.

The Japanese worked out methods that would also engage their minds. They brought in concepts like Quality Circles and Kaizen. These concepts were game changers in the workplace. Machine operators used their experience and knowledge to help improve the quality and efficiency of shop floor activities in small ways. The cumulative effect of all these small improvements, one on top of the other, was to get huge jumps in productivity. At the same



time, people became more skilled in their work. The groups work together in a learning environment, without the expense of trainers. Their effort was directed to driving continuous improvement in the shop floor – to improve quality, productivity or reduce cost.

These techniques are not restricted to environments where there are machines. They can be applied to processes as well. A team of people working together can help improve their own sales technique by using a structured process and do it on the job. It requires some facilitation to get it started, but once it gets hold the process is self-sustaining.

The good part is that this kind of improvement process addresses both the need to accelerate learning and developing new capabilities for the employee as well as helping to increase productivity and output for the company. Most employees find that their learning accelerates in such low pressure group environments, where there is a free exchange of ideas and mutual support. The engagement also brings a sense of ownership and participation, moving people away from a transactional approach at work to one where they feel they have contributed – building a sense of ownership. **PG**

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“We have introduced the Jivana brand for our sugar, salt and turmeric products”



Samir Somaiya
CMD, Godavari Biorefineries

Samir Somaiya, CMD, Godavari Biorefineries, which has entered the branded foods category by introducing the 'Jivana' brand for its sugar, salt and turmeric products, speaks to Progressive Grocer about the growth prospects of his products and its plans to expand the reach across markets and consumer segments

Tell us about your foray into the food industry. How did a maker of biofuels and specialty chemicals come into the food business?

Our roots have always been in agriculture. We started in 1939 as a company that processed sugarcane to make sugar. Over time, we also took up the manufacture of ethanol, biofuels, renewable power and chemicals to our product mix. But even now, sugar and agriculture are an important part of our business. We have also been in the business of making salt for many decades now. Recently, we decided to enter the branded foods category by introducing our 'Jivana' brand. Our sugar, salt and now turmeric products will be sold under this banner to consumers.



You started with salt and sugar and now into turmeric. Are there any special and particular reasons for getting into these categories?

Sugar and salt have been our 'bread and butter' for many decades now. And our products have always been acknowledged in the wholesale market as having good quality. We thought the branding of the same would be a natural extension of our offering. We have always promoted

the growing of turmeric among our farmers as a rotation crop and, in some cases, as an inter-crop. In our country, farmers have smaller land holdings, and it is important for them to be able to get good value from their land. This crop combination would add value to the farmer's income. As the programme grew, we naturally thought of buying the turmeric, processing it, and offering high quality turmeric to our 'Jivana' consumers. Turmeric is also among the most commonly used spice in most Indian kitchens because of its medicinal properties, which dates back to the ancient Vedic culture of India.

What is special about your products in these categories that sets you apart from your competitors?

We look at our foray into food products in two ways – creating access for farmers and food producers to the retail markets and providing individual consumers with food, which has been grown through sustainable means and is of good quality. This is very important to us. In all the areas that we work in, we maintain a close relationship with our farmers, and work to advance their social and financial sustainability. Our processing is also done in very good facilities, so that the product is hygienically packed, and is pure.

What is it that makes Jivana more appealing to consumers?

Jivana products appeal to the customers as they are of good quality, come in attractive packaging and at a competitive price. These factors ensure consumer trials and repeat purchase for Jivana products.



Which consumer segments and demographics are your products targeted at?

Our target group is decision makers for grocery purchases in Indian homes. In 98% of households, this target group comprises women. We started with branded sugar and salt, and have recently launched turmeric. Since these are the most basic food items in every kitchen, the opportunity for growth is limitless. We aim to be the favoured brand of foods in most if not all Indian kitchens. In recent times, SEC A,

B & C homes are seeing an active shift from loose to packaged/branded products and this segment is going to grow exponentially. We are targeting this consumer household. Placements have been done in stores catering to these kinds of homes in metros, mini-metros and class I towns across a few states.

What is the retail presence of your brand in these product categories?

Jivana is present in general & kirana stores across the states of Maharashtra, Gujarat, Rajasthan, and Karnataka across metros and mini metros and a few class I towns.



What is the consumption pattern, growth rate and market size for your product categories?

Jivana sugar was launched in January 2015, followed by Jivana salt in April 2015. We



HEALTHY SNACKING FOR GREAT LIVING



In recent times, SEC A, B & C homes are seeing an active shift from loose to packaged/branded products and this segment is going to grow exponentially. We are targeting this consumer household. Placements have been done in stores catering to these kinds of homes in metros, mini-metros and class I towns across a few states

have seen very encouraging response for a new brand. We have recently been nominated as one of the fastest growing brands of 2015. Turmeric was launched in January 2016.

Sugar sells the most as consumption is the highest. The branded sugar space has few large players and a very large loose sugar market open for capturing. Salt, though a challenging product due to very low costs/margins, is also an amazing product category. Jivana salt has seen good growth as it competes well on price with the market leader TATA and several regional brands across the target cities. An increase in sales will make it more cost effective.

How do you see the demand for these products in the future?

Branded retail foods/ staples is a sector that is going to grow leaps and bounds in the coming years. Consumers are choosing better & safer food options for their homes. This translates to choosing packaged/ branded foods over loose. Like water, atta, oil, etc., most commodities will switch to being branded in the next few years. We expect good growth for Jivana sugar and salt, and are also confident about expanding into the spices category.

How do you see the growth trends for your products in urban versus rural areas?

We are a new brand. The major markets to start with for any new brand would be ones that can bring in the volumes. We have started with metros, mini-metros and class I towns and have seen good growth there. Our smaller SKUs are seeing good response in smaller towns too. Our plan is to have a systematic growth plan for both urban and rural areas.

What are your plans for strengthening the market share and consumer reach of your products?

Our promise is “purity in foods”. The aim is to provide good quality foods for Indian homes and



that will remain our primary focus. Jivana Foods would be synonyms with purity, quality and consistency at all times. To strengthen market share and reach, aggressive placements are the first step followed by a clever marketing plan, as also relationship building with our channel partners and retailers. All these together will ensure our sustained growth.

Which are important factors for the retail pick up of products?

Good quality of products, aggressive placements, right price and effective promotions/ retail schemes will ensure that Jivana is purchased repeatedly.

What is your strategy for retail outreach?

Jivana comes from The Somaiya Group, a company known for its honesty, strong values and a will to uplift the community. Our strategy is simple – to make and retail foods that we want our country to eat and flourish with.

Basic foods like sugar, salt and spices are bought from the neighbouring grocer so it is very important to be present there. The sheer number of retail/ kirana outlets bring in the volumes and reach. Visibility in modern retail is also important, so being present in the Big Bazaars, D-Marts and Reliance stores, etc., is also imperative.

We believe that good quality products are the first stepping stone to building sales, followed by aggressive placements, good promotions for the retailers as well as consumers.

As a young brand, what do you think will be the challenges in distribution?

Price sensitive commodity brands, despite having a good distribution, can be quickly replaced by competitive brands. The challenge in distribution is to be present on the retail shelf each time. Distribution is cost intensive and there is high attrition in sales, which can be minimised by creating volumes and a good incentive structure. **PG**



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“Our brand promotes a healthy and organic way of snacking”



Sarah Yunus
Founder
Saby's Barbee Mania

Saby's Barbee Mania, an online start-up that is into making hand-crushed and home-made spice mixes, is waiting to break out big. Its young promoter Sarah Yunus is confident about the novelty and quality of her products, especially barbecue and tandoor powders. Progressive Grocer speaks to Yunus about the speciality of her products and her plans for introducing Saby's spices to the larger retail audience

Tell us about your company and how you got involved with the spices business.

Saby's Barbee Mania (SBM) is a company that makes home-made spices using the secrets of our ancestors and especially that of my mom (Naseem Yunus) who has been cooking ever since she was 10 years old. My association with spices began when I grew the passion to open a restaurant. However, due to certain constraints, I missed out fulfilling that dream. But today my dream is bigger and it extends to catering to hundreds of households, restaurants and coffee shops.

I know about the secret recipe of my spices and it has been with me since I was a 13-year-old. To think of it, the spices business has always been in my blood. I hail from a Gujarati Muslim family and my dad was from Porbandar – the place so intrinsically associated with Gandhiji. All the same, it was not an easy journey setting up Saby's. When I started, I was myself not sure where I was headed for. But today I am glad that things have worked out well.

Which are your spices and other food products?

At Saby's Barbee Mania, we have a range of 23 spice mixes such as chai masala, tandoor masala, barbeque masala, nine non-veg & seafood spices, nine veg spices, two hot & cold beverage masala (chai masala & jaljeera mix), slimming masala oats, slimming masala atta (100% chakki fresh wheat atta mixed with spices, which makes the roti soft and keeps it fresh for a longer time), slimming dark chocolates, slimming spicy dosa mix, home-made veg pickle, home-made chewda (Mixture) and some other products.

What is special about your products?

Saby's Barbee Mania is about promoting a healthy and organic way of snacking. All spices at Saby's are crushed and grinded by stone using the traditional method after ensuring the quality of the ingredients. We want to follow our traditional hand crushed way of making masala as nothing can beat the taste, aroma and flavor of masala made this way.

Saby's believes in healthy, tasty and quick cooking, without adding any preservatives, and no artificial colours. And when we say we make cooking easy it means that you don't need multiple ingredients for making a dish at your home. Just a pack of Saby's spices with your veg or non-veg, oil, salt, vinegar or lime and you are ready to go. We say that we make barbecue spices but it's really tough for everyone and anyone to enjoy them at home because we think we need special equipment to make barbecue dishes. But with Saby's it's just the spices, a normal frying pan and you are ready to have your own barbecue party.

Apart from being quick to cook and tasty to eat, Saby's spices are pure and healthy too. We use different kind of spices & herbs, which we all use in our daily life. But it's just the proportion with which we play with. For example, we have a chai masala in which we use roughly 20 ingredients – like black pepper, clove, cinnamon, nutmeg, basil, etc. We use 10 gm of many of these ingredients to make a 1 kg chai mix, which is our main USP.

Our chai masala is not only good for tea lovers but also for non-tea lovers. It has no tea powder in it, just the masala which has to be added to your choice of tea powder or tea bags with or without milk. Non-tea drinkers can have it with just a glass of hot water.

This is a chai masala bundled with many benefits – like stress relief, burns fat, offers relief from cold and cough and any type of allergy, gives relief from migraine and from joint pains and comes with the added benefit of iron & calcium in it.

Saby's doodh masala is a slightly remixed version of our ancestors' haldi doodh. We have added haldi in it with peanuts, clove, nutmeg and many more ingredients, which builds immunity, improves memory, gives a sound sleep, improves appetite and is helpful for kids, adults and the elderly.

What has been the response to your products?

As a start-up, we have been very successful in building our brand name. I am proud to say that our products are gaining significant customer traction and is on its way to making its presence felt in the organised retail markets soon. Our products are basically targeted at housewives, working ladies, bachelors, and we plan to cater to restaurants in the near future.

So far our products have been selling through word of mouth and by virtue of good social media response generated from platforms such as Facebook and WhatsApp. We have also brought our products to flea markets to test the consumer response, which

has been very encouraging. We started selling our products in 50 gm packs but with good response from customers we are now also selling our spice products in 100 gm packs. At the same time we have come out with 1 kg pack for our oats, wheat atta and dosa atta, and 250 gm packs for chai and doodh masala.

What are you doing to promote and popularise your products?

We are working with a lot of food & health bloggers to try our products and share their reviews with their target audience. This is one way that we are trying to promote our products. Next, we are pushing a little more on our product descriptions as we want more and more people to know about it when we target the retail market. At face value, our products are a bit expensive in comparison with other spice brands. But if one goes into the detailed product review of Saby's, you will be able to see that it's not expensive. For any other brand of chicken masala that you buy, you need to add a few more things to give the dish a proper texture and to ensure that the spice powder in the packet blends well with the preparation. But with Saby's, which is prepared using the hand crushed method, you can use our spice mix with just the vinegar, oil, salt of your choice and the veg / non-veg dish is ready to eat with a superb taste.

Which are the challenges you foresee in increasing the retail reach for your products?

The one thing I have noticed is that product description is very important for a customer to pick a Saby's product. So far we have been 25% successful in doing this but there is still about 75% to cover before our products become well understood by consumers. From our perspective, we would want to reach out to consumers through all the best channels available. But then we also have to keep in mind that our overheads don't shoot up to a point that we are forced to hike the price of our products. So the challenge is to work out a fair deal where the prices don't hike up more and we reach where we have to.

What is the one advice that you would like to give to women entrepreneurs wishing to join the food business?

I would say that for women entrepreneurs the journey of a start-up is not easy but then don't make it difficult either. A very important suggestion from my personal experience is that one needs to sacrifice something to get something. This can happen only if you can break the boundaries of your emotions. Let's not forget one thing that when it comes to emotions, we women have them in a heaping and strong measure. But if we can overcome our emotions then trust me nothing can stop you. **PG**

Our products are gaining significant customer traction and is on its way to making its presence felt in the organised retail markets soon. Our products are basically targeted at housewives, working ladies, bachelors, and we plan to cater to restaurants in the near future





Nadeem Jafri
 Founder and
 Chief Mentor,
 Hearty Mart
 Supermarket

*“We are creating entrepreneurs at rural level with **our franchise model**”*

The story of Hearty Mart supermarket reads like a potboiler script of guts, glory and gumption. The pangs of the wound inflicted by the Godhara communal riots of 2002 were still raw even two years later in the Muslim dominated Juhapura neighbourhood of Ahmedabad, which was bursting at the seams with refugees from all over the State.

In times of such existential crisis, thoughts of starting a business might have seemed like a foolhardy decision. But for Nadeem Jafri, looking to rehabilitate himself after an aborted career in advertising, the situation though adverse offered an opportunity for taking an entrepreneurial plunge. It was in these not-so-favourable circumstances that Heart Mart was born. The store opened its door for business in Juhapura, Ahmedabad, in February 2004, as a convenience store providing a one-stop-shop solution for all the daily needs of the residents of the neighbourhood.

Jafri did not consider its vast Muslim population to be victims and refugees, but potential customers with aspirations like anyone else. And there was no organised retailer catering to their needs: Although there were other superstores such as Reliance Fresh and Big Bazaar in Ahmedabad, none had ventured into restive Juhapura.

Sanjay Kumar of Progressive Grocer spoke to the Founder and Chief Mentor of Hearty Mart, which has diversified and spawned other food-related businesses and a successful supermarket franchising model to boot, about the troughs and peaks of his retail journey and how his venture has today evolved into a complete food company.



How did you come into the grocery business?

While working for an advertising agency I was deputed to work on an advertising pitch for a telecom company at the agency's Mumbai office in late 2002. Our office was inside the Phoenix Mill Compound at Parel. Just opposite our office stood a Big Bazaar store. I used to visit the store regularly, whenever the time permitted and enjoyed my shopping experience there. The merchandise on display used to leave me very impressed. This was my first experience with an organised retail store of that magnitude and it remained etched in my mind for long.

How did you settle down to choosing the location for your venture?

Coming from Gujarat and hailing from Ahmedabad, it was natural for me to look up to my community in Juhapura locality of the city for support for my venture. This locality had a booming real estate, which promised development, but it still remained devoid of basic amenities like a proper organised retail store, which could provide the convenience of purchase to its residents.

It was in this gap that I found a huge opportunity to start an organised food and



Hearty Mart is a rural chain of supermarkets based on a franchise model. We have in all 12 stores in villages of central, southern and north Gujarat. The company-owned store is in Juhapura, Ahmedabad; the remaining 11 stores are franchisee-based. Two more franchisees would be operational in the first half of 2016

During my stay in Mumbai I visited recruitment consultancies to try my luck. But I was told that I should not expect great results as far as job prospects were concerned in the advertising industry. There was a big mismatch between my age and experience. I was 32 years old with only two years of experience in this field then. Ahmedabad never offered a good career option in this sector and hence there was no choice left for me except to look at entrepreneurship as a career. This was when I seriously started pondering a career shift to entrepreneurship.

Today, as a founder and chief mentor of Hearty Mart, I feel satisfied with my decision to have ventured into entrepreneurship.

grocery store in the area in early 2004. Vishala Circle was the fastest developing area within Juhapura. It was not cramped unlike other parts of the area and we could speculate a good growth of the area in the near future.

With the vision of bringing convenience to the locality, we started our retail venture – Hearty Mart in February 2004. It was modelled as an ideal neighbourhood store and positioned as 'Sabse Khaas Ghar ke Paas'. A store, which was positioned as a convenience store, and wanted to establish itself as a one-stop-solution for the daily needs of groceries, cosmetics, food grains etc.



Now that you have been 12 years in the business, have you been able to develop and hone your business model into something unique?

Our learnings from entering into an unexplored Juhapura provided us with the insights and courage to target unexplored areas of rural Gujarat. At the same time, the Hearty Mart model has also become a successful case study for aspiring entrepreneurs who would like to take up organised retail as their business through our innovative franchisee model. With our franchise model, we train the entrepreneurs at our Juhapura supermarket and share with them insights and knowledge of organised retail and thus guide them to run their own franchise store at their respective villages.

We have formed a Franchise Development Cell (FDC) at Hearty Mart. It consists of B-school graduates and senior partners of the company and aims at providing a retail ecosystem to our franchisees and works as a guiding force for them. We take a one-time fee and a brand royalty for our efforts from our franchisees. We have also taken a distributorship for certain brands, which we purchase centrally and send to our 11 franchisees. Creating entrepreneurs at a rural level with our franchisee model and handholding and supporting them through our Franchise Development Cell makes Hearty Mart a unique business model.

Please share with us your vision for Hearty Mart.

Our purpose here is to help the entrepreneurs with their franchise business. We believe that our growth would be reflected in their growth. We nurture them and train them and even invest in their companies to make them own a venture. In that sense, Hearty Mart works on an inclusive growth strategy. The social impact is that it generates entrepreneurs and promotes entrepreneurship at the rural level. Our vision can be best defined as: To touch the life of every Indian and provide him with the best merchandise that suits his lifestyle; To constantly work to open up new entrepreneurial avenues for rural communities.

What is the average size of Hearty Mart stores?

The average size of our rural franchisees is 750-1,000 square feet. But we also have a few stores, which are bigger in size as they are multi-storeyed. For example, our Dholka and Chhapi franchisees.

How much investment goes into setting up a Hearty Mart store?

A total investment of approximately Rs. 35 lakh to Rs. 40 lakh is needed for a decent 1,000 sq. ft. store in a rural set-up.



HEARTY MART: KEY STATS

- **Location of store:** Juhapura, Ahmedabad
- **Catchment of customers:** Vishala Circle colonies, around 2-3 km of catchment area
- **Year of start of operations:** 2004
- **Total retail area of Hearty Mart's Juhapura:** 1,500 sq.ft.
- **Whether owned or rented:** Purchased property
- **Average monthly sales:** Rs. 18 lakh
- **Average bill size:** Rs. 800-1,000
- **Average footfall per day/ month:** 75/2200
- **Sales growth y-o-y:** It took 5 years to break-even. Currently registering 10% growth every year



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Retailer

We have formed a Franchise Development Cell (FDC) at Hearty Mart. It consists of B-school graduates and senior partners of the company and it aims at providing a retail ecosystem to our franchisees and works as a guiding force for them

What is the typical retailer's margin in this business? How much time does it take for a store to break even?

The net margin is 7-8%. This makes it a business of turnover. Typically, a 1,000 square feet store in a rural set-up would take around three years to break even.

How many Hearty Mart stores are currently in operation and where are they located?

Hearty Mart is a rural chain of supermarkets based on a franchise model. We have in all 12 stores in villages of central, southern and north Gujarat. The company-owned store is in Juhapura, Ahmedabad; the remaining 11 stores are franchisee-based. Two more franchisees would be operational in the first half of 2016.

What is the total retail space under operation under the Hearty Mart umbrella?

More than 10,000 sq. ft. of retail space is under operation currently, which includes the 1,500 square feet store at Juhapura and the remaining 11 franchisees.

Which are the fast moving product categories in your chain of stores?

Hearty Mart being a food-grocery retail store, the

categories related to food groceries and beverages are definitely fast moving in our stores. Categories include loose lentils and rice along with packaged spices and flavourings like coriander, cumin, chilli powder of national and regional brands like Everest, Badshah, MDH and Ramdev. In villages, the more localised brands in the same product line with an economical pricing are sold. In the category of beverages, regional teas compete with the might of the national players like Tata Tea and Lipton. Jivraj Tea, Wagh Bakri and Navkar are the few brands that fight tooth and nail with the established and multinational tea brands. Hindustan Unilever's and Proctor & Gamble products in cosmetics, shampoos, dental care and hair care form a large part of other fast moving categories at Hearty Mart.

As a retail entrepreneur which have been the mistakes that have given you valuable learnings and experience?

My biggest mistake was to enter an industry that was not my area of expertise. Being from an advertising field, I did not know much about the retail sector. But I was lured to enter as I found the industry promising.

Disappointments and failures are a part of the entrepreneurial journey. The initial five years of my retail journey were really tough as the store did not break even till this period. As an entrepreneur, I was required to remain calm during this testing time and kept motivating my team to work with a positive mind-frame.

For my personal sustenance, I started visiting B-schools to deliver guest sessions. This failure taught me two things, which shaped my further entrepreneurial journey. Firstly, the experience of my dealing with students made me a better mentor to my team at my business and, secondly, the failure at my store inspired us to think of our innovative retail franchise model.

I feel that failure is a much needed booster dose, which helps in igniting the fire in an entrepreneur and inspires him to do better. We launched a retail franchisee network and entered the HoReCa segment only because we failed initially to earn profits for almost five years at the Juhapura store. Had we succeeded in earning profits straightaway, we would have remained a one-store venture without innovation.

Tell us about your marketing strategy. Please provide details of the promotional activities that you have carried or keep carrying at your stores.

Lots of promotional activities were carried out during the launch of our Juhapura store and we follow the same launch strategy with our new and upcoming franchisee stores.





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Our purpose here is to help the entrepreneurs with their franchise business. We believe that our growth would be reflected in their growth. We nurture them and train them and even invest in their companies to make them own a venture. In that sense, Hearty Mart works on an inclusive growth strategy



Launch strategy: During the Juhapura store launch, we had sent personal invites to residents of the shortlisted colonies in the vicinity of our store. We had hired an auto rickshaw to run the promotional jingle of Hearty Mart and to distribute pamphlets announcing the launch of the supermarket in the area. This activity was continued for three weeks – a week before the launch and two weeks after the launch. On the launch day, we greeted our customers with a cup of ice-cream.

Goodwill creation: On completion of 100 days of the store launch, we gifted our key customers with a pack of sugar along with a personalised letter acknowledging their support for our store. This goodwill gesture helped us in creating more patrons of Hearty Mart from the area. We have introduced smart card and loyalty programmes for key customers and we also launch monthly promotional discounts on select products.

Festival offers: The Juhapura store predominantly caters to Muslim customers and hence Ramzan is the peak business month for us. We come up with

iftaar packages and introduce discount schemes on beverages and dates. The rest of the franchisees cater to all communities and thus we have attractive discounts during the festive season of Diwali, Christmas, apart from Ramzan.

Events promotion: In order to promote our private brand – Chef ki Pasand – among restaurants and caterers, we organise an annual event called *Chef ka Kamaal*. In this event we invite chefs from small restaurants and conduct a cookery competition. They are required to cook a specific recipe using our brands. The event is adjudged by a panel of neutral judges and the first three winners get a cash prize and citation signed by the judges.

The organised food grocery stores are more worried about footfalls. Once the customer enters the store, the purchase is ensured. Hence, all the efforts of our promotional activities are aimed in the direction of luring customers to the store and maintaining a long-term relationship with them.

Which have been the instances where you have partnered with brands to build new categories and make more money than other categories/ brands or products in the same space?

Iba is the first halal cosmetic brand launched in India. Halal cosmetics is a new category targeting consumers looking for pure products – free from animal fats and chemicals. The category is doing really well worldwide. But in India, Iba is the only brand in this segment. Hearty Mart has been appointed as a sole distributor for this brand of products to sell it among its franchise network. This is a new category and it has helped us attract more footfall at our store because of the exclusivity of the brand. And we are earning decent margins on the sale of Iba products among our network.

Brand partnership is necessary for a retailer to earn higher margins and thus it can create a win-win situation for both – the brand and its retail partner. A retailer is extra attentive to the brands whose exclusive rights have been given to him. In India we saw the classic case of Xiaomi brand launched with an exclusive tie-up with Flipkart.

What is the contribution of your private labels to the revenue?

Private labels help the retailer to connect with his customers more efficiently since the in-house private brand is created based on the experience and key consumer insights. Hearty Mart has recently forayed into private labels by launching Duro brand of products in the toiletry category. Duro brand contributes almost 50% of the category sales. It includes products like toilet cleaner, glass cleaner, hand-wash and floor cleaner.




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In the beverage category we have a brand – Day Break. The contribution of this tea brand in the category sales is approximately 10%. Apart from this, we have also launched Krispi brand of mouth freshener (mukhwaas), which is popular among our customers and contributes 40% of the category sales.

Our GoodTime brand of spices and flavourings was launched recently and it has slowly started picking up. As of now it caters to 5% of the overall category sales, which is dominated by brands like Everest, MDH, etc.

With e-commerce and m-commerce pulling ahead as more convenient and preferable mediums of shopping, are you doing anything special to beef up your presence on these channels?

In May 2015, we launched a new venture iheartymart.com. It is a unique format with an innovative mix of online/offline store. A branded van visits the localities outside the vicinity of our physical store for taking offline orders. The order is delivered to the residents on a scheduled day and time.

We have also developed an android app and we plan to slowly divert these customers to order through this app. The service is currently available only in our Ahmedabad store but in the near future we would introduce the same at our rural franchisees as well.

How do you see the course of Hearty Mart trajectory going forward?

Started as a retail store, Hearty Mart has evolved as a prominent name in the food and grocery sector today. February 2004 saw the flagship store of Hearty Mart supermarket being launched in not-so-favourable conditions. Our journey began with selecting a strategic location in Juhapura where, after analyzing the need of the hour, a convenience store providing a one-stop-shop solution for all the daily needs of the residents came into being.

This success paved the way for entry into the villages through the rural franchising concept, and the next store was born in April 2007, in Ilol

village near Himmatnagar. From then on, there has been no looking back and today Hearty Mart has a count of 12 stores in the rural market covering towns and villages like Dholka, Ilol, Chhapi and many more.

In early 2008, we launched a wholesale business of food-grocery & hotel supplies – Hearty Mart Enterprise Pvt. Limited. It was a milestone for our group as we merged Hearty Mart with Ashish Enterprise, a company already working into this domain, to create Hearty Mart Enterprise (HME). It caters to more than 500 restaurants across Gujarat as on date and has gained a good name for itself as an established HoReCa supplier. With HME, we launched our private brands – Chef ki Pasand spices & masalas catering to the hotel and restaurant industry and GoodTime catering to the retail market.

With the expansion in number of stores and geographical outreach, the need to integrate the businesses to maintain uniformity of quality and service deliverables was essential. This led to the inception of Hearty Mart Marketing & Logistics in 2010, connecting HME & the franchisees, store owners and retailers and for providing a channel of distribution for all the other products and brands.

All these ventures opened up windows of new opportunities. One such opportunity gave birth to Hearty Mart Tea Packers, which launched a new brand of tea – Day Break Tea – and tapped onto the huge potential market of highway restaurants.

Our recent launches of iheartymart.com, the online store, and Hearty Mart Bakers Point, our in-house bakery products, have taken our group in the direction of evolving into a complete food company.

Hearty Mart is committed to work for the development of the rural public and is continuously on the lookout for different opportunities, which can be created at the rural level. **PG**



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“We plan to add 30,000 retail outlets in FY 2016-17 for distributing our milk products”



J. Samba Murthy
Head – Dairy Division,
Heritage Foods Ltd.

J. Samba Murthy, Head – Dairy Division, Heritage Foods Ltd., speaks to Progressive Grocer about how the company is moving ahead with its plan to achieve Rs. 4,100 crore in turnover @ 23% CAGR with 18 million tonnes of milk handling capacity by 2020

Tell us about your dairy business and its products.

We procure the milk from farmers, process the milk, pack the milk as per the standards and manufacture different kinds of products, which we market/ sell to the consumers.

The milk that is sold has various variants based on fat and SNF%, such as skim milk, double toned milk, toned milk, standardised milk and full-cream milk.

Our milk products include curd, butter milk, lassi, paneer, doodh-peda, milk cake, flavoured milk, ghee, SMP, PT butter, cooking butter, UHT milk, sweetened condensed milk, ice-cream and frozen dessert.

What is the value differentiator for your products – pricing, ingredients, taste, flavours...?

Our products are manufactured keeping in mind the local/ regional tastes and on top of it we maintain premium quality always. Quality is our focus and strength of the company. Our prices are certainly higher than or on a par with the competitors. This is because the quality of products is high and so is the cost of production, which is aided by our state-of-the-art technology plants.



The dairy market is flooded with strong regional players like Parag, Vadilal, Amul, Dabur, etc. What is the assessment of your performance in the face of tough competition?

Heritage is a renowned brand particularly in the southern market and is well-known for its service and quality. Our focus is to make the availability of our milk and milk products nearer to the consumers through our exclusive parlours, which are run by the franchisees and have been able to compete very well in the marketplace.

What is your strategy for ensuring a more comprehensive retail outreach of your products?

As mentioned, our products are available to the consumers through our parlours. We are also enhancing our distribution network to make the products available at the retail outlets in general trade and modern retail stores. We have prepared an activity plan to implement our retail strategy, which will be implemented soon and we are already working on the plan. Under this strategy, we plan to add 30,000 outlets during next FY 2016-17.

What is your target in terms of sales turnover and volumes sold?

As per our Vision 2020 agenda, Heritage Dairy Division is expected to reach Rs. 4,100 crore in turnover @ 23% CAGR with 18 million tonnes of milk handling capacity, which will be realised with the launch of new value added products (VAP) in next FY. Our target is to grow 23% YOY in the overall dairy business whereas VAP is expected to grow 25%.

Which are the major markets you are looking at for selling your products?

Our focus is on the recently launched markets for our products – Delhi/NCR and Mumbai/Pune, along with a deep drive in the southern markets.

What is the kind of investment you have made for this business and how much do you plan to spend on marketing and advertising?

The capital expenditure is expected to be Rs.30 crore per annum to enhance the production capacities in the existing plants and Rs. 150 crore for



setting up new products' manufacturing plants in the next three years. We also plan to take up ATL/ marketing activities by allotting 1% to 2% of our turnover.

Which have been your recent innovations in the dairy category by way of upgradation of plant and machinery, supply chain, etc.?

We have set up Bulk Milk Coolers (BMCs) at the village level to procure the milk and store at four degree centigrade so that quality and freshness of milk is maintained. We have also placed milk analysers at the villages for ensuring accuracy in testing and volume measurements. We have around 150 such chilling centres/ BMCs and 14 packing stations with sophisticated machinery where we process, pack the milk, manufacture different kinds of products and send these to different markets through PUF insulated vehicles. Also, we have recently set up Rapid Milk Coolers (RMCs) where milk is instantly chilled.

Are you also planning to launch new products?

We are in the process of launching cheese and ultra high-temperature (UHT) products. There are new product variants, which are under the development process in categories like yoghurts, ice-cream and frozen dessert.

How do you see the dairy trends worldwide and how does it compare with the Indian situation?

There has been excess milk production for the last two years globally. The prices of SMP and fat products are coming down, although they may firm up next year. The consumption of milk and milk products are increasing in India like the developed countries. There could be heavy competition in the Indian dairy market if foreign brands and companies enter the country.

The entry of Coca-Cola in the flavoured milk segment has created quite a buzz. What do you think of it?

The entry of Coca-Cola in the flavoured milk segment is good for us and the industry. I hope it will help to increase the consumption of flavoured milk.

In view of the approaching Budget, what do you think that the government can do to encourage and boost the dairy industry?

Government should extend the incentives under National Dairy Plan (NDP) to private dairy sector. Also, in order to improve the quality of milk and improve the production and productivity of the dairy sector, the government should also encourage exports by extending special incentives. **PG**

The capital expenditure is expected to be Rs.30 crore per annum to enhance the production capacities in the existing plants and Rs. 150 crore for setting up new products' manufacturing plants in the next three years. We also plan to take up ATL/ marketing activities by allotting 1% to 2% of our turnover



“The next innovation in breakfast cereal segment is ready-to-eat meals or meals-on-the-go”

Aditya Bagri – Director, Bagrry’s India Limited – shares his thoughts about the growing consumer traction for healthy breakfast cereals and how his company is best placed to tap into this opportunity with its expanding portfolio of oats and muesli products

With so many multinationals and large domestic food companies all now fighting for a pie of the fast-growing breakfast category, which includes oats, cornflakes, muesli, dalia and mixes of traditional breakfast like idli and upma, how would you evaluate the growth prospects for each of these categories going forward? In your opinion, which of these products will grow the fastest, and gain maximum consumer traction?

Owing to urbanisation and an increased preference towards healthy eating, India’s breakfast cereals market is on a growth trajectory. The breakfast cereal market is divided into hot cereals, viz.

mostly oats, and ready-to-eat (RTE) cold cereals, viz. muesli, wheat flakes and corn flakes. To some extent, of course, the market is self-propelled, thanks to the higher spending power and hectic lifestyles of urban consumers. The other big reason for the growth of breakfast cereals is the widespread communication on health, especially on the rising incidence of cardiovascular diseases, diabetes and obesity in Indians. Not only are influencers such as doctors, nutritionists and the media passing on these messages, the companies assiduously themselves play the health card in all their communication. Thus, Indian consumers are moving towards a convenient and healthier lifestyle, making breakfast cereals

an important category in the food and beverage industry. With consumers making healthier choices, oats and muesli are growing. The rise of oats and muesli as a category is a global trend, whereas growth of unhealthy cereals such as corn flakes and extruded sugary kids cereals are declining.

Do you foresee new trends and innovations coming into the breakfast cereals segment currently riding the wave of healthy eating? Which are the new innovations that you plan to introduce for your products?

Health and wellness is one of the fastest growing segments in India and at the same time there are enough developments taking place at the sub-urban sector. With all of this, the breakfast cereal segment is growing both in urban and semi-urban markets. Consumers are expecting very high quality food products. Their preference was earlier price driven but now it is quality driven. At Bagrry's, we have been innovating our oats category. We introduced the Oats for India range where we created oats for atta, suji and poha. The idea behind these innovations is to make oats as the staple for Indian consumers. We are also introducing an innovative veggie masala oats, which serves the savoury category of cereals.

Is there a chance of newer products entering the healthy breakfast cereal segment? Are you looking to enter new food segments or extend your product lines?

Considering the longer working hours and hectic lifestyles, most people fail to eat food which can match their nutritional requirements. Therefore, we believe that the next innovation in healthy breakfast cereal segment is ready-to-eat meals or meals on the go. We had run such a model with Indigo airlines where ready-to-eat Bagrry's products were served to the passengers, and we received a very positive feedback on the same.

We are constantly innovating new product concepts and are looking forward to entering some new categories.



How would you describe the competitive USP and differentiators for your products vis-a-vis the competition?

What sets Bagrry's apart is that we have a long standing commitment to honest nutrition, and quality sourcing of all natural ingredients. Which is why all Bagrry's products are made without adding anything artificial. The nutrition in the products is derived from a natural source, be it whole grains such as oats, natural honey, real freeze-dried fruit pieces or fibre packed bran. Even the chocolate used is free from any artificial flavours and the antioxidants that carefully preserve our products are all natural as well.

At Bagrry's, exceptional care is taken at every step, right from the sourcing of our ingredients to carefully processing them to ensure that only the best of what we make reaches our consumers. Over the years, we've transformed our production processes with the introduction of new technologies and our complete focus towards in-house research & development.

Which are your best-selling products and what are your plans to grow their market share?

Bagrry's are the pioneers in introducing muesli to the Indian market as early as 1994. At the moment, we have 12 variants of muesli in different flavours, inclusions and functional benefits. The breakfast cereal market is also being driven by muesli, which is expected to grow by a value CAGR of 17% at constant 2014 prices. As consumers look for healthier breakfast options, the growth opportunity for muesli is very high, as its retail distribution and availability both were still nascent. Of the 11 variants of muesli, the crunchy muesli is our signature range. We are also betting big on the oats market, and have invested in matching health and innovation. At Bagrry's, Indianisation in the category is not just limited to creating different flavour variants. The company has done research and innovation to create a whole new range that is not just palatable, but also allows consumption in a familiar format. The range is called Oats for India – and includes oats in the form of poha, suji, atta and rice. This also moves oats from a breakfast-only option to a main meal.

What has been the progress and the way forward for Bagrry's in 2015 and how do you see 2016 in terms of growth, opportunities and challenges?

2015 has been an excellent year for us in terms of innovation. We expanded our muesli range – at present we have 12 muesli variants under our brand. In 2016 we are looking forward to innovation in Bagrry's Oats. Last month, we introduced a



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The breakfast cereal market is also being driven by muesli, which is expected to grow by a value CAGR of 17% at constant 2014 prices. As consumers look for healthier breakfast options, the growth opportunity for muesli is very high, as its retail distribution and availability both were still nascent

—Aditya Bagri
Director, Bagrry's India Limited



In 2016 we are looking forward to innovation in Bagrry's Oats. We are also looking at partnerships and tie-ups in the future

range of veggie masala oats to delight the taste and preference of Indian consumers. The lip smacking range comprises three different variants – Homestyle, the perfect home-cooked masala oats for the entire family; Tangy Tomato, which has saucy natural tomato flavour; and Curry & Spice, which is made with the choicest of south Indian curry spices. The new veggie masala oats reveal a perfect blend of the finest spices and real vegetables along with added bran to enhance the nutritional value, making it an ideal snacking option without compromising on taste. It is a clean label product, without any controversial flavour enhancers or additives added, which unfortunately is a common practice in the food industry. We are also looking at partnerships and tie-ups in the future.



Do you have a retail strategy for reaching out to the smaller towns and cities and how do you think of the growth opportunities in these geographies?

We are present in over 55,000 outlets, 150 towns and cities, 27 states.

Our products are available at all Modern Trade outlets, CSD and CPC canteens and we are sold exclusively at Safal outlets.

We have also tied-up with ecommerce sites such as Bigbasket, Amazon, Snapdeal, Paytm, to make our product available to all our consumers. We are looking to expand distribution in all our key markets to get closer to our consumers. At Bagrry's, we are always looking to add new places where our consumers can find us.

Tell us about your marketing and branding strategy for expanding your consumer footprint? Have you thought of a way to increase the appeal of your products among kids and wean them away from pasta and noodles?

We have endeavored to connect with our consumers and communicate our honest-to-health values, quality and innovation. We have been communicating the health benefits derived through our products and our propositions through engaging marketing and promotions. We believe in educating our consumers from time to time about the product category (muesli and oats). We are active on the digital platform. Our target audience majorly comprises urban adults, which gives us a huge opportunity to connect with them online through engaging, innovative and pioneering content. Our recently introduced #MuesliRevolution campaign has been the key to driving knowledge about the health benefits of eating muesli. More than the traditional marketing formats, word of mouth promotion has served us with a greater reach among our target audience.

Tell us about your existing production capacity and manufacturing facilities and your plans for ramping up the operations going ahead?

Supply chain has been our strength and we come from a lineage of food processing of over 50 years. We have recently added capacity and are also looking at adding new facilities.

What are your expansion and investment plans for the future?

We are investing heavily into growing and scaling up the business in terms of consumer connect, people and operations. It is an ongoing exercise and we hope to be India's most trusted brand for health in the coming future. **PG**

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Kaushal Dugar
Founder & CEO, Teabox

“Mr Tata liked the vision of Teabox, and the way we are disrupting the industry”

Kaushal Dugar, Founder & CEO at Teabox, speaks to Progressive Grocer about how his Siliguri-based online start-up is turning the traditional tea-retailing model on its head through vertical integration of sourcing, branding and distribution of teas

By Suchitra

The beginning of the year 2016 has been particularly good for Teabox following the seed funding from the Tatas. What do you think got Ratan Tata interested in Teabox?

Well, for one, the opportunity is huge for us. The global tea market is currently valued at over US dollar 40-60 billion. On the demand side, in general, we are seeing that customers are trading up to a better lifestyle. Consumers, the world over, have more discretionary wealth available to spend on premium goods than ever before. And this is no fad; the phenomenon is driven by the fundamentals, long-term forces on both demand and supply sides, forces that will keep it thriving for years to come.

We have also been obsessively focussed on being able to deliver an unmatched experience to our consumers. In fact, one of the investors, Robert Bass of Keystone Group LP, first discovered Teabox as a tea drinker. He is a devout tea drinker and he loved the product so much that he went on to participate in the first round of investment we have had so far. There could not have been a bigger testament to the quality of our product.

Moreover, over the last three years, we have built a great team consisting of passionate and self-driven individuals who believe in our vision. And we are glad that our investment partners are also fully on board with our vision for this category.

Also, having seen the industry from such close quarters, I could see that there was an immense

opportunity that was waiting to be tapped. Additionally, the fact that we are witnessing a concomitant change in the attitudes of consumers caused by the social shifts and changes in the demographics, is a source of strength for the tea category.

We assume Mr Tata liked the vision of Teabox, and the way Teabox has been disrupting the industry, with its innovations in technology and the supply chain approach.

How will Mr Tata’s investment influence the future course of Teabox?

Getting direct access to an individual who has been admired for his vision and business acumen in scaling the Tata Group to a global level is an achievement and we hope it would help us to learn a lot from him.

Tell us about how you got into the tea business in the first place?

I was born in Siliguri, a town in Darjeeling district of West Bengal. And if you live in there, it is very unlikely that you are not doing something with tea — it is the biggest industry there. In fact, my father was in the business of tea garden supplies and equipment. And when I was young, I would accompany my father on his visits to the tea gardens during the school holidays. I loved it. The huge machines in the

estate factories fascinated me. It was nothing less than a big magic to experience how a small green leaf is transformed into such a delicious drink.

After my high school, I went on to win a scholarship and moved to study business at the Singapore Management University. I lived in Singapore for eight years to study and shape my career. During that time, I set up two companies: one catering to e-waste management and another one in the luxury limousine service business. I also spent four years working at KPMG as a corporate financial analyst. At that time, the Indian economy was booming, and I decided to return to India to explore my options here.

I came back to Siliguri and decided to work for my elder brother — who runs a tea export business. While working with him, I came across yet another side of the business that I had experienced during the course of my association with tea gardens earlier. I identified with the infrastructure of the tea business that was being used to take teas from the gardens to the consumers, and was surprised to see how dated they were. Within these challenges, I recognised a great opportunity to bring about a change, and my association with tea began.

There are many inherent advantages in operating online. For one, our reach is limitless. Right from day one, since we opened the shop, we have been a global company. An online business model also gives us the advantage of scaling up much faster without having to worry about the real estate costs



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In the past three years, we have delivered 30 million cups of tea to customers across 93 countries. The technology back-end allows us to understand our consumers better, allowing us to recommend them products relevant to them. It also empowers us to create a more personalised experience



How did Teabox come to happen? What gave you the confidence that the venture would succeed?

My experiences abroad helped me think like an outsider to the industry. This approach of an outsider to think about the business was the most important factor that enabled me to wriggle free of the constricting assumptions of an industry insider. It also allowed me to import ideas and practices from other industries and cultures, and apply them to every aspect of the business strategy — including product development, organisation planning and marketing. These skill sets, in combination with my first-hand experience of the tea industry (given my family background), were the driving forces behind the setting up of Teabox.

Tea has traditionally been bought over the counters. What are the positive factors that favour a potential shift toward the online purchase model — for you as an entrepreneur as well as for customers?

All the traditionally large tea companies have continued to operate within the constraints of the legacy value chain. And, even most of the new tea

brands seem to be just putting a new spin on last-mile delivery. When we started the set-up, we decided to take the difficult road of turning things on its head — by setting up our presence at the source, by creating a genuine set of benefits for our consumers, by choosing to use technology to reach more consumers as opposed to a traditional bricks-and-mortar set-up. This meant owning and operating the entire value chain from the ground up, starting from farm to cup. This approach, we believe, gives us the advantage of greater control over the consumer experience, and hence, it will be very beneficial in the long run.

Teabox thrives on the concept of making tea reach from the gardens to consumers within a week vis-a-vis the typical route of auction, wholesale, retail that takes more or less six months. In this perspective, explain the competitiveness of the Teabox model.

The whole journey of tea from the garden to consumers is a long one. To a very large extent, this is the reason for compromising on freshness. Traditionally, tea moves from a garden to an auction house. Then teas are sampled by various distributors and an auction date is set, typically a month after the production. In this interim of a month, tea is stored in poorly conditioned warehouses. Post the auction, the exporter ships the tea to his big importer connections through ships. Tea reaches an importer in about one to two months, depending on the distance and customs clearance. At this point, it is three months past the production. Then, the importer sells it to wholesalers who, in turn, sells it to retailers, followed by the selling of teas to the end consumers. This process takes an additional one or two months. So, overall, it takes three to six months for teas to actually reach the end consumers.

Hence, direct and first access to teas, almost as soon as they are produced, gives Teabox a unique advantage over any other tea retailer. The direct access to plantations — and thus lack of middle

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men in its processes — gives Teabox impressive margins on the business side of things. Our model also challenges the ways of a 200-year-old industry operated until now, which has always relied on a large value chain consisting of multiple middlemen and has hardly changed since the earliest British and Scottish planters who first set up the tea estates.

What is the method adopted by Teabox to identify tea quality to sort and store them accordingly?

Tea estates send over their tea samples, which are then evaluated by our expert tea-tasting team. Only the teas which match our stringent standards are selected to be listed on the website. We have also invested heavily in setting up a rigorous, quality checking environment, which ensures that only the best quality leaves are selected and are stored in

temperature and humidity controlled facilities. The orders, which ship within 24 hours of placing them, are packaged in opaque, vacuum packaging, protecting them from sunlight and the environment outside during the transit.

Regardless of the location, buyers just their tea packs just

within three to five business days. The rest of the teas are stored in a cold storage environment — again, India's first cold storage of tea.

How many varieties of teas one could find at Teabox? Explain the proposition of buying tea by type, region and specialty.

Our portal, Teabox.com lists the largest selection of single estate teas online — 2,000 single estate teas drawn from tea estates across India and Nepal. Tea is an agricultural product, much like wine. The taste of tea derives from the terroir that surrounds it. Darjeeling teas have a distinct fruity-floral character to them, unlike any other tea in the world. The spring-flush (or spring-harvest) teas, which are typically produced between March and April, have a particularly pronounced flavour and are known to attract record prices at the auction houses every year. Teas from Assam, on the other hand, are generally full bodied, and have a malty taste; they make for great breakfast teas.

Any plans to venture into bricks and mortar format? How does one can access/ buy Teabox products apart from the company website?

Teabox has no offline presence to date. There are many inherent advantages in operating online. For one, our reach is limitless. Right from day one, since we opened the shop, we have been a global company. And we have come far since then — in the past three years, we have delivered 30 million cups of tea to customers across 93 countries. An online business model also gives us the advantage of scaling up much faster without having to worry about the real estate costs. The technology back-end allows us to understand our consumers better, allowing us to recommend them products relevant to them. It also empowers us to create a more personalised experience. For example, we operate the Teabox website in multiple languages, including Russian and Chinese. We also offer customer support in the local language to customers from these countries.

Is there a typical demography that you have outlined as your target segment?

Our focus is on customers who are above 35 years of age.

How many offices and warehouses do you have?

We have a warehouse in Siliguri in West Bengal, and an office in Bengaluru.

Are you also getting institutional orders?

No, we have not yet focussed on this segment until now. **PG**

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“My store has been serving for over three generations now”

Progressive Grocer speaks to Raju Bhai Chheda, who was initiated into grocery trade when he was studying in the seventh standard. “From a small ration shop to a grocery and provisional store, we have come a long way. The entire journey has been very exciting and everyday I have learned something new,” says Chheda whose Chheda Grain & Provision Stores on Rajawadi road in Ghatkopar east, Mumbai, is well-known for the quality of its products and the wide variety of *attas* and *pulses* that it offers

How did you come into the grocery business and when did you set up your business?

I entered into the grocery business to support my family. I was aware that the nature and kind of work in the grocery business called for lots of hard work and application. However, I have always worshiped work and the challenges of the trade did not deter me. I was lucky that my wife always stood by me and supported me to establish this business. Initially we had a small ration shop. After years of hard work, we upgraded it to a Kirana store, and today we have our grocery and provisional store, which attracts a footfall of over 200 customers daily.

In 2009, my brother who had been my business partner parted ways. Since then, my son Valay has worked hard to take the brand to a position where it stands today. Now, I can proudly say that my store has been serving for over three generations now.

Please share the growth journey of your stores over the years.

Working passionately has been a part and parcel of my life. I started working when I was in the seventh standard and when we had a small shop running. From a small ration shop to a grocery and provisional store, which has a 440 sq. ft. of retail trading area, we have come a long way. The entire journey has been very exciting and everyday I have learned something new.

In 1995, in Ghatkopar, we ventured into the packaging of food grains and food items. We were the trendsetters in this segment in the locality and I consider it as my biggest achievement.

What do you feel are your strong points as a retailer?

I feel the quality of our products and our customer relationship have been our major strengths. At our



Raju Bhai Chheda (left)
Chheda Grain & Provision Stores



store, we emphasise a lot on quality and this has been our unique selling point (USP) over the years. All the goods which are sold at our store are checked personally by my son or me. This is done to ensure that the products are delivered and reaches the customers safely. Some hallmark elements of our store are the variety of attas and the quality of pulses that we make available. We also maintain a very healthy relationship with our customers. They are like family to us and we have a deep understanding of their likings and dislikings, which has helped us build our relations and keep them strong.



What is the extent of your direct sourcing; Are there specific product categories where you feel that direct form of sourcing is a better approach?

I personally feel that in the case of perishable items or frozen foods items direct sourcing is a better option.

What are you doing to encourage smart and young brands at your stores? How liberal are you in trying out new offerings in your stores?

We are always learning from day to day to adapt to the changing consumer needs and shifts in the consumption of food. For instance,

we have seen a marked shift in eating patterns – from parathas to pasta and from pulses, foodgrains to snacks.

Modern consumers have different diet demands. They spend and consume more on items like sauces, dip mixes and ready food products. I find all these changes in consumer behaviour both interesting and exciting. And I try my best to stock all the best-selling brands in different food categories by being in close touch with our vendors and suppliers. To meet the emerging consumer demands, I do not shy from reaching out to new brands and manufacturers, whose products carry the promise of quality, reliability and safety. This can be both a challenging and learning process for a retailer. **PG**

Some hallmark elements of our store are the variety of attas and the quality of pulses that we make available. We also maintain a very healthy relationship with our customers. They are like family to us and we have a deep understanding of their likings and dislikings, which has helped us build stronger relations

Are there any interesting concepts or innovations that you have introduced at your stores?

We were the trendsetters in the packaging of foodgrains in 1995 in our Ghatkopar neighbourhood. We have recently tied up with Vodafone M-Pesa (MPAANI) and a coupon wallet app. Taking these steps have been beneficial in terms of increasing the footfall at our stores. We work hard to identify the demands of our young customers. To serve them better, we are innovating our stores and leveraging technology.





(L to R)

Ankit Jain, Co-founder,
Askmegrocery.com

Shantanu Rastogi, Principal,
General Atlantic

Sumanta Dutta, CBO-Operations
and Customer Leadership, Coca-Cola

Vishak Kumar,
CEO, Aditya Birla Retail

Riyaaz Amlani, MD,
Smoke House Grill and Mocha
Cafe and President of National
Restaurants Association of India

Damodar Mall,
CEO, Grocery Retail, Reliance Retail

B.S. Nagesh,
Founder of TRRAIN

Millennials Revolutionising Food & Grocery Retail

“FOOD VISION 2025: CATALYSING THE ROADMAP AHEAD FOR ONE BILLION PLUS CONSUMERS” SET THE TONE AND TENOR FOR A SLATE OF STIMULATING DISCUSSIONS AND REFRESHING VIEWPOINTS THAT EMERGED OVER THE COURSE OF THREE EVENTFUL DAYS AT INDIA FOOD FORUM 2016



“**Health and wellness is becoming extremely important. At one level it is the Patanjali kind of companies, which are coming out with new health products and supplements aimed at making lives healthier. On the other level, it is about the awareness about how bad adulterated food can be and how bad pesticides can be. While there is not an actual shift in the purchase level, there is definitely an increase in the awareness level for these kinds of products**”

— Vishak Kumar

Food Forum has not only matured over the years but it has also contributed a great deal to the way the industry has moved in India. I was having a look at some of the important publications that the Forum has been bringing out in various fields – whether it is on the malls in India or whether it is on the retail market...you name it and I am sure the Forum has researched the topic and put it all down together in a well-documented report.”

He further added, “India’s Food & Retail market is approximately Rs. 25,00,00 crore today and I think it is going to not only double but triple by 2020. Now that is something the investors need to look at. India’s market is a varied market – it is primarily urban in some regions whereas not being a pure urban market in other regions; it is also a semi-urban market and it is also a rural market.”

“So, if the industry has to see phenomenal growth, you need to strategise for all these different markets. Then only there would be success. Otherwise, you will find there may be a glut in the urban market but we may not be able to touch what is available elsewhere. This means that retail chains, as part of their growth journey, need to take the small players under their fold. Then only you will find that the growth would be much more than you have imagined because there are people already in the market who need to be brought in and the quality control as well as the quality that you give out will make the difference,” he observed.

The inauguration of the event by Minister Singh was followed by a session on Food Vision 2025. It saw a distinguished panel of industry captains discuss the way forward to grow the food industry and ways to draw a new level of consumer satisfaction and the path of growth for India as a major food market – both as a producer and as a consumer.

Moderated by the renowned retail expert B.S. Nagesh, Founder of TRRAIN, the dignitaries constituting the panel included Damodar Mall, CEO, Grocery Retail, Reliance Retail; Riyaaz

The most awaited congregation of food & grocery retail fraternity – the 9th annual India Food Forum – was held recently at Bandra Kurla Complex, Mumbai from 19-21 January 2016.

Graced by the Big Daddys of the industry, the three-day forum was an excellent amalgamation of global experiences, new trends, and a zeal to deal with the challenges with progressive thought leadership.

The Forum was inaugurated by General (retd.) V.K.Singh, Union Minister State for Statistics and Programme Implementation (independent charge), Minister of State for External Affairs & Minister of State for Overseas Indian Affairs.

Speaking on the occasion, the Minister said: “It is a pleasure to be at the event that has seen tremendous growth over a period of time. India



“Before I landed up in this domain, I thought it was the women who formed the biggest chunk of grocery shoppers. But our analytics show that more than 65%-70% of the shoppers are men and I feel that it is a trend, which is picking up”
– Ankit Jain



“In our stores, we find people very open to ideas, open to take risks, open to try out new products. As long as the products appeal to the consumer, she will go out, try it and buy it. As I said, people are very open to new ideas, she is looking for something new. So I believe this is the best time to be in the market”
– Damodar Mall

Amlani, MD, Smoke House Grill and Mocha Cafe and President of National Restaurants Association of India; Shantanu Rastogi, Principal, General Atlantic; Sumanta Dutta, CBO-Operations and Customer Leadership, Coca-Cola; Vishak Kumar, CEO, Aditya Birla Retail; and Ankit Jain, Co-founder, Askmegrocery.com

The session commenced by discussing the changes in consumer behaviour and purchasing patterns, and about the ways of bridging the gap between retailers and tech-savvy Indian consumers. The industry stalwarts also discussed the way ahead for the industry, how emerging trends will influence and shape the future retail scenario in India, how it was possible to grow the overall pie of modern retail trade through ideas and innovation and how to evolve the business in this digital era to serve and delight the new tech-savvy consumers.

Sharing his views about e-retail, changing consumer behaviour and purchasing patterns, Ankit Jain said: “I don’t think that the basic food habits are changing...what we see is that 80-90% of consumption remains the same. Consumers’ basic needs remain the same and it’s just the delta 10-20 % where people are experimenting. So it is 10-20% of the total number of consumers that are experimenting...trying out the new mayo or some new organic food stuff that has been recently launched. So my point is that let’s first address the 80%, which is all about the basic consumption stuff and then we can discuss about the remaining 20%.”

Talking about the rise of online retail, Jain said: “I feel that the online space is one of biggest opportunities for retailers as well as a huge challenge. It is true that consumers today are not averse to change and they want to experiment. So that is an opportunity for us...we need to align our strategy to the food habits of consumers and present ourselves in a way that we fulfill the consumption patterns of all consumer segments.” Reiterating his earlier observation that basic food habits remain well-entrenched and are not susceptible to fast changes, he however noted that consumer behaviour and mindset is undergoing a change and, in many cases, the changes are surprising enough. “Before I landed in this domain, I thought it was women who formed the biggest chunk of grocery shoppers. But our analytics show that more than 65%-70% of the shoppers are men and I feel that it is a trend, which is picking up,” observed Jain.

Talking along the same lines, Damodar Mall added: “I agree that food preferences are not dramatically changing but the manner in which a family discovers food and celebrates food is really changing. Putting together a meal in a family no longer requires cooking from scratch, which is what authentic cooking was all about earlier. Today, it is more like assembling a meal and eating it together. Apart from that, one very important thing is that we are dealing with a very confident consumer – it’s cool to be an Indian consumer today. One does not need to seek validation from outside. Therefore, in our stores, we find people very open to ideas, open to take risks, open to try out new products. As long as the products appeal to the consumer, she will go out, try it and buy it. As I said, people are very open to new ideas, she is looking for something new. So I believe this is the best time to be in the market.”

Taking the discussion forward, moderator Nagesh veered the talk to the health and wellness quotient in foods, which has emerged as another strong trend. Taking up the thread of conversation, Vishak Kumar said, “Health and wellness is becoming extremely important. At one level it is the Patanjali kind of companies, which are coming out with new health products and supplements aimed at making lives healthier. On the other level, it is about the awareness about how bad adulterated food can be and how bad pesticides can be. While there is not an actual shift in the purchase level, there is definitely an increase in the awareness level for these kinds of products. People now have an increased understanding of health and wellness. So, I would say that the growing consciousness towards wellness and organic food is the new evolving trend.”

Outlining his views on new consumer purchasing trends, Sumanta Dutta said: “Coca-Cola products are available in four million outlets and we would love to be at 10 million. I think there is a huge

“
I think there is a huge change in the beverage buying pattern – people want juices, re-hydration products and more they are into many evolved products like ice teas, juice with milk and many more
– Sumanta Dutta

How hungry is China for the world's food?



China's recent slowdown has raised widespread concerns that any weakening demand there for goods and raw materials from the rest of the world could weigh on the entire global economy. Slowing factory output, a recent stock market crash and the emergence of regional housing bubbles haven't diminished the No. 1 task facing Beijing's leaders: how to feed 1.4 billion people? But, so far, the slowdown doesn't seem to have dampened China's appetite for imported food.

Changing Tastes

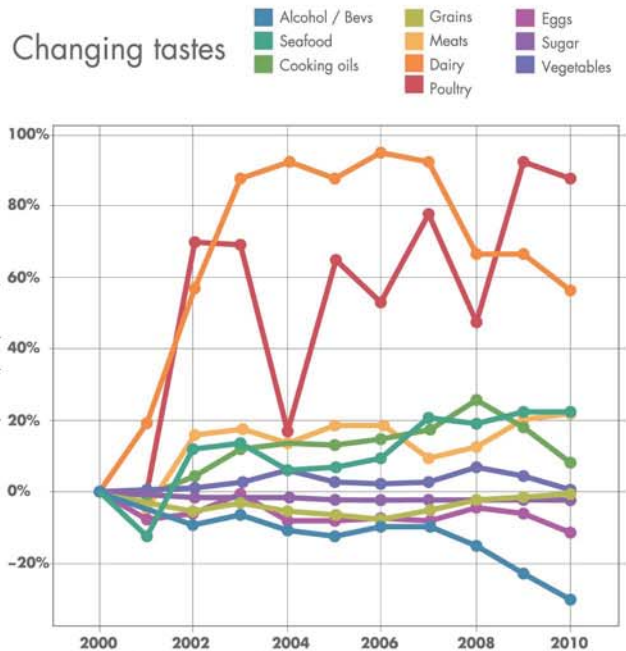
The massive, ongoing migration of more than 300 million people from rural areas to gleaming new cities - the largest peacetime resettlement in history — is transforming the way food is supplied, prepared and served. Younger workers in China's rapidly expanding urban centers are more likely than their parents to experiment with foreign-made foods and recipes. Those urban centers are also increasingly hosting foreign visitors and expatriates who retain their appetites for the foods they're accustomed to at home.

Lax food safety standards have produced periodic scares and boosted demand for imported goods. As a result, Chinese choices at the table have changed significantly in the last few decades, with consumption of grains and vegetables making up a smaller share of the typical household diet, as appetites have increased for meat, seafood, dairy products and eggs.

Changing food choices

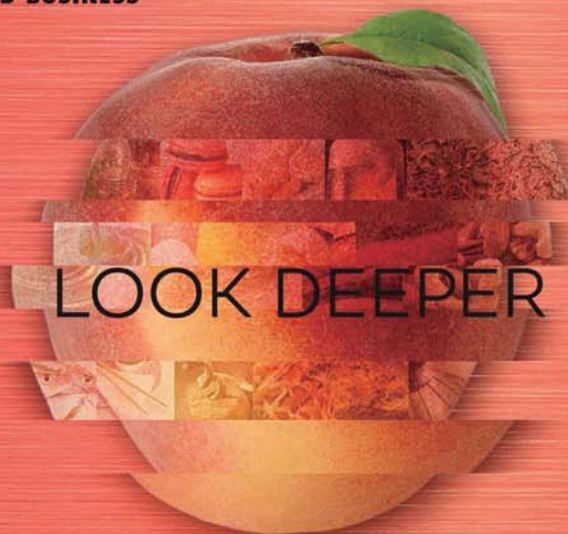
But while Chinese consumer's tastes have shifted, the nation's farmers haven't been able to keep up with demand. That's not likely to change anytime soon. Despite its vast size, China is land poor — with only 20 acres of arable land per 100 people — according to the World Bank.

To feed its rising middle class, China has turned to other global food producers. According to the USDA, China represents a \$26 billion market for U.S. grains, meat, dairy products, fibers and other goods. While the U.S. is the top provider of Chinese food imports, it is not alone in feeding the world's most populous nation. Brazil, Australia, Thailand, Indonesia, Malaysia, Canada and Argentina are among American farmers' top competitors in supplying China with food.



*Source: By John W. Schoen on cnbc.com
<http://www.cnbc.com/2015/10/21/how-hungry-is-china-for-the-worlds-food.html>

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Millennials are all entering the consuming age. In the next five years they are going to be the prime consuming class, and I feel they will bring about a change in the retail landscape

– Shantanu Rastogi

change in the beverage buying pattern – as you get into urban markets, you see the trend of many beverage options available today. People want juices, re-hydration products and more; they are into many evolved products like ice teas, juice with milk and many more.”

Highlighting the trends of consumer eating habits, Riyaaz Amlani, said: “Every five years or so, we keep waking up and start harping about how the health food trend is visible everywhere. That may be the case but I think we are putting too strong a point on it. For instance, we have a healthy soup on our menu, which we have to often throw away because nobody orders it. If I talk about consumer eating habits, the millennials are not worried about cholesterol. They are not going as much for the healthy options as they want to pamper themselves. An average Indian eats out about 1.8 times a month, which is very low compared with the eating out frequency in Singapore and in other countries. So when we go to a restaurant we indulge a lot and the thoughts of dieting are the farthest from our minds. Besides, the millennials are very aspirational and their quest for exciting and cool food options are bringing about a change in the eating habits of younger generations.”

Amplifying the theme of how eating habits of consumers are evolving, Shantanu Rastogi said: “I

believe that apart from health and wellness there is another important segment that will change the way of food retail for the millennials (the millennials are people born after 1980). This segment of millennials are hyper-connected and consider themselves as global citizens – they have less allegiance to the geography they were born in. This segment is thinking, behaving and acting in a different way and they are all entering the consuming age. In the next five years they are going to be the prime consuming class, and I feel they will bring about a change in the retail landscape.”

Way ahead

The panel and its speakers concluded that food & grocery retail industry will move on a progressive track despite the challenges and the onslaught of new, emerging trends. There was unanimity among the panelists that the sector offers ample potential to grow and evolve, especially with support from the digital channel. At the same time, it was also acknowledged that consumer behaviour and consumer purchasing trends will keep evolving and changing in the years to come, which will present both an opportunity as well as a challenge for the retail industry.

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India Food Report 2016 released by General (retd.) V.K. Singh



Data from the chapters in the Report show that over the next six years the food market is expected to register an average growth rate of 5.3 per cent per annum. The pace of growth is expected to be slightly higher at 5.7 per cent per annum between 2020-21 and 2025-26

India Food Report 2016 offers extensive mapping, sizing of the food manufacturing, marketing and retailing sectors in India, insights, analyses and research on the Indian food & grocery retail and foodservice businesses and features insightful analyses by industry experts from some of the world's most respected consulting and/or market study organisations, retail business heads, brand analysts and consumer research companies, among others. Organisations/ industry experts who have contributed to the making of the Report include Nielsen, A T Kearney, Accenture, PWC, Technopak, IMRB, GS1, Institute for Competitiveness, IFC, Troika, PRICE, Wazir, Maple Capital Advisors, D'Essence Hospitality Advisory, IBEF, NRAI, IMT, IIM, Rama Bijapurkar, Dr. Rajesh Shukla and Harish Bijoor to name a few.

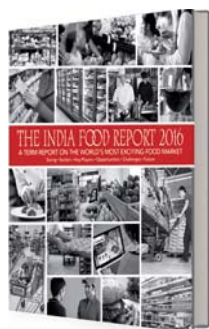
This Report highlights the potential of India's Food sector - both Food & Grocery and Food Service - and addresses some of the key interventions that are necessary to ensure a sustained impetus for the sector's growth. Both these sectors are evolving and maturing, offering lots of opportunities for business and growth. What is fuelling the growth of these two sectors and what are the opportunities for investment? While the chapters later on in the book offer a detailed perspective and analysis of food business segments - food retail, food processing, food logistics & support, food services, supply chain and technology - the India Food Report undertakes an informed analysis of the market dynamics shaping India's F&G retail and food-service business.

The Report looks at key business opportunities within these sectors, focuses on the investment potential and stresses on key challenges that need to be addressed. It also sets benchmark figures on consumer spends and retail market size across key food

categories and segments offers insightful and pertinent observations on India's evolving food & grocery/ foodservice retail landscape. Each of its chapters are packed with insightful data and observation on Food & Grocery, Food & Beverages, FMCG Market, consumption trends, success stories/ case studies of global and Indian majors in food retail, new concepts in F&G, FMCG, and F&B, investments opportunities in food backend operations, private labels, Use of social media and apps in food retail, adoption of omnichannel marketing in retail and other important aspects of Food Retail. The chapters of the Report, written by the foremost experts in their fields, are all very topical and will prove useful to all those associated with Food Retail, Food Processing and allied sectors.

The Report reveals that India's Food Retail sector comprising Food & Grocery and Food Service is valued at Rs 25,12,962 crore (2014) and holds a 65 per cent share in the country's total retail market. Out of this, Food & Grocery Retail is worth Rs 23,03,496 crore and Foodservice market is valued at 2,09,466 crore. The average rate of growth during the past four years in F&G has been 15 per cent per annum and in Foodservice it has been 22 per cent per annum. The respective growth rates are expected to take these retail markets to Rs54,20,789 crore and Rs 6,90,672 crore by 2020.

Data from the chapters in the Report show that over the next six years the food market is expected to register an average growth rate of 5.3 per cent per annum. The pace of growth is expected to be slightly higher at 5.7 per cent per annum between 2020-21 and 2025-26. Both urban and rural growths are likely to be considerably higher during the next decade as compared to the decade ending 2014-15. The Report looks at the way forward for India's Food Retail sector and what it has to offer to both domestic and international investors, in all aspects of growth and business. **PG**





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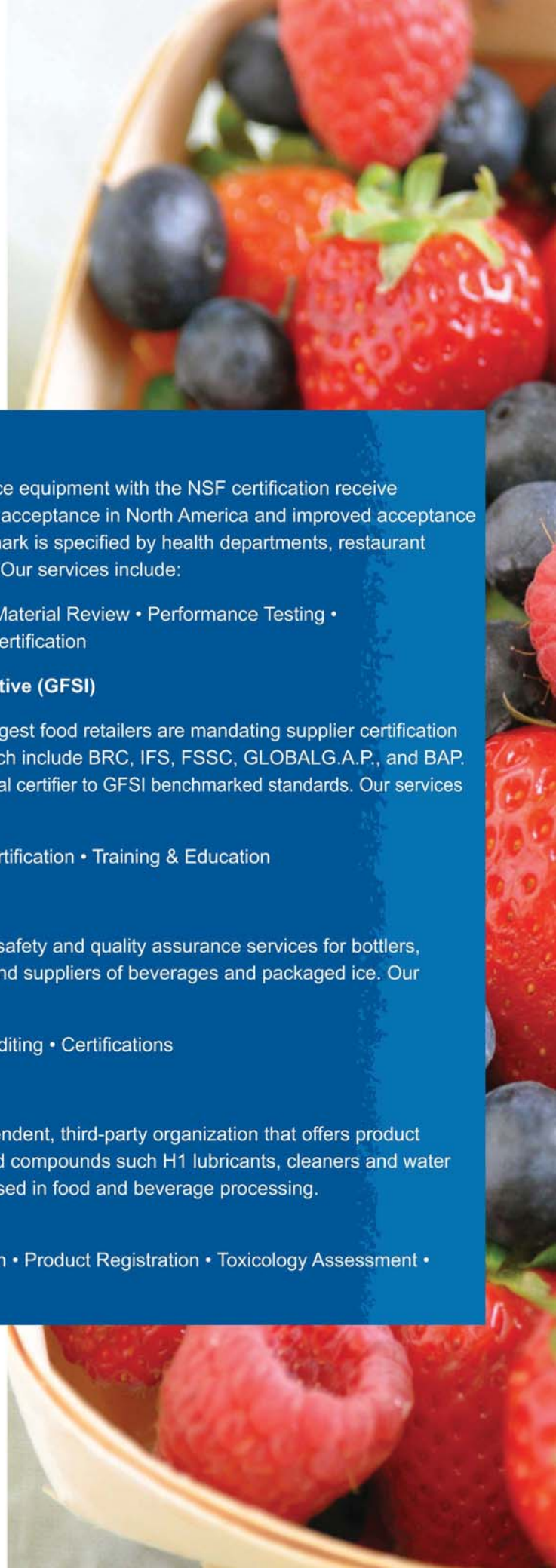
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COCA-COLA GOLDEN SPOON AWARDS 2016

The 9th Annual Coca-Cola Golden Spoon Awards felicitated outstanding achievements of food service operators and food & grocery retailers for the calendar year 2015. The Awards were presented across three broad categories – Performance Awards, Jury Awards, and Excellence Awards. The selection process for the Awards involved inviting entries from the nation's leading food service and food & grocery retailers across multiple categories. The Jury analysed key performance metrics such as growth in top line sales and retail presence, sales per square foot, same store sale growth. The Jury also studied the impact of IT application, innovation, marketing, supplier relations and employee practices.

The Awards' Jury comprised eminent personalities from the fields of business, media, and research and consulting. This year, the distinguished names on the Jury included Seema Chandra (Food Editor, NDTV Lifestyle and Convergence), Bijou Kurien (Board Member, L Capital Asia), Harish Bijoor (CEO, Harish Bijoor Consults Inc.), Rama Bijapurkar (Author & Marketing Expert), Sunil Alagh (Founder & Chairman, SKA Advisors) Amit Lohani (Convenor, Forum of Indian Food Importers), Debashish Mukherjee (Partner & Co Head, Consumer & Retail Industries, India & SEA, A. T. Kearney), Jyoti Bhasin (Regional Director, NFS International), Deepak Pillai (Director, Retail & Merchandising, Nielsen), Abheek Singhi (Senior Partner & Director, Boston Consulting Group), Anuj Puri (Chairman & Country Head, JLL India) and Amitabh Taneja (Chief Convenor, India Food Forum).





AWARDEES LIST

FOOD SERVICE AWARDS

IMAGES Most Admired Food Service Chain of the Year: QSR Indian Origin: **Haldiram's**

IMAGES Most Admired Food Service Chain of the Year: QSR Foreign Origin: **Domino's**

IMAGES Most Admired Food Service Chain of the Year: Cafes & Bars: **Chaayos**

IMAGES Most Admired Food Service Chain of the Year: Ice-cream & Dessert Parlours: **Natural Ice Cream**

IMAGES Most Admired Foodservice Retailer of the Year: Dine-in: **Berco's**

IMAGES Most Admired Food Service Retailer of the Year: Effective Technology Adoption: **Dunkin' Donuts**

IMAGES Most Admired Food Service Retailer of the Year: Supply Chain Management: **Kebab Xpress**

IMAGES Most Admired Food Service Retailer of the Year: Human Resource Policies & Initiatives: **Chaayos**

IMAGES Most Admired Food Service Retailer of the Year: F & B Quality, Safety & Menu Planning: **KFC**

IMAGES Most Admired Food Service Retailer of the Year: Marketing, Promotions & Customer Service: **Baskin Robbins**

IMAGES Most Admired Food Service Retailer of the Year: Retail Expansion - Increase in store count and retail space: **Domino's**

IMAGES Most Admired Food Service Retailer of the Year: Store Performance - Sales Per Sq. Ft. & Same Store Sales Growth: **Goli Vada Pav**

FOOD & GROCERY AWARDS

IMAGES Most Admired Food & Grocery Retailer of the Year: Regional Supermarket:

Heritage Fresh

IMAGES Most Admired Food & Grocery Retailer of the Year: National Supermarket: **Easyday**

IMAGES Most Admired Food & Grocery Retailer of the Year: Speciality: **Godrej Nature's Basket**

IMAGES Most Admired Food & Grocery Retailer of the Year: Private Label Development:

Aditya Birla Retail

IMAGES Most Admired Food & Grocery Retailer of the Year: Large Format: **More Megastore**

IMAGES Most Admired Food & Grocery Retailer of the Year: Effective Technology Application: **Future Group**

IMAGES Most Admired Food & Grocery Retailer of the Year: Supply Chain Management:

Trent Hypermarket

IMAGES Most Admired Food & Grocery Retailer of the Year: Human Resource Policies & Initiatives: **HyperCity**

IMAGES Most Admired Food & Grocery Retailer of the Year: Merchandising, Marketing, Consumer Promotions & Customer Service: **Spencer's Retail**

IMAGES Most Admired Food & Grocery Retailer of the Year: Retail Expansion - Increase in store count and retail space: **Future Group**

IMAGES Most Admired Food & Grocery Retailer of the Year: Store Performance - Sales Per Sq. Ft. & Same Store Sales Growth: **Twenty Four Seven**

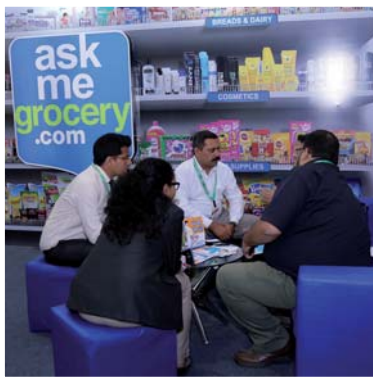
IMAGES Most Admired Online Grocery Hyperlocal Start-up of the Year: **AskMeGrocery.com**

IMAGES Most Admired Online Grocery Retailer of the Year: **Bigbasket.com**

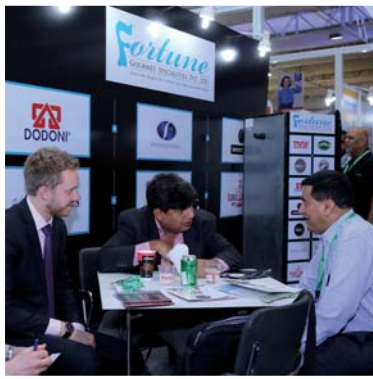


The March issue of Progressive Grocer will carry comprehensive coverage of the Coca-Cola Golden Spoon Awards 2016. Watch this space.

EXHIBITORS @ INDIA FOOD FORUM 2016



Exhibitors



what's next

► **Greek yogurt for healthier snacking**

Epigamia Greek Yogurt is one of those foods that contradicts the saying “if it tastes good, it must be bad for you.” Made from an ancient Greek process of straining the yogurt, it is low in fat and calories with double the amount of protein as compared to regular yogurt. Epigamia’s yogurt have seven gram of protein per cup as compared to non-Greek brands. There are no artificial sweeteners, flavours, colourings as well as no preservatives in any cup of Epigamia. The product encourages a healthy lifestyle and tastes extremely delicious and creamy. The portion size of Greek Yogurt is an excellent snack for those interested in weight loss.



► **Cornitos Extra Cheesy**

Cornitos, the flagship brand of GreenDot Health Foods Ltd., is all set to launch ‘Peri Peri’ flavoured hot nacho crisps. The brand is extending the palate by including this hot headed African flavour. ‘Peri Peri’, the popular raging flavour perfectly adds the exotic fiery delight to the consumer’s snack time. The spicy chilli flavour has become an international rage and with this newest offering Cornitos is keen to lure snacklovers into a journey of global taste. The tantalising sharp taste of Cornitos ‘Peri Peri’ nachos flavour is a great combination of African Red Chili, Herbs and Tangy lemon flavours.



► **Great tasting ketchups and sauces**

Regal Kitchen has launched a range of ketchups and sauces such as Green Chilly Sauce, Tomato Ketchup, Soya Sauce, White Vinegar, Brown Vinegar, Snack Sauce and many more. All products are prepared from selected, ripe, fresh tomatoes and chillies, under strict hygienic conditions. With its focus on purity and flavour, the products are manufactured under the supervision of skilled workers and as per the defined food industry guidelines. The products are known for their natural taste, hygienic packaging, long shelf life and come in leak-proof packing material.



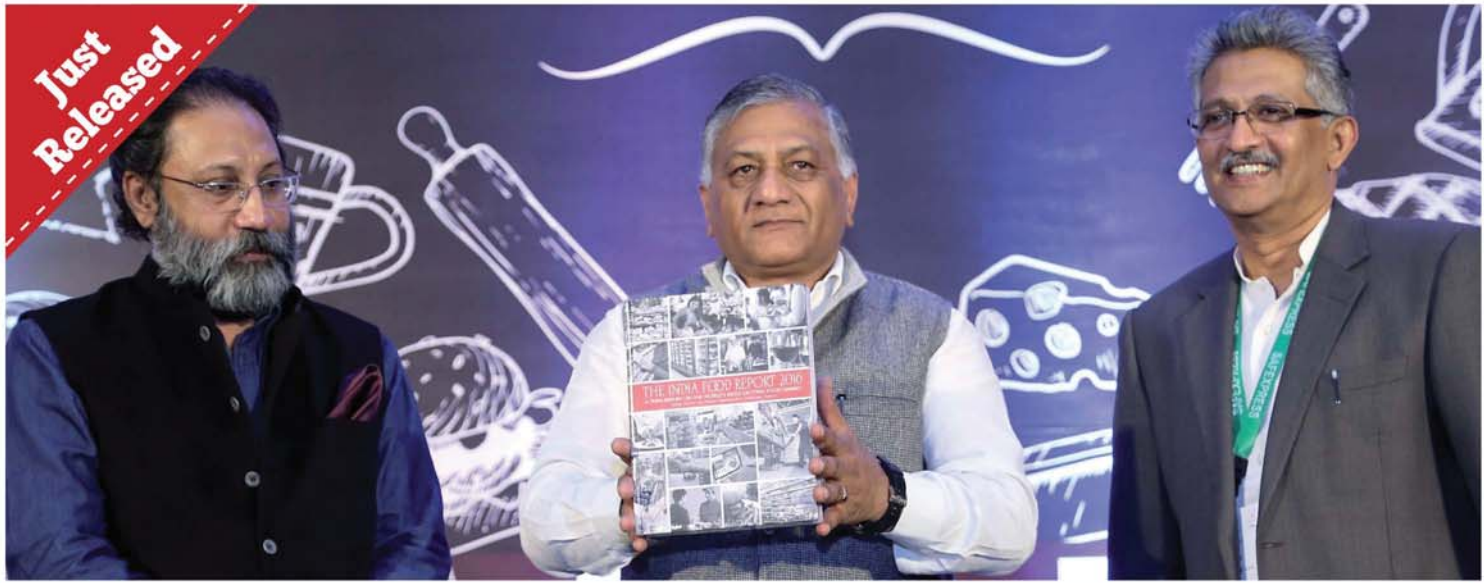
◀ **VLCC launches multi-grain muesli**

It’s time to start your day on a healthy note with VLCC’s Slimmer’s multi-grain muesli. With more than 25 years in the wellness industry, VLCC’s team of health experts and nutritionists have put together a range of products using their expertise and knowledge of Indian dietary needs and habits. VLCC Slimmer’s muesli comes in two delicious variants: fruit & fibre and crunchy nut, a powerhouse of nutrients and antioxidants. Packed with Australian oats, whole grains, Californian almonds, raisins, beetroot powder and sweetened with pineapple crush, fruit juices, dehydrated fruits and honey, this ready-to-eat food provides a great source of protein, dietary fibre, vitamins, minerals and carbohydrates. Also, VLCC’s muesli contains no added sugar – the sweetness is derived from the fruits & fruit crushes, a product ideal for your health and waistline.

The product is available in 250 gm packs at a pricepoint of Rs. 225 for fruit & fibre variant and Rs. 200 for crunchy nut and can be purchased from across VLCC centres, major retail stores and pharmacies.



Just Released



INDIA FOOD REPORT 2016

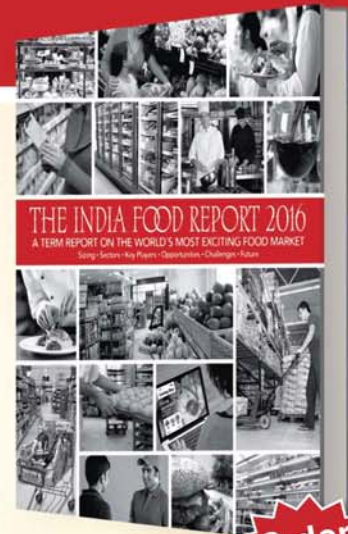
THE MOST AUTHORITATIVE GUIDE TO FOOD RETAIL MARKET IN INDIA

India Food Report 2016 was released on January 19th by General (retd.) V.K. Singh, Union Minister State for Statistics and Programme Implementation (independent charge), Minister of State for External Affairs & Minister of State for Overseas Indian Affairs.

"Indian Retail Food Market has the potential to not only double but triple in the next 4-5 years by 2020, aided by the government's initiative to bring in systemic change, despite resistance, said the Minister at the launch of the Report.

The Report has been compiled with inputs from some of the world's most respected consulting and/or market study organisations, retail business heads, brand analysts and consumer research companies, among others.

Organisations/industry experts who have contributed to the making of the Report include Nielsen, A T Kearney, Accenture, PWC, Technopak, IMRB, GS1, Institute for Competitiveness, IFC, Troika, PRICE, Wazir, Maple Capital Advisors, D'Essence Hospitality Advisory, IBEF, NRAI, IMT, IIM, Rama Bijapurkar, Dr. Rajesh Shukla, and Harish Bijoor to name a few.



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THE INDIA FOOD REPORT 2016 - HIGHLIGHTS

- ▶ Food & Grocery Sector-Market Sizing, Overview, Trends, Opportunities, Profiling Key Players
- ▶ Food Service Sector- Market Sizing, Overview, Trends, Opportunities, Profiling Key Players
- ▶ Retail Formats & Emerging Retail Formats
- ▶ Non Store Retail Channels
- ▶ Fresh Produce
- ▶ Processed Foods
- ▶ Safety, Health, Convenience, Sustainability
- ▶ Food Supply Chain in India
- ▶ Storage / Warehousing
- ▶ Food Processing Sector in India
- ▶ Food Packaging
- ▶ Kitchen Equipments
- ▶ Key Regulatory Issues
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▲ **Beelicious honey**

Beelicious honey has three variants that guarantee to make you fall in love with honey all over again. Beelicious is probably the only honey in India to have a brand new imported processing plant with the latest international technology available. The honey is only warmed to 40 degrees, therefore keeping all the vital nutrients, enzymes, antioxidants and vitamins intact, which also give Beelicious honey its powerful therapeutic benefits. There's not a trace of sugar or fructose or corn syrup that's added to Beelicious honey. Beelicious honey is collected after careful testing and sampling and is made painstakingly to ensure you get the best honey imaginable even though it is an exhausting and time consuming process. Enjoy our Beelicious honey with its deep, wholesome flavour while it works its therapeutic magic on you from within.

▼ **Jivana turmeric marks Somaiya group's entry in spices**

Godavari Biorefineries Ltd. has entered the spices category under its food brand 'Jivana' after their successful foray with Jivana Classic Sugar, and Jivana Refined Iodised Salt. The turmeric is finely packed in high quality packaging material such that it maintains its freshness and nutritional value. The packages are available in 50 gm, 100 gm, 200 gm to cater to the demands of various segments. It will be available in Maharashtra, Gujarat, Rajasthan and Karnataka.

Speaking at the launch Jivana Turmeric, Samir Somaiya, CMD, Godavari Biorefineries, said: "The company has gained valuable experience in the foods segment after the launch of Jivana salt and Jivana sugar and the entry into spices segment was a natural extension of the foray into the market."



▶ **Naturell India introduces RiteBite Protein chips**

Healthy lifestyle brand Naturell India Pvt. Ltd., has launched India's first ever protein chips- RiteBite Max Protein, a tasty yet healthy seven-grain protein snack. An absolute guilt free snack, these chips are neither fried nor baked. RiteBite Max Protein is an extruded (hot air puffed), scrumptious, multi-grain, protein-rich savoury snack, available in three flavours – cheese & jalapeno, Spanish tomato & minty chaat.



Most of the snacks contain 30% to 35% fat, are low in protein and may hardly contain fibre. These unhealthy snacks although they satiate the taste buds, leave you in a guilt trap owing to the uncontrolled unhealthy binging. RiteBite Max Protein, enriched with the goodness of seven grains- oats, wheat, soy, ragi, gram, corn and rice has thrice the amount of protein contained in corn chips or nachos and thrice lesser the amount of fat contained in fried namkeens, available in the market.

Also, Rite Bite Max Protein chips contain 10 gram of protein, equivalent to one glass of milk/ two cups of dal and three gram of fibre, equivalent to one cup of oatmeal, zero trans-fats and are hundred percent vegetarian.

Speaking at the launch, Vijay Uttarwar, CEO, Naturell India, "Ever since Naturell's inception, we have focussed on catering to products that promote a healthy lifestyle. RiteBite Max Protein is our endeavour to add value to the food industry by offering a blend of nutrition and taste, keeping in mind the growing needs of healthy eating."

Whether you follow a diet for losing, gaining or maintaining weight, or you are a food connoisseur willing to opt for a healthy lifestyle, RiteBite Max Protein chips are a quick fix solution for your 5 o'clock snack craving, midnight hunger and also the best tiffin box snacker; which will ensure great palatability and satiety value.

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Understanding consumer trends is key to success in retail



Consumer and market sentiment is today more buoyant than it was until two years ago. The improvement in confidence levels has had a positive impact on how we spend. There is no doubt that consumer spending today is more robust than it was earlier thanks to the ameliorating economic conditions along with political stability and clarity and better control on the direction of our economy. Availability of more disposable income in the hands of consumers due to declining fuel costs is also contributing to better sentiments for spending. In addition, the consumer profile is also changing as the number of young spenders is on the rise and these consumers are increasingly looking for a wider choice of products and better buying options. At the same time, rural consumers are also beginning to try out new concepts and products and demanding due attention from the market.

What is also at play is that growing health and social image consciousness continue to shape the consumer mindset. Demographic trends are dominated by two key factors: a large young population under the age of 30 and faster growth rates among older age groups.

An understanding of households' disposable income, consumer expenditure, savings and credit and housing and home ownership, etc., need to be factored in while planning for new business. It is important for retailers and manufacturers to be alert to specific consumer-related issues like eating and drinking habits, shopping habits, preferred types of stores and retail venues, clothing and fashion trends and knowledge of how consumers spend their leisure and recreation time.

All the factors that influence purchasing decisions and the demand for products in different segments need to be kept in mind to have a better control on business. For the success of any retail-related business, a close and continuous monitoring of consumer trends and practices in the following areas is essential, which will also help in maintaining a decisive edge in the marketplace. These are:

- In what types of stores do consumers shop for food and drink
- How do ethnic groups influence consumer preferences and expenditure trends
- How many households own microwave ovens, personal computers, refrigerators
- On the whole, are Indian consumers spenders or savers
- Where do consumers go on holiday and how much do they spend
- How well are consumers served by the India's healthcare system
- Need to track for comprehensive understanding of consumer trends, attitudes and behaviour in India
- Factors that influence daily decision-making processes of consumers as they shop for and buy products and services

With the advent of online in a big way in our country wherein world leading players like Amazon, Flipkart, Snapdeal, and others have started offering great promotions and freebies, consumer buying patterns have taken new dimensions. In many cases, consumers are visiting retail stores for the touch and feel factor before selecting the products, and on finding it suitable they are ordering it online due to better discounts and financing facilities thrown in. It also saves them from the hassle of spending time and wasting money on transportation.

I am sure that if all these factors related to consumer trends are well understood and acted upon, it will help in framing the winning strategies for business. These trends need to be thoroughly analysed while moving ahead so as to ensure positive outcomes for all stakeholders. **PG**

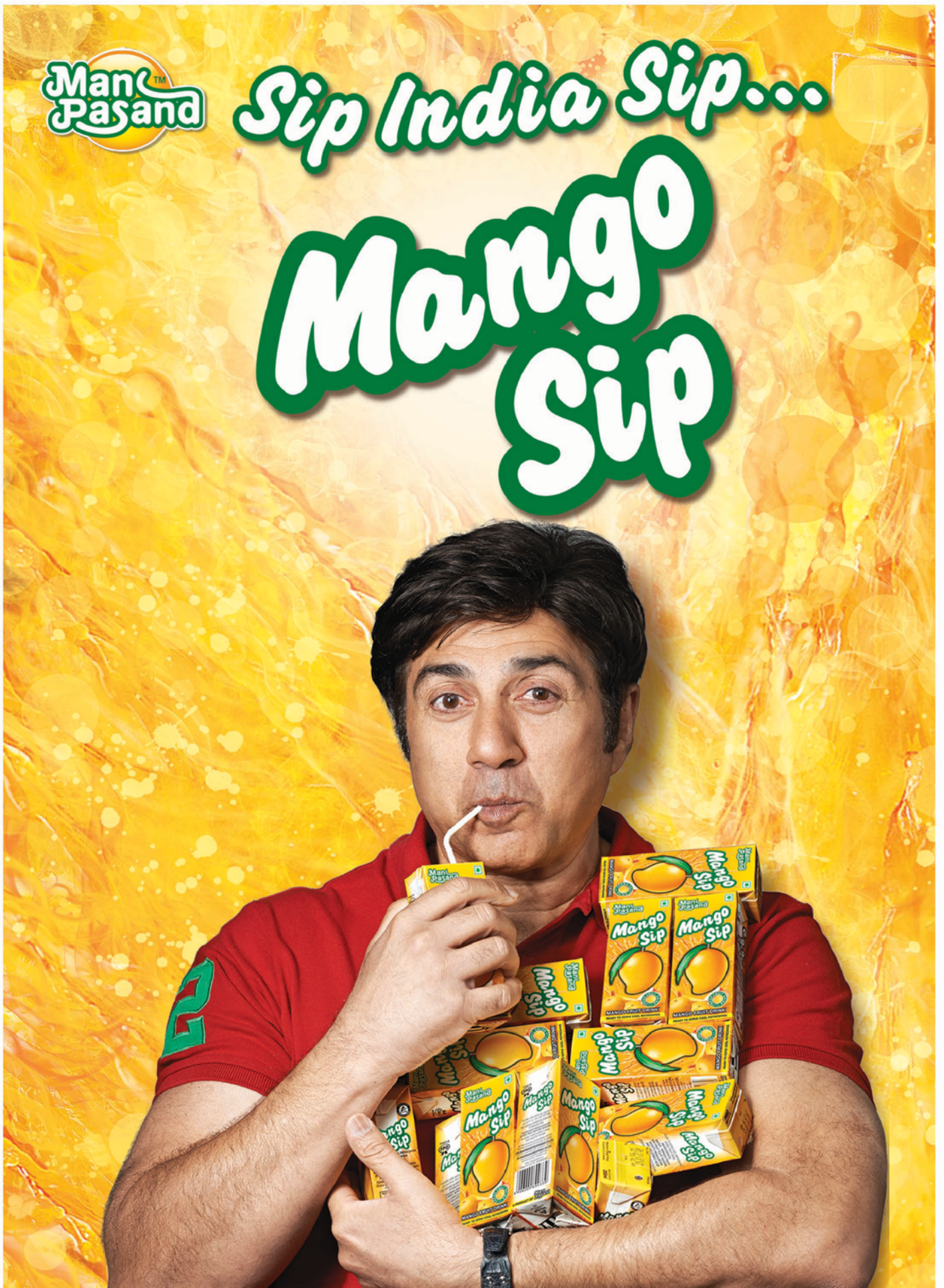


The author has over 25 years of experience in FMCG and Modern Retail. He is on the selection panel of 'Hunar' skill centre (Retail and Hospitality), a collaboration between Delhi and Singapore governments. He can be reached at rakeshgambhir@imagesgroup.in

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