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# PROGRESSIVE GROCCER

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INDIA EDITION

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## CREATING BENCHMARKS IN SUSTAINABILITY & SUPPLY CHAIN

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India's Food and Grocery Retail market offers one of the largest opportunity areas for business. The F&G category accounts for about 57% of the total retail market in India. There are an estimated 8-9 million food & grocery stores (including local kirana shops, hawkers etc.) in the country.

Images Research finds that the penetration of modern organised retail in food is currently one of the lowest at 1.6 per cent. However, this is also expected to change dramatically over the next decade as organised retailers penetrate the markets deeper. By 2025, organised retail is expected to capture at least 3.2% of the food & grocery market and be worth INR 340,000 crore, growing at a CAGR of 22.5% from current levels.

While the food & grocery category will continue to grow at about 13-14% per annum over the next decade, food & grocery retail is expected to dominate the market with more than 50% share of the overall retail market in the foreseeable future.

Going forward, local kirana stores and street hawkers will however continue to dominate the food & grocery market with a 90% plus share, even in 2025. The unorganised, organised and online players will co-exist in the Indian retail ecosystem and will expand the market for each other, as all have unique strengths and the sector is large enough to accommodate all participants. It is expected that unique partnership models will emerge as the retail market matures and this partnership will further push the sector's growth.



Amitabh Taneja  
 Editor-in-Chief

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*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

## Future Group launches atta & instant mix range

Future Consumer Enterprise Limited (FCEL), a part of Future Group, has launched 'Desi Atta Company' – a new range of single grain atta and instant mixes across Future Group's retail outlets such as Big Bazaar, KB's Conveniently Yours and KB's Fairprice. Desi Atta Company is first and only brand in India to offer variety of regional flours and mixes across the country. The products are available in single grain atta range, which includes bajra, jowar, nachani, rice, makkai and rajgira. In instant mixes range, khaman dhokla, besan laddoo, rava idli, upma, thalipeeth and medu wada are available. Desi Atta Company products are available in pack sizes of 200 gm and 500 gm.

Speaking at the launch, Devendra Chawla, Group President - Food, FMCG & Brands, Future Group said, "Our customers teach us every day about their likes and dislikes,

preferences and changing needs. We have put in all these learnings of the past 15 years in creating Desi Atta Company. The high quality Desi Atta Company range has been developed keeping in mind the need for local flavours of Indian customers. The idea is to bring the best of convenience and quality for our customers."

Being India's largest sourcing-to-supermarkets FMCG company, FCEL has expanded its consumer product portfolio from Foods and Spice, Snacks and Beverages to quality flour and instant mixes as part of its strategy to build a food products basket in India. The products are being manufactured in the Future Group's India Food Park at Tumkur, Bangalore.

Desi Atta Company will be adding many more variants of flours and instant mixes in the next six months and strengthen its distribution network to reach out many more new consumers.



## International certification programme for sustainable products

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 food origins. Audits, based on best and most updated available scientific data, are run by accredited independent certification bodies.

Every day Friend of the Sea and Friend of the Earth strive to make sustainability a reality, involving more and more key players in the project. Friend of the Sea and Friend of the Earth lead producers which join the certification programs to reduce ecosystem impact, to improve energy efficiency, to optimize use of resources. The certifications also ensure high social accountability standards.

Small-scale developing world fisheries and farmers have found the Friend of the Sea and Friend of the Earth programs affordable also by means of grants and Friend of the Sea and Friend of the Earth's support.

Indian food producers could greatly benefit from Friend of the Sea and Friend of the Earth certifications. A third party certification of sustainable origin has become an essential requirement to enter some markets abroad. Environmental awareness of consumers in India is rapidly increasing and Friend of the Sea and Friend of the Earth certifications can represent an important added value on the market.

## TÜV SÜD celebrates its 150th anniversary

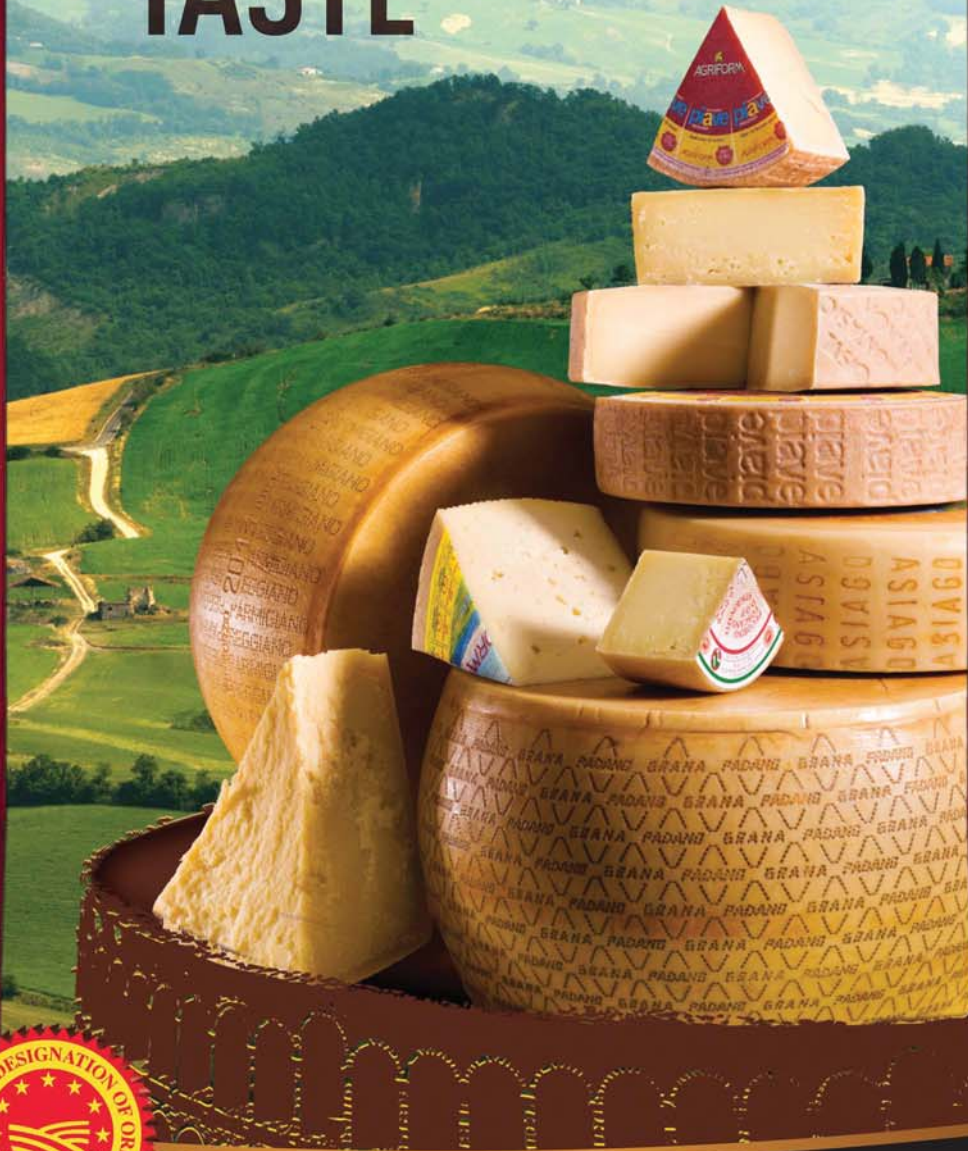


Axel Stepken, Chairman of the Board of Management of TÜV SÜD

TÜV SÜD, the leading consulting, testing, inspection and certification (TIC) company with presence across the world, is celebrating its 150th anniversary this month. Headquartered in Munich, Germany, the company has over 20,000 employees representing more than 800 locations throughout the world. In south Asia, TÜV SÜD has a presence across India, Bangladesh and Sri Lanka and provides TIC solutions across sectors that includes management systems, conventional and renewable energy, water, sanitation, environmental technology, infrastructure, transit systems, real estate, food, supply chain, agriculture, toys, consumer electronics, textiles, leather and related products, automobile and components, and technical as well as soft-skills training. Chairman of the Board of Management of TÜV SÜD, Axel Stepken said: "As part of the anniversary celebrations, the company will be focussing on four strategic themes which it believes will shape the narrative of commerce and society in the decades to come: sustainable development, consumer protection, urbanisation and digital transformation."



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## Market Update

### Mother's Recipe launches its e-store

Mother's Recipe (Desai Brothers Ltd. – Food Division) has launched an exclusive online store [www.shop.mothersrecipe.com](http://www.shop.mothersrecipe.com) to leverage the growing e-commerce market. The E-store will enable customers to choose and shop from the entire product range of Mother's Recipe across categories including pickle, papad, paste, ready to cook spice gravy mixes, ready to eat meals, chutneys and instant mixes. One of the key aspects of the portal is that it will allow consumers access to Mother's Recipe's basket of region-specific products from all over India. Region-specific pickle delicacies or RTC gravy mixes - Kerala's Kaduku Mango, Madras thokku or Andhra's tomato/ Gongura, Chettinad Chicken, Malabar Fish Curry, Kerala Roast Chicken, Nawabi Chicken – can be ordered easily online across the country, which may or may not be available in grocery / modern retail stores in that particular city / region.

Sharing his thoughts behind this strategic move, Sanjay Desai, Executive Director, Desai Brothers Ltd said, "We wanted to provide our consumers with an easy access to our entire product range and with the growing acceptance of e-commerce platform to shop for daily needs, entering into this space was indeed the natural progression for our existing business. The new digital platform will offer our customers an enhanced buying experience that combines



the speed and convenience of e-commerce transactions with the trust and reliability of the Mother's Recipe brand. From the company's perspective this venture will enable us reach out to a wider segment of consumers."

"In the online space we are currently selling our products through 18 E-grocers such as Big Basket, Grofers, Amazon.in, Aaramshop, Farm2kitchen, MyGrahak, Callandorder, FreshnDaily etc., and have witnessed substantial growth. We see our foray in the online space as another important way to connect with our customers. This development will indeed help the company create a new engagement channel with brand loyalists and at the same time will be an attractive choice for new customers who are yet to experience the brand." Desai added.

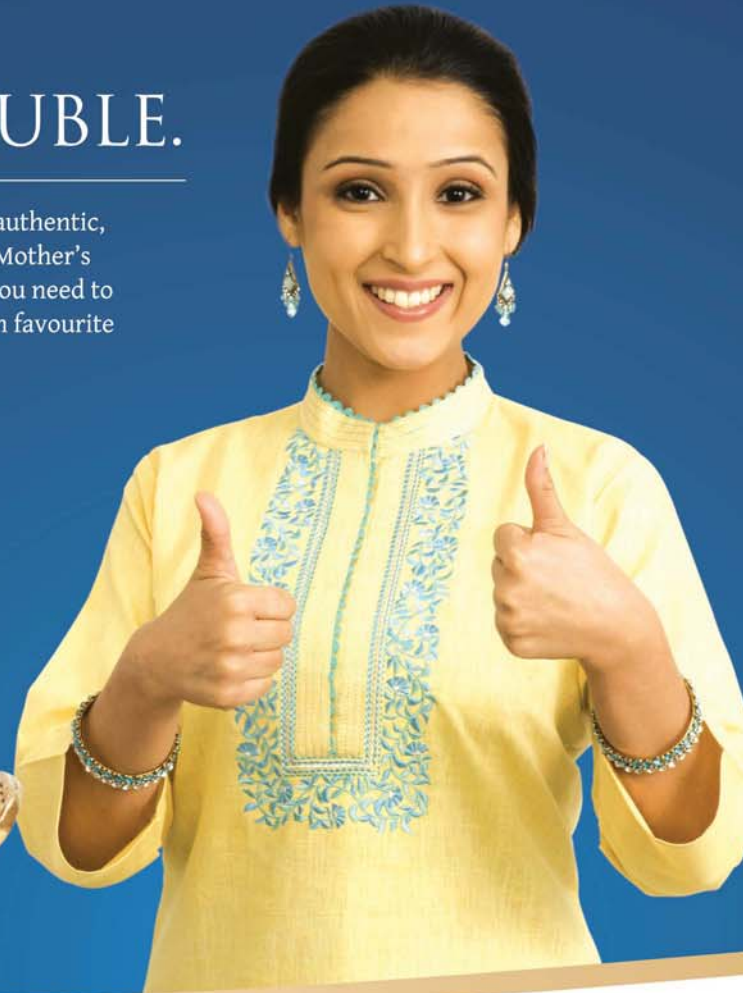
Though at present online contribution is just a very small portion of total sales of the company's revenue coming from online sales, the avenue holds huge business potential and Mother's Recipe anticipates this pie to grow exponentially in the coming few years. **PG**

An advertisement for Man Pasand Fruits Up. The background is a vibrant pattern of orange slices. In the top left corner, the 'Man Pasand' logo is displayed. In the top right, the slogan 'Fruit Bhi Fizz Bhi' is written in a stylized, bubbly font. On the left, a young woman with a wide smile is wearing bright yellow and red sunglasses. In the bottom left, the words 'FRUITS UP' are written in large, bold, white letters with a thick orange outline. At the bottom center, the tagline 'Fruits up contains Fruit' is written in green. On the right side, three bottles of Fruits Up are shown: a green bottle of Lemon flavor, an orange bottle of Orange flavor, and a dark blue/black bottle of Grape flavor. The bottles are surrounded by fresh fruits like lemons, oranges, and grapes.

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# Relooking Sustainability and the Indian Retailer

Sustainability in supply chains and business at large is a complex process involving many players – producers, brands, retailers and consumers. This article is the first in a three-part series that aims to raise some critical questions and most importantly, reflect on solutions for the biggest question – is the retail environment for sustainability in India supply driven or demand driven?

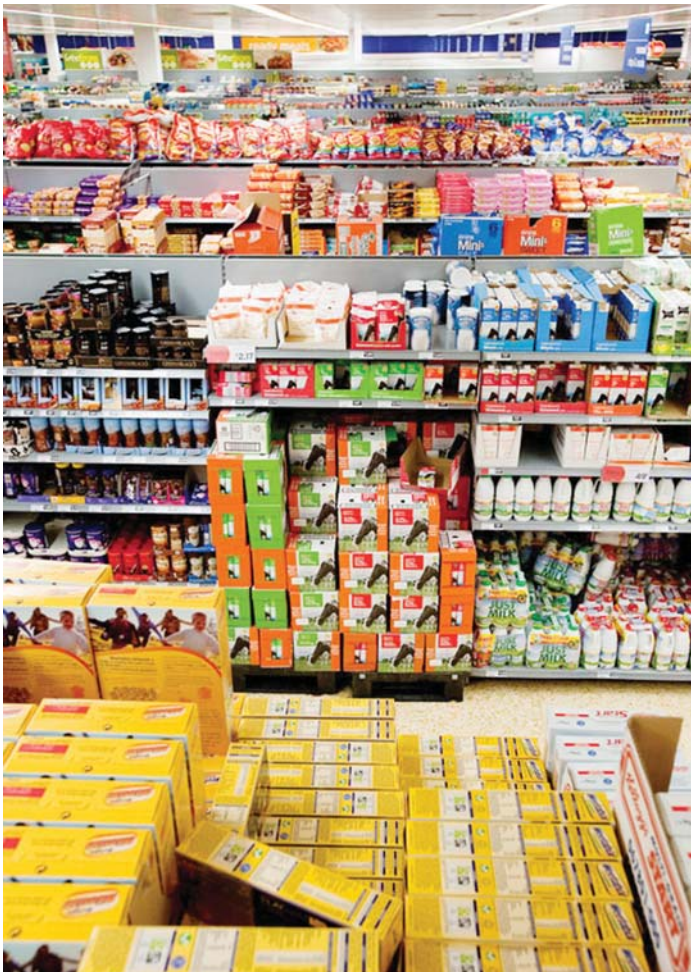
**S**ustainability is not a one-sided responsibility. But the question of ‘who leads?’ is one that often arises in the early days of market evolution. Is it the role of business, the consumer or the pressure of external factors that drives change? Retail in India is in a phase of great transition – from being a largely fragmented sector until a few years ago towards large

format stores, international brand chains and online convenience. With the opening up of FDI norms by the Government of India and the subsequent investments from large global retailers, there is now more than ever a need for Indian retailers to match their global competitors.

One clear point of difference between global and local operators is the level of focus on sustainability. Companies like Marks & Spencer (M&S), Walmart, and IKEA have for a long time incorporated sustainability metrics throughout their operations. For India retailers, however, one point of hesitancy on following suit is whether the relatively price-sensitive local consumer is at a point where this offers any kind of commercial advantage in an already cost-constrained operating environment. But in order to address this gap, who should take the first steps on leading the change?

The answer is perhaps mixed. There is now a growing understanding among retailer businesses that there are a number of key risks that are associated with “business as usual”. Most retailers do realise that their businesses rely on finite natural resources. Pressures from price and supply shocks related to raw material sourcing, regulation, supply chain logistics and competitive pressures are all pertinent. Consumer preferences change quickly and concerns around health and food safety are often quickly followed by broader considerations around the environmental and social impacts of personal consumption.

Progressive businesses cannot only ready themselves for such shifts but also proactively engage their customers on the same – building a connection that goes beyond price and convenience. There have been many initiatives by retailers to reach consumers with the sustainability message. For example, M&S has involved its customers in a number of initiatives like ‘shwopping’, which encourages customers to exchange old garments to get discounts on newer ones, and ‘Forever Fish’, which involves customers in marine conservation programmes. In 2009,





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Oysho, a part of Inditex, supported WWF in a campaign to raise awareness and for the protection of marine biodiversity. The campaign reached out to its customers specifically to save the dolphins and tortoises of the Mediterranean Sea. Another example is Australian retail chain – Coles – that sources sustainable seafood, including Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) certified products; and helps educate consumers about sustainable seafood choices. Coles remains a signatory to the WWF Global Sustainable Seafood Charter, committing to continuing work with WWF to help safeguard valuable marine ecosystems, ensure the long-term viability of seafood supplies, and to preferentially source and promote MSC- and ASC-certified products.

Such global examples reflect the trends in retail to inspire consumer demand for sustainable products and also throw light on the many long-term paybacks to business. For Indian retailers, the battle to secure profitability and market share is a constant challenge. Using creative customer engagement mechanisms linked to emerging consumer preferences is one way to establish a point of difference and drive deeper business change. Holistic sustainability strategies are most effective when they contribute to core business outcomes by boosting revenues, reducing costs, managing scarce natural resources and anticipating shifting regulatory pressures.

Retailers willing to learn from sustainability practices will have a competitive edge, by positioning their businesses for long-term sustainable growth. Such practices also provide them with a larger opportunity to contribute to safeguarding the environment and contribute to improved social outcomes. By working with customers and leading this conversation, there are gains to be made. **PG**

For further information on sustainability in retail, contact:  
 Philip Tapsall, Director – Sustainable Business at  
 WWF-India., ptapsall@wwfindia.net  
 Sources: Global Practices in promoting environmental  
 sustainability: A roadmap for Indian retail - WWF report



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# Technology-driven profits

Today, another round of technological possibilities are coming to the fore, enabling retailers to make fundamental changes to their operations. A lot of it involves a new approach based on technology

By Alagu Balaraman

**T**he Indian retail industry has been struggling with a variety of problems. First, there is the challenge of the very high cost of infrastructure. To offset this it is essential to maximise sales for every square foot of space taken and invested in. While malls are getting fancier and more engaging, winning footfalls is not necessarily translating to increasing sales. This is dependent on both engaging the customer, as well as providing a strong value proposition to get customers to buy. We need to have the right products, effectively engage the short attention span of customers, get the pricing just right and have great service. If we step back a little, it is clearly an optimisation problem coupled with a customer engagement one.

Globally, the retail industry hit upon a formula in the 1940s. It involved shifting from serving a customer over a counter to a self-service model and providing them with shopping carts. Since then, there has been little change from that winning formula until the era of e-commerce about 15 years ago. India has been rapidly assimilating that model. Today, another round of technological possibilities are coming to the fore, enabling retailers to make fundamental changes to their operations. A lot of it involves a new approach based on technology.

## Aren't people cheaper?

At first, it seems counter intuitive. Do we need to deploy more technology in a country where we have many people looking for jobs? Aren't salaries low



enough to allow retailers in India to work with a more people-intensive model?

A look at manufacturing might explain a different view. In the next five years, the country that will have the largest number of robots in the world is China. The same China that became the manufacturing hub of the world based on low cost labour is rapidly replacing people with robots. This shift is being driven, in part, by an increase in labour costs and a simultaneous drop in the capital cost of robots. Additionally, there is a change in the demand pattern of customers. Customers in developed countries, that form the main market for China, are asking more for customised goods and the demand for mass produced standardised products is starting to shrink. Making customised goods at scale requires automation, where a robot can be programmed to receive the unique specifications and tailor the product exactly as required. It needs no practice nor will it complain.

The situation in Indian retail is not very different. On the one hand, we have a pressure on wages for skilled staff. As the customer evolves, so too must the people who work in the industry. Simply putting warm bodies in stores will not be effective and is, in fact, counter productive. Couple this with dramatic advances in technology and the retail firms that ignore this development will suffer. This shift from a labour intensive model to an automated one is exactly what the Indian IT services industry is grappling with. As competition starts using automated tools to do what Indian companies were accustomed to putting together a team to do, cost structures and performance expectations are shifting business away from India.

In retail, brand and product proliferation are leading to increased complexity. At the same time, the pace of change has also increased and product life cycles are shrinking. Addressing these conditions requires a good mix of technology and people skills. The good news is that much of these are available today. The danger is that companies that are struggling with today's problems will not evolve fast enough leaving the competitive space open for new entrants.

### People don't optimise well

The retail industry is a bit like the stock market. Retailers make punts on which brands and SKUs will sell when the customer walks in through the door. Retailers neither make nor consume. So, it is essentially a matching of what the consumer wants and is willing to pay for, with what is available and will give a good margin. As mentioned earlier, this is an optimisation problem. Like most other optimisation problems, people don't do a good

job at it. It becomes really difficult when there is an increase in scale or if things are changing fast. At that time, experience and judgement start to fail. Today, retail faces both of these complicating factors. There is an expansion in the number of stores and product proliferation. At the same time, there is a faster pace of change.

Last month, I have already written about the challenge of forecasting and replenishment. These are core operating processes for any retailer. Today there are powerful tools and methods available to support these processes and have been proven to work better than human judgement. Here, we will look at other areas where technology has stepped in to raise the bar and is helping deliver better profits.

In a recent experiment in the US, we had deployed a technology to track shopper movement across aisles in a specific department. The outcome of the study showed that most shoppers were entering the department, but walking through a single aisle and spending less than five minutes in that department. About 24% were walking through two of the aisles and spending about 20 minutes. Less than 10% of the shoppers were walking through three aisles and spending 60 minutes shopping. It also showed that more than 25% of

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the aisle space was not browsed at all! Much of this information was new to the management. They immediately initiated redesign exercise to engage shoppers more effectively.

The ability to accurately measure what real shoppers were doing allowed for a tight feedback mechanism and makes better use of every square foot of space.

This technology did not require the shoppers to either carry anything or log into any app. All they had to do was to be themselves and shop. Sensing technologies today have become so versatile that it allows for sensing of the movement of people. This allows for more data-driven decisions on store design, assortments and planogram effectiveness. When this is coupled with sales data, we can get a more realistic picture of lost sales.

This data is not just useful for the retailer, but also for the brand. To take a single example, knowing how many people considered a brand and then moved on is extremely useful. Such data is very valuable to brand managers and providing this data could form another potential revenue source for retailers. This data can be provided in near real



time and will have a great deal of granular detail on consumer behaviour. This would be especially useful when launching new products or during consumer promotions. As useful as this may be, other technologies allow for potentially even more useful decision making inputs. This time in an area of pricing.

If it is difficult to decide a stocking policy for a new product, it is much more difficult to decide on pricing. Pitching it too high or low can result in no sales to a loss of margin. It is to get a better handle on this that a technology like smart shelves has evolved.

Smart shelves are shelves with a combination of micro display units and sensors. The display units



are like tablets that are mounted on the shelf face and communicate brand messages and pricing. The sensors are monitoring the buying behaviour. The smart shelf can make out how many people walked by and how many stopped to look at the display. It can make out whether the person is a male or female or an adult accompanied by a child. Different and appropriate messages to be tested can be displayed. It will have sensors to know if someone seemed interested or not. Did they pick up a product, look at it and put it back? Or did they take the product for check out? A wealth of data can be generated for more effective testing and monitoring.

These are advanced technologies but they are not rare technologies. Most of these technologies are already available in consumer products and are being adapted for use in such studies. The advantage of such off-the-shelf technologies is that they are already made in large volumes and are, therefore, cheaper. Many of the assembled units made today are still expensive, because it is early days. But, even then, compared with manual methods of observation and data collection, they will probably be comparable in cost and much, much more accurate.

Technology is coming our way. Much of it is very exciting. Much of it is also essential for future survival and growth. These technologies help us monitor a fast changing consumer base and adapt to it quickly. This could be by designing new products, selecting them or ensuring high levels of availability. As the Chinese manufacturers are probably thinking, we live in interesting times...PG

The writer is Partner & Managing Director, CGN Global, India



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# The Center *Can Hold*

Grocers must embrace new ideas to save the section from irrelevance

By Bridget Goldschmidt

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**W**e've all read the obituaries for center store: As the perimeter sections grow ever more important, the core grocery categories wither and die. But has the final curtain really rung down on the section?

"We often hear that the center of store is dead or isn't growing, especially as consumers shift their dollars to perimeter areas," says Carman Alison, VP consumer insights, North America at Schaumburg, Ill.-based Nielsen, which recently released a report, "Reinvigorating the Center of the Store," with the aim of correcting the perception that the department is in terminal decline. "However, the demise of center of store may be grossly overstated."

As Alison points out: "Today's consumers are changing how they eat and also changing how they shop, which is impacting center-of-store trends. Over the past five years, center of store has actually brought in an additional \$31.5 billion in sales. The compound annual growth rate is 2.2 percent. While not growing as fast as perimeter, the growth is still occurring."

## **Challenges to Overcome**

Although things may not be as dire as reported, center store certainly has its share of serious challenges to overcome. For instance, according to Nielsen's report, consumers' ongoing need for convenient and better-for-you options, a shift to

nonstatic mealtimes no longer eaten exclusively in the home and shoppers' greater propensity for substituting snacks for meals are having a profound impact on the department.

Among center store's additional issues, David Feit, VP of strategic insights at The Hartman Group, in Bellevue, Wash., notes that "[f]rozen and refrigerated categories outperform shelf-stable areas; ... [b]rands hold less sway than specific markers of quality, and these are often in tension with the conventional strengths of shelf-stable packaged goods; ... [and] in cases where CPG brands are actually strong enough to drive loyalty, shoppers know that these are exactly the brands they can get anywhere, including mass, club and e-commerce channels."

Continues Feit: "Together, these trends will pressure center store to shrink its real estate, probably to rationalize its SKUs, with more reliance on private label, and also to innovate to engage shopper interest. In short, center store real estate will be challenged to make itself more productive, or, in any case, to maintain its historical productivity."

"Supermarkets have a long history of accepting fees and relying on supplier marketing programs

to support carrying large numbers of SKUs, many of which are insufficiently differentiated," observes John Rand, SVP market insights at Wilton, Conn.-based Kantar Retail. "This has created a store more difficult to shop and more unreliable for value, due to promotional variability."

According to Rand, the result of this state of affairs is "high levels of inventory combined with low average turns, which limits profitability. But more importantly, it has turned a lot of shoppers away from the center store; [they prefer] to go ... where shopping is simpler and prices more dependable and less various. Our shopper data shows an increasing number of shoppers who shop the perimeter almost exclusively, and shop center rarely, if at all."

Noting the key trends of fewer stock-up mission trips and more small-basket trips as shoppers demand grab-and-go meal and snack solutions, consumer demand for fresh food, and the continuing pressure on time, which increases the need for convenient and ready-to-eat solutions, Pam Basciani, group director for large-store channel planning and development at the Coca-Cola Co., in Atlanta, goes on to say that "shopper habits differ by lifecycle. Millennials want things fresh and fast. Boomers,

“**The challenge is to increase the engagement of center store; to educate shoppers on the offerings available in center store to meet their needs of fresh, convenient solutions; and to offer new items and experiences to keep them coming back**

—Pam Basciani  
The Coca-Cola Co.

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As supermarket operators work to retool the center store to better align with consumer trends, what will the average section look like in 10 years' time? One thing is certain: It will be different.

"Given the growth of e-commerce in conjunction with small-store formats like drug, convenience and value, the supermarket channel will continue to evolve its proposition to meet shoppers' needs," affirms Pam Basciani, group director for large-store channel planning and development at the Coca-Cola Co., in Atlanta. "The industry is at a critical point in which it needs to clearly change the way it presents center store in order to arrest the continued decline of sales from this area."

One likely approach Basciani envisions is "for retailers to take cues from the perimeter in terms of design, lighting, layout and merchandising. More and more shoppers today find the perimeter more engaging. Therefore, the challenge is to apply learnings from the perimeter to the future of center store. We see less pressure on maximizing inventory and more focus on delivering an experience that will draw shoppers into this part of the store and will distinguish supermarkets from other channels."

Although she expects that execution "will vary by retailer ... [Coca-Cola is] excited about the opportunity that this presents to the channel and feel[s] that retailers that are open to explore new approaches and drive a 'test-and-learn' process based on shopper insights will emerge as winners."

Indeed, individuality looks to be the wave of the future. As far as John Rand, SVP market insights at Wilton, Conn.-based Kantar Retail, is concerned, center store "will have to be a nicer place, but there is no reason to believe it will always look the same from one retailer to another, or even one banner to another. For stores to be most successful, they need to be far more precise in their shopper targeting — demographically and economically. A value store needs to be and should be presented differently from a premium store. What will not work is the 'muddy middle' of trying to be everything, to everyone, everywhere."

That unique touch should extend even to center store technology. Notes Rand: "I expect far more integrated technology, not necessarily always visible to shoppers, but integrated into all phases of operations and logistics. The Internet of Things has a lot of promise for the future store. ... And the best retailers will use the technology to invest in better, more effective personal interactions with shoppers — because in the end, the store has to be an experience, not a warehouse."

on the other hand, want things fresh, in portions to meet their household needs, and they value the convenience of not preparing meals from scratch. Gen X shoppers, who are often building a family, are on a budget and need to engage center store to meet their household needs."

That being the case, she posits, "The challenge is to increase the engagement of center store; to educate shoppers on the offerings available in center store to meet their needs of fresh, convenient solutions; and to offer new items and experiences to keep them coming back."

### Supplying Solutions

Given these challenges, supermarkets should reimagine the center store as a destination designed to meet consumers' most pressing needs.

To ensure the department's continued growth, Nielsen's report recommends that retailers reach out to increasingly diverse shoppers in new locations with appropriate products, reassess promotional strategies, and identify potential opportunities and partnerships that could help drive sales.

Meanwhile, Boston-based L.E.K. Consulting, in a recent white paper, "Grocers: How the Center Store Can Recapture Center Stage," advises supermarket operators, pummeled by rising competition from mass marketers and e-commerce sites, to follow the example of a successful non-grocery player, which was able to survive — and thrive — by reinventing itself.

"More innovative grocers are following approaches similar to Best Buy's," write L.E.K. Managing Partners Chris Randall and Alan Lewis. "For example, Wegmans has explored concept evolutions, such as converting some of its center stores into upscale nonfood departments. Another obvious success story has been how Whole Foods Market gradually expanded its foodservice and fresh product offering to take over more of its stores."

Add Randall and Lewis: "Recognizing that your consumers are on a journey is essential to winning



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**The conventional supermarket center store is what we might describe as efficiently dull. If we want to get a better experience, we have to open it up to being a better visual environment, to be a better merchandising platform again**

—John Rand  
 Kantar Retail

in grocery retail today. The modern consumer, with ever-increasing options to execute purchases across categories from the comfort of their living room, bedroom or bus seat, needs a real reason to step into a real store. To address changing consumer preferences, grocery stores need to be on that journey, too. The store itself must be a destination, and the experience of being in the store has to provide value in and of itself.”

Accordingly, the authors recommend that grocers rethink their layouts; merchandise and market solutions, not products; eliminate wasteful inventory investment; and provide valued services.

“Some stores will integrate [the] fresh perimeter into the aisles, with refrigerated and fresh produce interspersed to suggest meal solutions,” notes Hartman’s Feit, offering additional ways to innovate. “Some stores will find ways to use digital technology to integrate more layers of customized information into the shopping experience, and there seems to be more possibility in center store than elsewhere for some of these innovations. And finally, some stores will showcase new food attributes and make center store a place for their shoppers to discover new experiences among emerging premium items and distinctions. Today, this approach is mostly confined to up-market, fresh-focused banners, but tomorrow it may become the new norm and large chains find ways to do this well at scale.”

“The conventional supermarket center store is what we might describe as efficiently dull,” asserts Kantar’s Rand. “If we want to get a better experience, we have to open it up to being a better visual environment, to be a better merchandising platform again. The comparison between center store and the dramatically superior presentation on the perimeter is quite stark.”

Not all mainstream center stores are so dull, however. “I have noticed how Kroger is able to use space in their large Marketplace stores far more effectively and dramatically, tying items from different parts of the store together, such as

appropriate GM cross-merchandising,” he points out. “I have seen and admired the increasing number of stores around the country that are integrating [the] chilled section into center store aisles and end caps. I have seen thematic end aisle displays that demonstrate artistic merchandising with flair. I have also noticed how exceptionally rare they can be.”

To make sure center store remains meaningful, Rand insists: “Better and more creative uses of space and lighting will be needed to highlight and draw shopper attention. Shelves need to communicate ‘better’ to shoppers — here again, Kroger is experimenting at the front of the industry. And good retailers are beginning to realize that the center store is not just competing with other center store offers — it competes for the attention of a generation that finds online shopping to be convenient, informative and reliable. If the store is not a better experience than a website is easy, it isn’t good enough.”

Naturally enough, CPG companies are well placed to offer hands-on assistance to grocers eager to improve their center stores. “We are currently working with retailers to increase the engagement of beverages in center store,” says Coca-Cola’s Basciani. “This initiative leverages insights as to how shoppers shop the store, how they buy beverages and what the barriers are today that prevent them from coming down the aisle. We are partnering with retailers to implement new ways to organize the category to make it easier for shoppers to find what they are looking for — be it their favorite brands and packages or new propositions available in the market.”

The initiative consists of two key elements: the aisle itself and the end cap. “Our research findings on center store have highlighted the importance of the end cap in engaging perimeter shoppers,” explains Basciani. “Therefore, our strategy is to modify our approach to activate these two points of inspiration to engage shoppers more effectively and increase beverage conversion with our customers.”

Coca-Cola’s research has uncovered that “shoppers have four primary demands of retailers: save them time, make it quick and easy to find things in the store, help them get what they want, and give them ideas for meals, snacks and more,” she notes. “Meeting these evolving expectations will require a variety of tactics that assume a comprehensive view and understanding of the shopper experience. For one, we see the opportunity to evolve the way we present beverages in center store, based on how the shoppers shop for beverages, creating a more compelling and rewarding experience for consumers and retailers alike.” **PG**






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# “Our app allows a merchant to create his digital store and promote it via social media”



m1-Order is a next-generation mobile ordering technology specially developed for neighbourhood merchants including retail shops, restaurants and enterprises. Tejinder Oberoi, Founder Director m1-Order, speaks to Progressive Grocer about how the mobile application can act as a tool of empowerment for both retailers and consumers by bringing them closer to each other and as a force multiplier for small traders who do not have the bandwidth to compete with ecommerce companies

## **When and how was m1-Order conceived? What is unique about its concept?**

Niraj and I are partners in multiple businesses, including IT services and chemicals trading. We have been working together since more than 15 years and have converted many of our ideas into successful ventures. m1-Order is one such idea that was conceived four years ago. On the one hand, we were developing world class solutions for our global customer base from our IT services company. On the other, we were running our other trading businesses practically the old fashioned way. From this sprang the idea about using our capabilities in developing mobile applications to develop a solution for ordering, which can be used by any merchant.

m1-Order is a platform that allows a merchant to create his digital store and then promote it via social media like WhatsApp, Facebook, and email. For merchants who were used to getting orders from phone calls or walk-ins and who were unable to take advantage of the growing e-commerce possibilities, we provided a platform to take them to m-commerce. We knew it was a good idea because firstly we could use it in our own business. Secondly, when we

showed the prototypes to other merchants in different segments such as restaurants and grocers, we got a positive feedback about it. That's the time we decided to offer the platform to merchants in all categories.

## **In India, online grocery market is still evolving. What scope does it offer to you? How many orders a day you are servicing daily and what are your projections for the future?**

Various research reports place the Indian food and grocery market at 60% of the overall retail market. That is a significant chunk and truly if you look at neighborhood stores, you find a large number of them to be grocery stores. There are many e-commerce companies today that are vying for this market opportunity. We believe that if we offer a new business model which is pro-merchant, then we have a strong market proposition.

As of December 2015, we have over 3,000 stores on m1-Order across five cities – Mumbai, Delhi, Pune, Bangalore and Ahmedabad. We are targeting to cover close to 20% of the food and grocery segment over the next 5-6 years.

**You call yourself an online marketplace. So do you have your own warehouse facilities, inventory management and direct suppliers? Or are you more of an aggregator with a delivery-based model that connects stores with customers much like hyperlocal players?**

m1-Order is an aggregator which connects buyers with their neighboring stores including grocers, restaurants and other stores. We just facilitate merchants to create their store on the app and promote their products to their customers and prospects using the app. We provide a dashboard to the merchants to receive orders and process them. The merchant takes full responsibility to deliver the orders; we do not own any warehouse or inventory.

**What is your customer proposition, business model and how do you think it is suitable for scalability? Can you point out the business rationale and the economic viability perspective of your business, which you think will work out for you?**

m1-Order's catchphrase is "Changing the Way the World Orders". Disrupting the e-commerce trends, we focus on paving a path by giving any seller a way to reach out to their customers through the mobile

store and leverage social media like WhatsApp and Facebook to get more orders. So customers can easily purchase via the virtual marketplace. Moreover, customers have the flexibility to pay via payment gateways like Paytm or pay via cash on delivery.

Unlike many platforms which charge whopping commissions monthly, we charge a nominal flat fee for giving merchants new orders. This way when they receive business via m1-Order, it is a win-win situation for both of us. Most e-commerce players in the grocery segment, which take grocers online, demand a 8-15% margin. And over that they demand further discounts. In the grocery segment, margins are not that high. Therefore, m1-Order's proposition of charging only Rs.5 per order is a great proposition for merchants.



**Tejinder Oberoi**  
Founder Director,  
m1-Order

**Tell us about your current phase of development? Which are the product categories under Food & Grocery available at your marketplace?**

Currently, we are operating in five cities in India – Mumbai, Pune, Delhi, Bangalore and Ahmedabad. Under Food and Grocery, we are offering all categories of sellers.

**How do you propose to encourage customer stickiness for your platform?**

Most customers find it difficult to maintain multiple apps on their phones – one for restaurants, another for grocery, yet another for apparels, and so on. With m1-Order, a buyer finds all his neighbourhood stores on a single app. In addition, merchants will offer discounts and other promotional offers.

**Technology is integral to modern retail, more so**

**for m-commerce. How are you leveraging technology for your marketplace? Do you have a delivery model as well?**

Technology is the heart of our offering. Using m1-Order, merchants can go online, have their own branded store and have a dashboard for processing orders. They receive orders through email and sms as well. We are providing the most modern tools to help merchants promote their products – including

**Unlike many platforms which charge whopping commissions monthly, we charge a nominal flat fee for giving merchants new orders. This way when they receive business via m1-Order, it is a win-win situation for both of us**



WhatsApp, Facebook, and email. We are also offering an innovative print commerce technology, which allows merchants to print QR codes on their business cards, product catalogs, menus and advertisements to get direct orders.

All order, payments and instructions are routed to the merchant directly. m1-Order does not take part in the process of product delivery.

change the prices whenever needed and the same would reflect on the buyer's mobile.

**How do you view competition from offline retailers and other online players?**

We are not competing directly with any e-commerce players. We are providing a technology platform for those retailers who wish to have a digital presence but cannot afford the charges of the national e-commerce portals. We are also targeting those retailers who wish to simply connect with their existing customers and not really reach out to a national audience which is especially true for a local grocery store.

In the case of other online players, the identity of the local retailer is hidden or at best in the background. This is what we want to change. Using m1-Order, when a buyer places an order, he or she knows the order will go to a specific grocery store like Vrindavan Grocery or Narayan Grocery, and not to m1-Order.

In addition, we are also offering a unique way to leverage print collaterals like catalogs, advertisement and even the ubiquitous business cards as a means to receive direct orders.

**What are your marketing and promotional strategies?**

We are doing a lot of field marketing activities with help from our field sales force. m1-Order runs on the hyperlocal store model hence we need to make sure the neighbourhood is aware of it! We run campaigns in neighbourhoods and help the stores to promote themselves. Apart from this, we have newspaper ads, radio slots in pipeline.

**What are your expansion and growth plans. Which new places and locations you have on your radar?**

We are planning to expand across other Tier-II and III cities of India within the next two years. We are targeting cities like Hyderabad, Chennai, Kolkata, Chandigarh, Lucknow, Kochi and the list is endless....

**Tell us about your outreach strategy and your benchmarks for maintaining quality service standards?**

Our dedicated sales force team who are always on the move, help acquire merchants and provide them the training to use m1- Order. As far as quality is concerned we make sure the set benchmarks are maintained by the merchants, we deactivate non-performing merchants. After all it's a customer-driven market we all are into! During enrollment we share welcome kits, visit them personally and give them hands-on training. They are taught how to promote their stores on m1-Order app, social media sharing of promotional offers, etc. **PG**

**Merchants can easily access and manage their own m1-Order dashboards. They can easily edit the availability of the products and upload actual images of their products. m1-order provides merchants complete control over their mobile shop. Whenever a product is not available, the merchants can deactivate the product on the shop**

**Margins, range of products, consistency of product availability and freshness would remain a challenge for online players dependent on physical stores for customer fulfilment. How do you propose to overcome these challenges?**

Merchants can easily access and manage their own m1-Order dashboards. They can easily edit the availability of the products and upload actual images of their products. m1-order provides merchants complete control over their mobile shop. Whenever a product is not available, the merchants can deactivate the product on the shop. The app connects buyers with grocers. And the grocers publish only those products which are in their inventory.

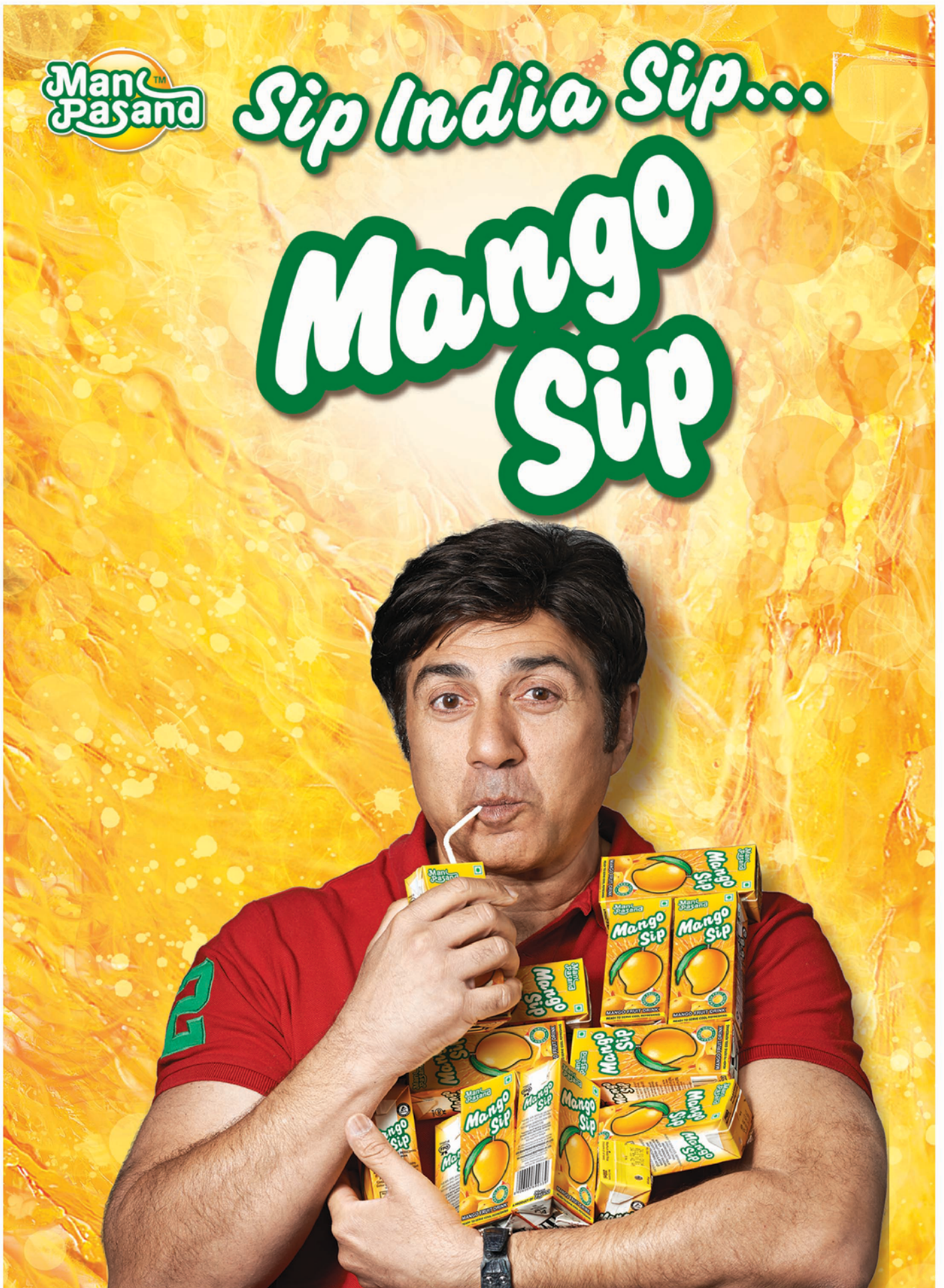
For a grocery store, the prices of many products such as vegetables and fruits might change over the course of a single day. On m1-Order, the grocer can



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*“Speciality retailers will find a ready audience for their offerings online”*



**Nitin Sawhney**  
Founder, iOrderFresh

Nitin Sawhney, Founder, iOrderFresh, an online grocery start-up focusing on Fresh Food, speaks to Progressive Grocer about the way he sees online grocery evolving in India and how his platform is geared to encourage consumers to use technology for grocery shopping

**How was iOrderFresh conceived and what is unique about it?**

The genesis of this business idea was simply the glaring supply chain gaps in the fresh food categories (especially fruits and vegetables). We knew that retail prices of fresh products have a 100% markup on wholesale cost and probably 150-200% markup on production cost. Still it is not a case of super-normal profits for either the wholesaler or the retailer. A major portion of this margin is eroded within the supply chain due to the perishable nature of the products. Hence, we saw an opportunity to plug the gaps in the supply chain by getting products from farm to kitchen in 12 hours, avoiding wastage and pilferage, which would allow us to make decent margins while offering a fair price to the end consumer. What makes iOrderFresh unique and a safe option is that we do not believe in night inventories and have only two delivery slots a day to ensure the freshest produce is being sent to consumers day after day.



**What is the overall market size of the online grocery industry in India and what is its rate of growth?**

It is one of the biggest consumer segments in the country currently valued at US\$ 330 billion with expected market size of US\$ 1 trillion by 2020.

**In India, the online grocery market is evolving. What scope does it offer to you?**

We feel that a revolution is in the making as far as shopping for fresh food and grocery online is concerned. It is a delicate supply chain and an extremely localised business. We believe that there will be multiple winners in this space and speciality retailers will find a ready audience for their offerings.



**Retail prices of fresh products have a 100% mark-up on wholesale cost and probably 150-200% mark-up on production cost. A major portion of this margin is eroded within the supply chain due to the perishable nature of the products. Hence, we saw an opportunity to plug the gaps in the supply chain by getting products from farm to kitchen in 12 hours, avoiding wastage and pilferage, which would allow us to make decent margins**

**Tell us about iOrderFresh's current range of operations.**

We offer over 12 categories and deliver across the length and breadth of Delhi-NCR. Our focus is Fresh Food and hard-to-find premium groceries and exclusive partnerships with iconic brands like Natural Ice Cream. We have added Fresh Cut Flowers to our range of products and will be introducing Fresh Chakki Flour soon (another first in the e-grocery space).

**How many orders are you getting currently?**

We serviced over 1,000 orders a day in September 2015 and are looking at a quarterly growth of 20-25% for the next 12 months.

**What product assortments do you bring to the table?**

In the Fresh Food category, our assortment includes fruits, vegetables, cow milk, meats, seafood, flowers, dairy items, bakery items, handmade chocolates, Natural Ice Cream. In the Packaged category, we sell grocery items, bakery, frozen foods, dry fruits, and beverages. We have a special assortment for Organic products comprising grocery and milk and dairy products. We will be soon adding vegetables and fruits.

**Tell us about your marketing and promotional strategies.**

It's primarily through social media and online mediums. We also undertake direct consumer interaction programmes in residential societies and office complexes. Our mainstream media campaign will be ready in the next quarter.

**Technology is integral to modern retail, more so for e-commerce. How are you leveraging technology at iOrderFresh?**

We are primarily a technology platform allowing consumers to find what they are looking for with minimum effort. Technology has been the core of our organisation from the start and we have many industry-first features in our Mobile App i.e. user referral programme, providing credit limits to customers (like your neighbourhood kirana store), auto-ship orders for regular items like fresh milk, re-order using earlier shopping lists, etc.

**Who are your competitors in the industry and what is your strategy to compete with them?**

We see no other player trying to solve the problem of Fresh Food for our customers. So our main competition is 'inertia' on part of the customer to use technology to do grocery shopping.

**E-retail giants like Flipkart, Amazon, Snapdeal also offer grocery. As a startup what are your key concerns with regard to a situation where almost everybody in the online space is now looking at the grocery market pie?**

We have defined our market very clearly and are not trying to solve too many problems at once. We see our business model to be self-sustaining and one that promises positive unit economics. **PG**



Malad

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# Tapping the discount-hunting consumers

“Couponing websites are an easy way for e-tailers to distribute and advertise their coupons. The traffic on such couponing sites is of high intent shoppers who are hunting for bargains”, says Sameer Parwani, CEO & Founder, CouponDunia, in an exclusive conversation with Progressive Grocer



**Tell me something about CouponDunia. What was the idea behind its formation, when did you start it, and how has it evolved over time?**

I was an avid online shopper in the USA and would often use coupon sites. The value proposition was very clear; I, as a shopper, was getting additional savings while the online store acquired a sale and a customer that they may not have converted. For this assisted sale the coupon site gets paid a commission. It was such an elegant yet simple business model that I admired it instantly and therein arose the idea to replicate the same elsewhere.

I looked for markets with large populations that were still developing. I was looking for unsaturated markets and India seemed to fit the bill perfectly so India it was!

I started CouponDunia in December 2010 while I was still living in Boston. Running a site for Indian consumers in the USA came with a whole set of challenges. It was virtually impossible to hire people and totally impossible to meet clients. Even calls were tough due to the time difference. I had never lived in India and did not speak Hindi so there were cultural issues to overcome. But despite these issues we did really well. On the people front we hired contractors in the Philippines to add coupons. It then got to a point where it became clear that I needed to shift to India to allow CouponDunia to reach its full potential.

In 2011, we completed our first full year in which we saw good growth and a bundle of future potential. We even ended up emerging as the top Indian Coupon Site. CouponDunia was no longer an experimental project anymore. It became crystal clear there was some promise here.

In August 2012, I moved to Mumbai to set up a proper base. In the beginning we had 4 employees, a number which increased to 10 by end of year. The next step was capital. I raised a seed round from my friends and family.

In 2013, we managed to grow exponentially and crossed 40 employees internally. This was the most exciting period for CouponDunia.

In 2014, we expanded our horizon to Bangalore. CouponDunia now had 100 employees and it was acquired by Times Internet.

In July 2015, we launched the first ever FMCG weekend coupons. These coupons are distributed in 3 cities - Mumbai, Delhi, Bangalore

**Which are the particular sectors you are focusing on? Which are the most popular business categories for the discounted coupon business?**

The major chunk of business comes from online coupons and this continues to be our focus. Soon we will be launching new categories.

**What is unique about your concept and customer proposition?**

The concept of coupons is still new in India even though it is very popular in some countries across the world. We were the first quality couponing platform in India to bring together the best discounts available online, all in one place. What differentiates CouponDunia from other websites is the quality and accuracy of the content. We're constantly working on providing a better user experience through design and algorithm upgrades as well as exclusive discounts. Since we have the largest audience of

“**Indians are known for discount hunting while buying any product. Couponing companies aim at stimulating consumer interest by providing deals and discounts. The future of couponing business in India is bright**”

—Sameer Parwani  
CEO & Founder,  
CouponDunia

discount seeking users, merchants are more willing to share better coupons with us rather than with our competitors. Better offers and a wider range of merchants means our users stay loyal to us.

I also applied lessons I'd learnt as a user of American coupon sites to differentiate myself from the other Indian coupon sites during my early days. I recalled how back in the late 90s or early 2000s, there were multiple American coupon sites but most of the coupons listed were out-of-date. In fact, they were so unreliable that I stopped using coupon sites for at least 3-4 years in the middle. And then, out of the inefficient lot, emerged RetailMeNot, a site with a reliable and consistently-updated list of coupons. This finally convinced me to start using coupons again. So the lesson learnt was that creating a reliable resource is the key to gain returning users. We then made it our mission to create an experience that would not be frustrating to our users. There was a need to not only create a tool but to make it a good one and have a loyal customer base for your product despite multiple competitors emerging every other day. This focus made us quickly move to the top of the Indian coupon industry and we have remained there since.



**Can you offer us an account of your strengths in this space vis-a-vis the competition; what is your market share and which are the categories that you dominate?**

It all depends on the offers provided by the merchants to us. Last year we witnessed the growth of Recharge category immensely followed by

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electronics, travel, fashion and apparel, food and dining etc. On a monthly basis we witness more than 10 million visits on our platforms. We have over 7 million newsletter subscribers who receive curated coupon offers. We have partnered with over 2500+ merchants both online and offline. We have over 2 million app downloads with a 4.4 rating on the Android Playstore. Some of our online couponing partners include sites like eBay, Amazon, Jabong, Myntra, Flipkart, Paytm, FoodPanda, Shopclues, MakeMyTrip, GoBibo, Lenskart, Indiatimes Shopping, Ola etc.

**We have consistently achieved double digit growth year on year. We have over 2200 + online merchants and over 100 FMCG brands. On a monthly basis we witness more than 10 million visits on our platforms. We have over 7 million newsletter subscribers who receive curated coupon offers. We have partnered with over 2500+ merchants both online and offline**

**In your opinion, what explains the surge in interest levels for discounted coupons? In your estimate, how large in value terms is this industry, and what is its pace of growth?**

According to a report, the Indian e-commerce market was set to reach US\$ 16.3 billion by the end of 2015. 95% of buyers search for deals online & 75% among them search coupons via couponing portals. After the boom of e-commerce industry, couponing business in India has gained traction. Indians are known for discount hunting while buying any product. Couponing companies aim at stimulating consumer interest by providing deals and discounts. The future of couponing business in India is bright.

**Tell us about your current phase of development? How many merchants have you tied up with so far and what has been the rate of expansion on this front? Also, what is your consumer base currently and what has been its growth rate?**

We have consistently achieved double digit growth year on year. We have over 2200 + online merchants and over 100 FMCG brands. On a monthly basis we witness more than 10 million visits on our platforms. We have over 7 million newsletter subscribers who receive curated coupon offers. We have partnered with over 2500+ merchants both online and offline. We have over 2 million app downloads with a 4.4 rating on the Android Playstore.

**What are your marketing and promotional strategies?**

Since our bread and butter is online shopping, our focus will be on online marketing.

**Please explain your revenue model?**

Its a pretty straightforward business model. We send our users to our partner merchant sites where these users make purchases. For every purchase made by a customer sent by us, the merchant pays us commission.



**What is the market size you are looking to tap and which regions are of interest to you? Which are the challenges that will test the efficacy and popularity of your platform?**

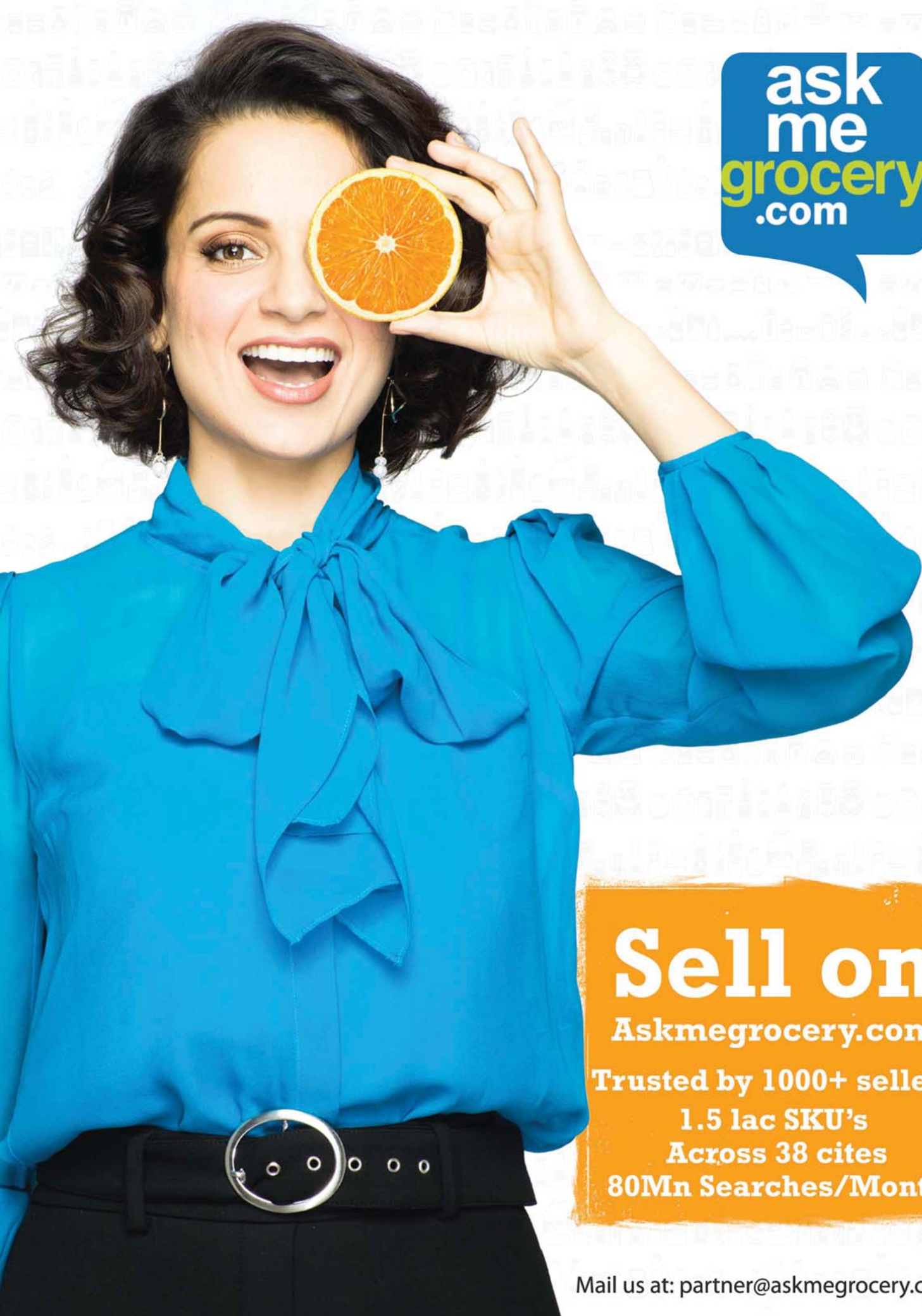
Our aim is to save money for users for any transactions that they make. Entire retail market is our playing field. We have been the pioneers of couponing business in India, the most trusted couponing company, and will continue to launch new and innovative ways to save users money.

**How do you see the market moving, trends and developments and how you are positioned to play the market?**

Currently 13.5% of the total e-commerce shopping in India happens via coupon sites and other affiliates. Ecommerce sites often put out attractive deals and coupons for products they wish to promote heavily, new products and to clear stock of old inventory. Couponing websites are an easy way for e-tailers to distribute and advertise their coupons. The traffic on such couponing sites is of high intent shoppers who are hunting for bargains; thus it is a great way for e-commerce sites to drive conversions and for shoppers to save money.

**How has the growth and development of retail industry and Modern Trade helped in the rising popularity of discounting platforms?**

In order to stay ahead of competition and to safeguard their loyal customer base, retailers want to give unique shopping experience to its customers. To make the customer's shopping experience more valuable, they have developed various promotional policies. As part of this, retailers give exciting discounts to lure consumers. Consumers can avail these discounts through coupons and it becomes a win-win situation, as consumers find value in shopping with coupons, while the retailers gain more footfalls and traffic. **PG**



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# “We propose to open 49 more Walmart clubs in the next 4-5 years”

KRISH IYER, PRESIDENT AND CEO, WALMART INDIA, SPEAKS TO PROGRESSIVE GROCER ABOUT HOW HIS COMPANY IS BUILDING A WORLD CLASS OPERATION IN THE CASH & CARRY BUSINESS, BRINGING GLOBAL EXPERTISE AND CONTRIBUTING TO THE SUCCESS OF ITS MEMBERS



**Krish Iyer**

President and CEO, Walmart India



### What do you make of the prospects and opportunities for the cash-and-carry business in India?

There is a lot of focus in India today on the fast-growing retail/wholesale sector. Experts see it as India's next big opportunity in terms of investment, employment, supply chain growth and lifestyle changes. Through the last two decades, economic liberalisation in India has opened up new avenues for every economic class, albeit in varying degrees. Clearly, there is no stopping India's newly awakened consuming class, whatever be the level of consumption. This change is not limited only to the rich and well-to-do. Down the income pyramid, changes are equally astounding. Who would have thought that mobile phones, once considered toys for the rich, will grow at such a phenomenal rate! As per an industry estimate, India's retail market is expected to cross US\$ 1.3 trillion by 2020 from the current market size of US\$ 500 billion. The penetration of traditional trade is at 92% in the country, making India an extremely attractive market for organised retail industry to service traditional retail and also the end-consumers. At the policy level also, given the focus on 'Make in India', it is imperative that retail as industry should be growing in the country because this economic growth will be driven by domestic consumption.

### How do you look at the role of Walmart India in strengthening the retail eco-system and cash-and-carry trade in the country?

As you may be aware that Walmart India is currently operating B2B cash & carry business in the country and currently we have 21 membership clubs in nine states and plan for another 49 clubs by 2020, taking the total number to 70. These clubs are fully omni-channel, providing in-store experience to our members as well as serving our members through B2B e-commerce option. Through our operations in India, we're proud to be enabling the small businesses (kiranas & other businesses) to succeed and living our core mission of 'Saving people money,

so they can live better' every day by providing high quality food and safe merchandise at everyday low prices (EDLP), under one roof.

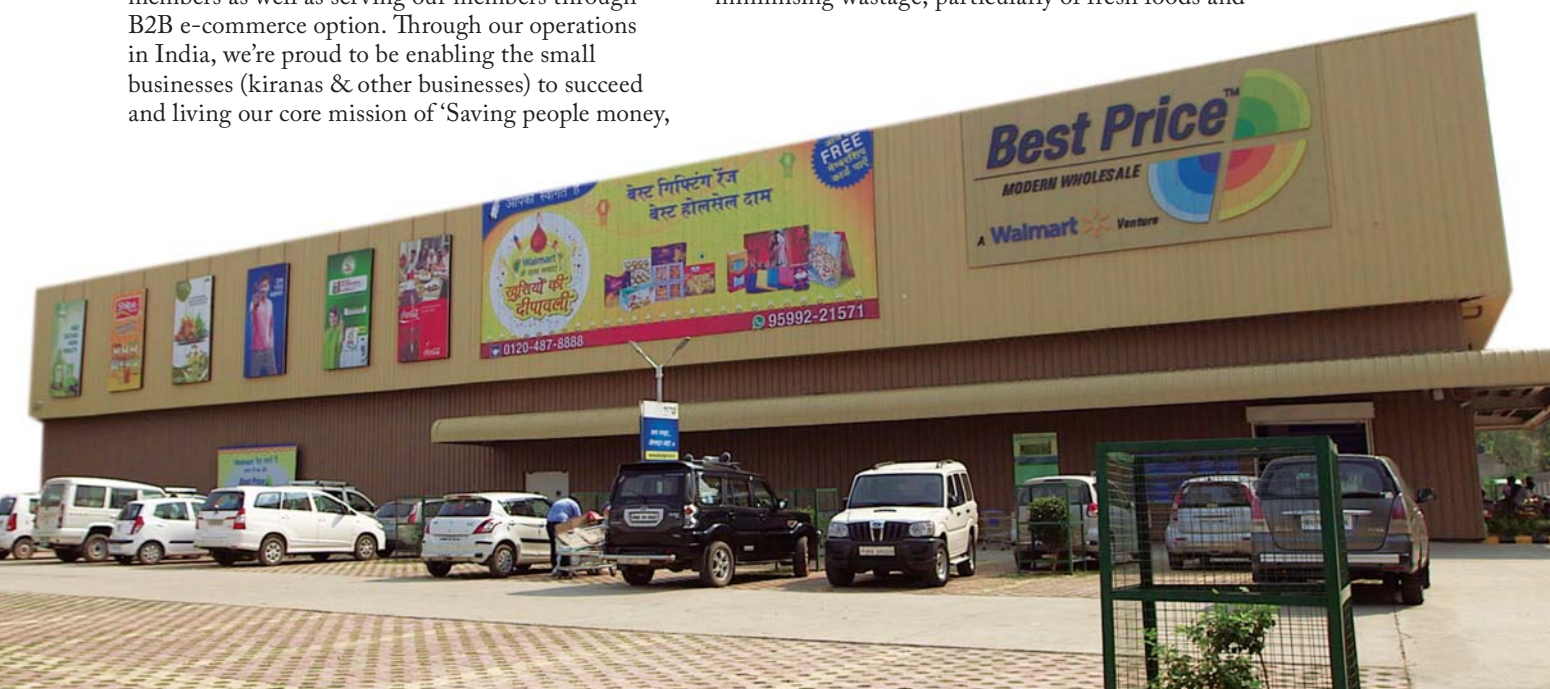
Our vision for India is to partner with farmers, kiranas and other resellers, manufacturers, especially SMEs, small business community and women-owned businesses (WOBs), besides bringing in our knowledge and expertise in supply-chain management and creating new benchmarks in the area of sustainability in the country.

### Tell us about the initiatives that Walmart India has taken to realise its vision of partnering with farmers, kiranas, manufacturers and women entrepreneurs?

World-wide, Walmart is renowned for its efficiency and expertise in logistics, supply chain management and sourcing. Our vision is to replicate those global best practices in supply chain and logistics in India and, in the process, help small retailers become more competitive and transform farmers, small manufacturers and women-owned businesses into successful business entrepreneurs. We are committed to making a lasting and sustainable positive impact on the growth of the economy at both the production and consumption end in this rapidly expanding Indian economy.

Walmart India has been at the forefront of partnering with kiranas. Through our cash & carry business, we sell quality merchandise directly to retailers – big and small, including small "mom-and-pop" or kirana stores. The purpose of this wholesale cash-and-carry venture is to establish an efficient supply chain linking farmers and small manufacturers – who have limited infrastructure or distribution strength – directly with retailers, thereby maximising value for all. An efficient supply chain and back-end infrastructure helps in minimising wastage, particularly of fresh foods and

**Our vision for India is to partner with farmers, kiranas and other resellers, manufacturers, especially SMEs, small business community and women-owned businesses (WOBs), besides bringing in our knowledge and expertise in supply-chain management and creating new benchmarks in the area of sustainability in the country**



**We carry local products from local suppliers that appeal to local tastes, local needs and local fashions. As a wholesale cash-and-carry business, we work with and develop local suppliers and create local beneficiaries along the supply chain. We feel very proud to tell you that approximately 95% of the merchandise sold in our Best Price Cash & Carry clubs is locally sourced within India**



vegetables. By taking advantage of the efficiencies, which such a supply chain provides, small retailers are able to derive significant benefits for their businesses and serve the end customers better. This in turn, enables them to compete more effectively with large retailers who, of course, cannot be expected to extend their reach into remote areas.

Our initiatives are also geared at engaging with India's farming community. We see that the Indian retail industry is currently hampered by a fragmented and inefficient supply chain system that involves multiple intermediaries and immense wastage during transportation and storage. Huge quantities of fresh fruits and vegetables are lost due to the lack of a cold chain infrastructure. According to the estimates by UN's Food & Agriculture Organisation (FAO), about 40% of the India's fresh fruits & vegetables perishes before reaching consumers. Though consumer prices get driven up on account of the inefficiencies, the farmer continues to suffer from extremely low realisations. Investments in a modern supply chain and back-end infrastructure will play an important role in benefiting the farmer. An efficient wholesale cash-and-carry business of the kind that we visualise will establish backward linkages with the farmers, giving them better prices and a more efficient cold chain that minimises wastage and gets fresh foods and vegetables to the retailers. The farmer has everything to gain through an assured market and a far better

price realisation. The argument is surely no different from that of other economists and retail analysts, and definitely goes to prove that there is a fair bit of agreement on this. This is one of our key goals.

We also help to develop and grow local suppliers. One of the key reasons of Walmart's international success is the fact that in every location where we operate, we are local. We carry local products from local suppliers that appeal to local tastes, local needs and local fashions. As a wholesale cash-and-carry business, we work with and develop local suppliers and create local beneficiaries along the supply chain. We feel very proud to tell you that approximately 95% of the merchandise sold in our Best Price Cash & Carry clubs is locally sourced within India.

We deal with almost all major FMCG companies and with several regional and local players. We have examples of how small suppliers in some states have grown profitable and bigger by doing business with us. With 'Responsible Sourcing' being a priority area, the development of suppliers in terms of helping them comply with laws of the country as well as upgrade their facilities, making them understand the right and ethical way of doing a business, is equally important for us.



Our operations provide quality jobs to India's unskilled workforce. We are also looking at employing India's high-potential unskilled manpower and making significant investments in training them. The key to our success as an employer is that we have always sought to provide the right career opportunities for advancement. Through our wholesale cash-and-carry venture, we provide employment – directly and indirectly – to thousands of people. Typically when we open a Best Price club in the area, it adds to almost 2,000 direct and indirect local jobs, giving a boost to the local economy.

By offering plenty of choices for Indian consumers, we bring down the cost of living for them. Worldwide, the business philosophy for our operations is that when we increase the efficiency of our business, we pass those savings on to our customers. We live with the mission of 'Save people



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money, so that they can live better'. We follow the same business model and purpose in India for our wholesale cash-and-carry business. Through the efficiencies we are able to provide, retailers – big and small – derive significant benefits for their businesses that they pass on to their consumers. In the process, they bring down the cost of living for low and middle-income consumers and improve the quality of life for millions of Indian families. Additional important benefits are about 'the choice' available to our members (which in turn gets passed on to the end-customers through our kirana partners), and strict focus on quality of merchandise and highest norms of food safety compliance.

**What is Walmart India doing to raise the standards of food safety and its compliance through its wide network of suppliers?**

Food safety is integral to our compliance culture. At Walmart, we have an unmatched emphasis on food safety & quality. We strive relentlessly to provide safe, quality foods in our clubs and therefore we have a well-developed food safety management system for assurance. We continually work towards mitigating food safety risks, and collaborate with

all stakeholders, including suppliers. We follow very stringent quality standards and ensure our suppliers have valid FSSAI licences. At Walmart India, we strongly believe that our suppliers need to be completely aligned with the food safety regulations and requirements, since they are the backbone of our business. A safe food supply chain helps in driving sales and differentiation in a competitive business environment. We work with a vision to strengthen our commitment to food safety compliance by reducing risk very early in the supply chain. The key focus of Walmart India's food safety initiatives is to reduce food safety risks early in the supply chain, mitigate risk factors in the front-end store operations, build food safety capacity for small and developing suppliers, enhance regulatory compliance for suppliers and technology up-gradation for suppliers. We work very closely with our Private Label suppliers and other small and medium enterprises (SMEs) in India to improve their quality and compliance related processes and develop them for competing to be global suppliers and help in the growth of domestic manufacturing sector. As part of our efforts to ensure quality in food products, all Walmart India Private Label food supplier partners in India are trained and facilitated to achieve a GFSI (Global Food Safety Initiative) certification.

**As head of Walmart's operations in India, what is your current focus and business gameplan?**

To provide you a little context – starting January 2014 – we became a 100 per cent subsidiary of Walmart and our entire focus currently is on growing the cash & carry business. We propose to open 49 additional membership clubs in the next five years, making the total count to 70 clubs. We currently have 21 clubs in 19 different cities in nine states spanning north, south, central and west India.

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The focus is also on primarily growing the business with resellers or 'Kiranas' as they play a very important role in the economy of the country. And I do see us contributing towards making the 'kiranas' more efficient and more profitable. We will also continue to service our other two core customer segments i.e. the hotels/restaurants/caterers (HoReCa) and offices & institutions (O&I) as a part of our business model.

We are in the country for the long term. As we look at it with a long-term commitment perspective, we will continue to contribute to making a difference in terms of helping people save money so they can live better. Our mission for our cash-and-carry clubs is about making every small business prosper. The focus is on the customer all the time and in ensuring that the customer saves money. We will continue to be true to our mission and our core purpose.

**Is there anything about Walmart stores, which makes them different from other Cash & Carry stores?**

We enable customers to save money and live better by managing the productivity loop, which enables us to buy, operate and sell for less. Our low price guarantee is not something we offer once a week or during a festival season or to a select membership group. We offer the same everyday low prices over and over to every member who shops at our clubs. This discipline translates to the best in class merchandise, the most efficient supply chain and member focused clubs.

**Walmart has opened Best Price stores largely in mid-sized Indian cities instead of the big metros. What is the reason for this decision? How does it work?**

As I previously mentioned, we plan to add 49 new clubs to the existing 21 Best Price Modern Wholesale clubs in India in the next four to five years. We are focusing on the cash-and-carry format or wholesale business, which allows 100 per cent foreign direct investment (FDI). Our highly motivated team is working to build a pipeline for the upcoming clubs as per our growth plan, and we are confident and excited about this opportunity.

Accessibility and availability of a wide array of products is a big issue across existing distribution channels in tier 2 and tier 3 cities and towns. At a modern wholesale club, which is a one-stop shop for them, members (kiranas and other businesses) thus have the choice of variety as well as unique products. Many suppliers (example – Fresh and frozen products) find it difficult to penetrate into tier 2 and tier 3 towns and cities as distributors do not have the necessary infrastructure to store the products and are not willing to take the risk. In such a scenario, modern wholesale clubs like Best Price provide the space, infrastructure and technology. So it works for the format, suppliers and the customers.

**Which are the main product categories at your stores and what is your assortment mix? What is the shelf space that you allocate for your main product categories and assortments?**

Walmart India Best Price Modern Wholesale clubs offer an assortment of around 5,000 items, including food and non-food items, which are available at competitive wholesale prices, allowing small businesses, retailers, kiranas and business owners to lower their cost of operations and maximise their revenues.

A typical Best Price club stands on approximately 50,000 square feet and sells a wide range of fresh, frozen and chilled food, fruits and vegetables, dry groceries, personal and home care, hotel and restaurant supplies, clothing, office supplies and other general merchandise items. The assortment, service and layout of the club are customised to the specific needs of members who can walk in and source high quality products in the quantities they need and at the time they require.

**You have a Private Label programme. What are its features and how is helping Walmart develop its business?**

Walmart India is building a strong private label business, fulfilling the needs of members by developing products with the pack, price and quality combination that are not available elsewhere in the market. We



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**Recently, all 21 Best Price Cash & Carry Clubs have gone online to give omni-channel experience to our customers. This B2B ecommerce is a 24/7 interactive site and ensures convenience of easy selection & payment along with efficient delivery of quality products at the member's doorstep, thus making it a seamless shopping experience**

have a dedicated Private Label programme to meet the unique needs of Resellers (Kirana stores); Offices and Institutions; and Hotels, Restaurants and Caterers (HoReCa). There are two private brands: Right Buy and Members Mark, which are exclusively available at all 21 Best Price clubs. The brand promise of the two brands is “High on Quality, Big on Savings”.

Members Mark (MM) is our brand that stands for “Quality Guaranteed” and offers quality equivalent to the leading national brands at competitive prices. These products pass through robust quality assurance standards. Members Mark also includes unique and innovative products, which are not available in the market. Some MM products include beverages like fruit drinks, tea and drinking water, vacuum pack dry fruits, spices, food storages containers, bathroom range, grooming and personal care products such as hand wash and shaving brush, apparel/ home collection, copier, paper, notebooks, and imported furniture such as executive chairs.

Right Buy is an opening price point brand that offers good quality products at affordable prices. The brand offers a promise of “Pay less, Save more” enabling members to enhance their profits. It offers products across food, grocery, cleaning aids and more. Some of the best-selling products are a variety of pulses, papad, sugar, tea, cookies, cleaning tools, toilet and floor cleaners, pen and pencil, among others.



Retail Link®, our platform for supplier communication, and our Joint Business Planning and other practices allow for better management. We work with our vendors to introduce automated scheduling and appointment capability, for purchase order visibility and other best practices such as direct-to-store shipments and palletisation programmes.

As we provide the convenience of online shopping (B2B eCommerce) and a Best Price app to our members, we have started providing delivery capability (through third party logistics) and visibility solutions. Technology and processes thus enable visibility at all stages and allows us to efficiently manage costs and maintain a high level of service for our valuable members.



**Can you share with us more about your back-end supply chain and logistics? How have the steps in these directions helped improve your business?**

Walmart India’s supply chain focus has always been towards building a foundation of supplier cooperation and operations capability. Managing vendor replenishment and fulfilment and ensuring good inventory metrics (stock levels, vendor fill rates, forecast accuracy, etc.) help us drive the discipline towards cost and efficiency.

**How do you inspire suppliers to push the boundaries of price-value-quality equation?**

We work in close partnership with suppliers, especially at the regional and local level, to help them incorporate best practices into their business models, thereby improving operational efficiencies. We work with them as partners to arrive at a mutual consensus of price-value-quality equation with the customer/member at the centre of the discussion. Our Food Safety initiative (especially cold chain infrastructure for meat/fresh) helps supplier members with information and technology generally not available. The training enables them to make their processes more robust, thus making them ready for global supply chain.

**You have taken special initiatives to beef up your e-commerce capability? How do you plan to leverage your online presence?**

Recently, all 21 Best Price Cash & Carry Clubs have gone online to give omni-channel experience to our customers. This B2B ecommerce is a 24/7 interactive site and ensures convenience of easy selection &



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**Walmart India is building a strong private label business, fulfilling the needs of members by developing products with the pack, price and quality combination that are not available elsewhere in the market. We have a dedicated Private Label programme to meet the unique needs of Resellers (Kirana stores); Offices and Institutions; and Hotels, Restaurants and Caterers (HoReCa)**

payment along with efficient delivery of quality products at the member's doorstep, thus making it a seamless shopping experience. As a virtual club, the e-commerce platform provides a similar assortment of products as the brick and mortar Best Price Modern Wholesale clubs, including a select variety of fresh fruits and vegetables. E-commerce is a major driver of growth for Walmart's cash & carry business in India and is an area where the company is well positioned to succeed.

From Walmart's perspective, although we are not into the B2C space, we see the growth of e-commerce as an opportunity to educate the 'Kirana' shop members, as well as the hotels and institutions.

**Globally, Walmart has a sourcing goal from women-owned businesses. How is that progressing for Walmart India?**

Walmart has an ongoing commitment to empowering women around the world and helping women-owned businesses succeed and grow. In September 2011, Walmart launched its Global Women's Economic Empowerment initiative, using its unique size and scale to improve the lives of underserved women and help women-owned businesses succeed and grow. As part of the initiative, Walmart committed to source \$20 billion from women for its US business and double sourcing from women internationally. In India too, we are highly focused and are incrementally increasing our sourcing from women-owned businesses. Sourcing from women-owned businesses contributes to our reputation for great assortment and quality local products, and we are always looking for opportunities to increase our sourcing from women-

owned businesses. Recently, we launched the 'Women-owned' logo to identify products made by women-owned businesses. We are very proud of this initiative to help bring recognition to products made by women-owned businesses.

In addition, recently we've launched Walmart women entrepreneur development programme and we are piloting it first in Andhra Pradesh. Under this programme, we will leverage our expertise and knowledge to guide and advise aspiring women entrepreneurs in starting modern kirana stores in their communities by contributing our knowledge in retailing to develop a strong network of women entrepreneurs. Various aspects of setting up and running their business (store), including marketing, financial and leadership skills will be part of this initiative. We hope to include many such modules to this programme to enable them to serve consumers with affordable, safe and quality merchandise.

In addition, we have also recently announced softer payment terms for women-owned businesses in our supply chain. This easing of payment terms, which will be available for their first year of empanelment with Walmart India, will help women-owned businesses better manage their working capital needs, have more stock, and invest money for funding and scaling up their businesses, etc. Walmart has an ongoing commitment to empower women around the world through its Women Economic Empowerment (WEE) initiative and we hope that through our initiatives we will make their lives better.

**What is the next big change that you see coming in Retail?**

E-retail is undeniably a very big change and is here to stay. Understandably, that is where the consumer is going. The choice, ease of ordering from your home, gives a greater shopping convenience to the consumer which, in my opinion, would only grow in the coming years.

From Walmart's perspective, we started our B2B e-commerce initiative in July 2014. Our focus is to go omni-channel, but we are going step by step. We are enabling e-Commerce for our members to order online. Through our omni-channel capabilities and offerings, we are integrating experience across channels and making it seamless for our members.

In addition, on the policy front, GST when implemented would bring about a significant change in the way we operate. This will be an important step to remove the various artificial trade barriers, and in return will be a huge boost to the trade in the country. GST will not only help retailers reduce the impact of taxes but also will help them in creating supply chain methods based on transportation models rather than taxation models. **PG**



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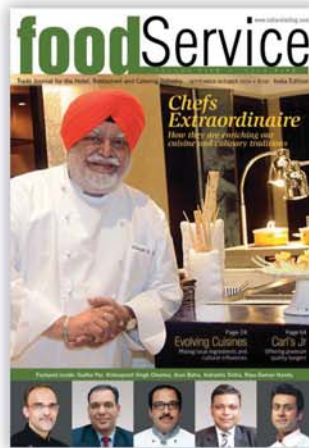


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The publication combines international concepts with indigenous expertise to offer food for thought for the top executives and decision makers of the Indian foodservice business.



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# Supply chain solutions sustaining agriculture ecosystem

In an exclusive interaction with Progressive Grocer, Director of Origo Commodities Sunoor Kaul talks about how his company has been providing end-to-end solutions and ensuring efficiency and value creation for buyers and sellers at every stage of the commodity supply chain



**Sunoor Kaul**  
Director of Origo  
Commodities

## Please offer a brief description of your company and the services it provides.

Origo Commodities offers complete commodity management solutions for farmers, farmer-producer organisations, and corporates. Its end-to-end solutions comprise procurement of agri commodities, commodity scientific storage and financing farm produce, while ensuring efficiency and value creation for buyers and sellers at every stage of the commodity supply chain.

Origo operates across three business verticals - procurement, warehouse management and collateral management. The company's 1,000+ employees make for a strong workforce across the country, working with farmers, traders and processors. We are present in 14 states, reaching all constituents of agri industry.

Origo provides farmers the facilities to store, maintain and preserve their produce, to reduce wastage and thereby improve income realisation. Origo also provides warehouse receipt financing for meeting farmers' working capital needs and addresses seasonality of income flows.

## What is your company doing to assist farm gate integration and efficiency?

Origo Commodities assists farmers in achieving higher profitability through farmer-producer organizations (FPOs) and primary agriculture co-operatives (PACS) in major aspects of agri-business, including access to better inputs, technology, procurement, storage, post harvest credit support, value addition and logistics.

Origo is also planning to launch integrated centres for purchase of agri produce and also for

sale of inputs to farmers at the village level, thereby increasing the efficiency for farmers by bringing the buyer for their goods to their doorstep.

## As India wastes 40% of its produce before it reaches the shelf, the time is ripe for a revolution in food collection, storage and distribution in this country. Tell us about the initiatives of your company on these fronts and the impact they have had.

At Origo Commodities, we provide farmers and corporates with post harvest, agri solutions such as scientific storage facilities, quality certification and aggregation. For storage, we have created a mother hub which caters to satellite and local hubs. For example, if a farmer contributes two tonnes of produce, we aggregate 1,000 tonnes from 500 farmers with quality certification and this quantity is adequate for export cargo as well.

So our aggregation process is also a hand-holding exercise for farmers. We want to make them self-sufficient. By setting up FPOs and other initiatives, we have been able to provide significant benefits for farmers in terms of better input purchases and aggregation of produce for buyers.

## As per an estimate, the current spending on organised warehousing in India constitutes just 9% of the total logistics spending as against 25% in the US. What is holding back investment in the warehousing and cold storage space?

Warehousing in India is co-related a lot with real estate pricing and yield that the investor would make in developing that as a warehouse

or a logistics park. At current prices of land, and without any government intervention or subsidies, investors have yields in low single digits. This is inadequate motivation for any investor to spend his resources in developing storage assets.

The government has yet to provide clarity related to the warehousing subsidy announced recently. The Government's Grameen Bhandaran Yojana subsidy programme had offered support in terms of a certain portion of the development cost to those interested in investing in warehousing assets. But fiscal clarity on the same is lacking and thus the movement has slowed down as compared with the last few years. We hope that in the coming fiscal, the government will provide better clarity on the warehousing subsidy.

**For many years now, food product transportation and storage has been a shambles with poor effectiveness to show for. In your opinion, what can the government and private players do to turn this scenario around?**

There has been a rising awareness of the quantum of wastage resulting from the current food transportation



and storage systems. This has been the impetus for the growing number of private players entering this arena to engage in public-private partnerships to better the systems for all parties concerned. Today, Origo Commodities works with many government institutions in handling grains on behalf of FCI/ State Governments. Currently, Origo Commodities handles approximately 27 lakh metric tonnes handling

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**There has been a rising awareness of the quantum of wastage resulting from the current food transportation and storage systems. This has been the impetus for the growing number of private players entering this arena to engage in public-private partnerships to better the systems for all parties concerned. Today Origo Commodities works with many government institutions in handling grains on behalf of FCI/State Governments**



rice, paddy and wheat for Pungrain on behalf of Food Corporation of India (FCI) in the state of Punjab. Origo also works with the Punjab State Warehousing Corporation to manage grain handling at their warehouses. It is also in talks with many other state governments and state warehousing corporations to manage complete warehousing and grain handling operations for them.

**Since both the farm end and retail end have been fragmented for a long time, it is not surprising that we have such unplanned, and unreliable, post harvest and cold chain facilities. How do you see this trend changing in the future?**

While the change has been slow, consolidation of supply chain in agriculture has started to happen. Origo is one of the agriculture commodity players that provides supply chain solutions for proper aggregation at farm level, allowing for greater efficiency in the system. Agriculture has been ignored as a business opportunity for a long time given the economics. But the scale of the sector allows for some players to leverage their pan-national capability to develop their economics to create a win-win situation for all constituents, including farmers, traders and consumers.

**Most of the cold chain and warehousing capacity is concentrated in UP, West Bengal, Gujarat and Punjab. Given its profile, the investments in cold chain have been somewhat unplanned and somewhat skewed based on local knowledge and preferences. For example, about 75% of the storage facilities are only suitable to store fresh vegetables and fruits, with temperature requirements in the range of 0° to 10° C. There is a similar skew in the refrigerated truck population, with 80% of refrigerated vehicles being used to transport milk. Given this context, do you think that there is a compelling case for course correction in view of the new realities on the ground?**

Cold chains have been focused in narrow geographical areas until recently. Given the changing nature of business in agriculture of growing into a national platform, the opportunity for private players to leverage this gap is apparent. Some of them who have done it successfully are Snowman, which recently went public. Similarly there are other private players who are looking at this gap in cold chain as an investment opportunity.

Improvements in infrastructure, the visibility of agriculture production, arrivals data and digitisation of the whole agri ecosystem has a large role to play in bringing the focus to the sector and, in particular, the opportunities in this sector.

**What do you see as the major challenges affecting the supply chains of different agricultural commodities in India and what are the solutions?**

Very often farmers deal with multiple challenges, which include financing and market linkages. In the existing supply chain, the major challenges for better price realisation for farmers are the produce financing (Warehouse Receipt Financing), direct market accessibility and lack of storage.

The inability of farmers to monetise the produce post harvest either through warehouse receipt financing

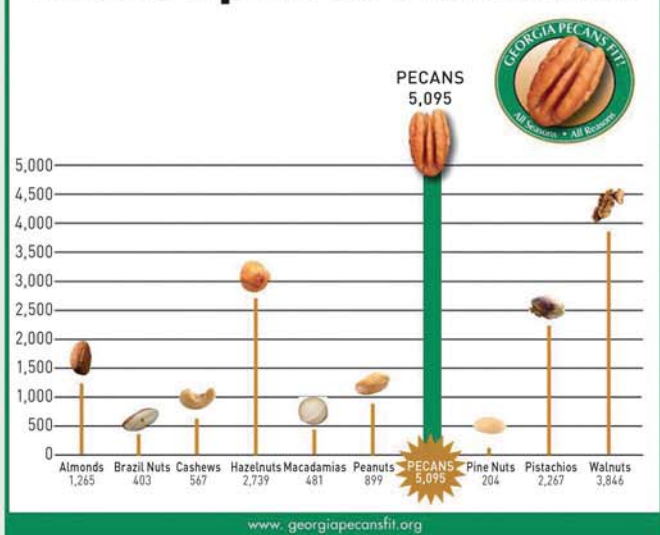
# US Pecans

## Nature's Health Food

The pecan may just be the best kept secret of the nut family. Known to offer unique and amazing benefits to the human diet, pecans rank highest among all nuts and are among the top category of foods to contain the highest antioxidant property. Essentially, what this means is that pecans decrease the risk of cancer, coronary heart disease, and neurological diseases such as Alzheimer's.



### Pecans: Top Nut for Antioxidants



Source: Ronald L. Prior, Ph.D., J. Agric Food Chem, 2004, 52, 4026-4037

The leading growers of pecans are located in the south-eastern and south-western United States. The leading production states, in alphabetical order, are:

Alabama, Arizona, Arkansas, California, Florida, Georgia, Kansas, Louisiana, Mississippi, Missouri, New Mexico, North Carolina, Oklahoma, South Carolina, Texas.

**Known for its smooth taste and versatility, there is more that you should know about this powerful nut. Here are our favorite pecan facts:**

- Pecans have the highest antioxidant content of any nut
- Pecans contain more than 19 vitamins and minerals including vitamin A, vitamin E, colic acid, calcium, magnesium, phosphorus, potassium, several B vitamins and zinc
- A handful of pecan halves contain the same amount of fibre as a medium-sized apple
- Pecans are cholesterol-free and naturally sodium-free
- Just one ounce of pecans has more zinc – an important nutrient for proper growth and strong immunity – than a 5 ounce piece of skinless chicken (typically a good source of zinc)
- Pecans come in a variety of sizes – mammoth, extra large, large, medium, small and midget. They also come in several forms including whole pecans, pecan halves, pieces, granules and meal
- Pecans can be frozen and refrozen for at least two years without loss of flavor or texture

Research conducted over the past decade has confirmed that pecans can be a healthy addition to your diet. Here are some highlights about the health benefits of adding just a handful of pecans to your diet every day.

#### In Your Right Mind

A study, conducted at the Center for Cellular Neurobiology at the University of Massachusetts Lowell, suggests adding pecans to your diet may delay the progression of age-related motor neuron degeneration. This may include diseases like amyotrophic lateral sclerosis (ALS), also known as Lou Gehrig's Disease. Plus, the high level of antioxidants found in pecans may help protect against cell damage, and studies have shown, may also help fight diseases like Alzheimer's, Parkinson's, cancer and heart disease.



**The inability of farmers to monetise the produce post harvest either through warehouse receipt financing or having access to end consumer of their goods forces them to sell their goods to the first intermediary that shows up**

or having access to end consumer of their goods forces them to sell their goods to the first intermediary that shows up at their doorstep, at very low prices. This sale of goods, termed ‘distress sale’ leads to low price discovery on the harvest. While the APMC was structured to take care of this very requirement, their coverage has not been adequate. Also APMCs are not able to provide other services including financing on the stock, which requires the services of collateral managers and financial institutions.

Another factor that prevents farmers from realising the right value of their produce is the value addition. Preliminary processing adds approximately 5-10% to the sale price with minimal charges to the farmers. Farmers require a comprehensive eco-system that will be able to derive the maximum value from their produce. An eco-system that includes scientific storage for safe keeping of the cargo, warehouse receipt financing, market linkage and preliminary processing, is essential for them.



Talent is a concern in this sector. Earlier, high school children weren't as excited to apply to agriculture colleges as they were for top-tier engineering or medical schools. Although there is the vast expanse coverage of agriculture and the focus on it, the trend has only slightly changed. I would say it is still not enough and talent remains a concern in the short-term, as well as long-term, till good talent is driven to agriculture as a preferred field of study.

**The cold chain industry in India is highly fragmented, with over 3,500 companies of various sizes operating in this space. What can be done to attract more “organised” players in this space?**

The government should encourage more PPPs for those interested in entering this segment, to effect change rapidly. Joint investment projects and greater intervention with subsidies for larger investments in the sector can only drive some of the organized players to enter into the segment, else the returns continue to remain the major deterrent.

**How can there be a revolution in food collection, storage and distribution in this country when power shortages that rural India and small towns face are crippling?**

The Government has been proactive in motivating investors and entrepreneurs to invest in solar power, while setting up cold storages which require continuous power supply. Subsidies provided by the government are higher and provide better yields to investors/developers.

**Bringing post-harvest solutions and cold chain infrastructure to rural India involves cost structures that are higher than what traditional providers of warehousing space are accustomed to dealing with. What is the way out then?**

It is the scale of operations that come to rescue along with integration of multi-services leveraging the channel that agri players set up at the rural level. Delivering only one service can have a large weight on the cost and would render it unviable. The solution, along with scale, is to use the same channel for multiple services and again in case of agriculture, there are many opportunities for people to take advantage of. **PG**



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**Improvements in food procurement, transportation and storage face three challenges – capital, operating costs and talent. How do you envisage tackling these hurdles on the way?**

In terms of capital, I believe that agriculture has been and will be an attractive area for investments for both equity and debt investments. It requires the entry of some organised players who can leverage the sector's attractiveness with the availability of capital. So far agriculture has been treated as a less attractive industry to invest in due to low margins, high weather risk and fragmentation. At Origo we believe therein lies the opportunity. That is what players like Origo have done – increases the scale platform to make transactions, delivery and payments more robust and organised.

On operating cost, it is a challenge on scale. The more the scale, the less one would be concerned about overheads. Agriculture provides that opportunity for scale and for consolidation.

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# “We are poised to be the second-largest poultry company in Maharashtra”

Rohit Pawar, CEO, Baramati Agro Ltd., speaks to Progressive Grocer about his company's pioneering initiatives in the poultry business and its growing range of fresh chilled / frozen raw chicken and processed chicken products to meet the evolving needs of the market

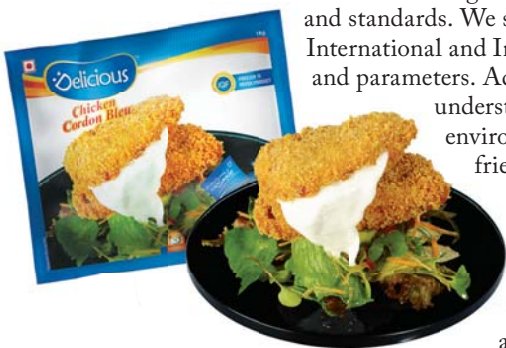


## Can you take us through the company's journey over the years and the important milestones it has crossed along the way?

Our journey started more than 25 years ago as a poultry focused endeavor from Baramati Taluka of Pune district with the setting up of the first layer farm by Padmashree late Dr. Appasaheb Pawar in the year 1988. The company went from strength to strength and diversified itself from poultry to poultry feed, cattle feed, sugar mill, distillery unit, cogeneration plant and processed chicken plant in the following years. Our several milestones have been as follows: We stand strong today with over 1,700 professionals and staff employees and a total group turnover of Rs. 1,200 crore.

Baramati Agro has been one of the pioneers in the poultry industry. With our own parent farms, hatchery, feed mill and processing plant there is a thorough check at every stage by a team of experts. We exercise a complete control from the 'breed' to the 'feed' that results in bringing out the most sought after chicken in the market. With massive expansions in the process, we are poised to be the second-largest poultry company in Maharashtra.

We have a state-of-the-art chicken processing line to produce a wide range of value-added products under most stringent quality environments and standards. We strictly comply with all International and Indian food safety regulations and parameters. Additionally, we also understand our responsibility to the environment and use environment-friendly resources like solar energy, natural water reservoirs, etc., to operate our undertakings. Safe waste disposals are ensured through effluent treatment and rendering plants.



The modern consumer shows a clear preference for convenience, health and choice. We have responded by providing a wide range of products ranging from baked, breaded, cooked and marinated to bring in the most mouth-watering experience to savour from dawn to dusk.

## Tell us about your product portfolio and the markets and consumer segments they cater to.

:Delicious is our flagship brand under which we sell all our chicken products. The product portfolio includes fresh chilled / frozen raw chicken and a range of processed chicken products to meet every need. We proudly say we have it all...breakfast: cold cuts; snacking: fry & serve; taste: grill and serve; convenience: heat n serve; etc.

:Delicious has a pan- India presence with a strong distribution network. It is present in over 2,500 outlets all over India through general trade, modern retail trade as well as HoReCa.

## What is the customer proposition of your products?

With a very diverse assortment, we cater to a wide spectrum of consumer requirements. We have products appealing to each member of the family. Our motto is appropriately captured by our tag line "Bring Home the Smile".

Indian wives and mothers feel a sense of pride when they are lauded for their mouth watering gourmet delicacies. However, with changing times, modern Indian women now have to balance their professional and social life. We want to make life easier for these super achievers with our exciting range of products so that they can churn out delicious spreads within minutes and walk away with all the accolades.

We are also catering to a class of people (youth) which is constantly looking for something new in



an already saturated frozen food market. Apart from the regular nuggets, fingers and shots, we have unique products like Chicken Jalapeno Salami, Italian Herb Sausages, Cordon Bleu and Chicken Rings, which not only sound exotic but taste fantastic too. The Indian options of Kebabs, marinates, curries and biryanis are also on the platter to devour.

### Which are your best-selling products and who are the major buyers?

We have suitable 24x7 ranges of Fry and Serve, Grill and Serve, Heat and Serve and cold cuts all under one umbrella. However, Chicken Nuggets and Chicken Popcorn in the fry and serve range; Chicken Kebabs and Chicken Kheema Paratha in the heat and serve range; Chicken Lollipop in the marinated range and Black Pepper Mortadella and Cocktail Sausages are the most popular products and preferred ones in the cold cuts range.



Keeping in mind the needs of the most discerning consumers with an international palate, we have very innovative products like Chicken Cordon Bleu, Chicken Cheese Garlic Fingers, Chicken Rings, Chicken Italian Herb Sausages, Chicken Ham, etc., which gives them the same hors-d'oeuvre experience in the comfort of their home.

### What is your strategy for retail outreach and improving the availability of your products at retail outlets? Have you taken any initiatives by way of collaborating with retailers and incentivising them?

We are working very closely with all the modern retail chains and all different formats such as gourmet stores, convenience stores, hypermarkets, cash & carry and also e-retail chains all over India. We consider modern retail trade as a platform that helps consumers to experience the exciting range of our products. We believe the best way to get the consumer's acceptance is sampling at the stores and we pursue the same very actively.

As we want our product portfolio to grow, we actively collaborate with the modern retail chains and participate in their themed events and promotion plans to facilitate the category growth.

As far as general trade is concerned, we are doing in-store brandings to create visibility and promotions to create awareness about our products.

### How can manufacturers and brands become true category partners with retailers?

It has to be a symbiotic relationship and a win-win situation for the brand as well as retailers. We have a dedicated team, which works closely with modern retail trade at category, region/state and store levels. We encourage working on joint business plans wherein there are defined targets and support initiatives to build up the brand and boost category growth. This is possible only when there is transparency, trust and joint accountability. As a brand, we look forward to working hand in hand with the modern retail trade teams and extend our best possible services.

### How has the emergence of modern retail helped in making your products more popular?

Modern trade provides good visibility and interface with the consumers. It provides a non-partial platform where consumers are free to exercise their choice based on their liking, requirement and experience. The regular sampling activities help us get instant feedback about our products and also understand their aspirations from the product / category.

### What have been your initiatives to enhance the consumer appeal of your products?

We have recently revamped our packaging of fresh and frozen chicken tray packs. The new packaging is very vibrant and attractive and has received a great response.

We provide a great deal of emphasis and attention on every aspect of the product and the packaging and come out with a solution only after extensive consumer research and understanding.

While our products are frozen, we ensure that we are the best in terms of freshness in the category – this is done by way of periodical monitoring of stocks in the supply chain.



**The modern consumer shows a clear preference for convenience, health and choice. We have responded by providing a wide range of products ranging from baked, breaded, cooked and marinated to bring in the most mouth-watering experience to savour from dawn to dusk**

**What have been your initiatives on the marketing and branding fronts?**

As mentioned above, we have engaged professional design and marketing agencies to help us with attractive pack designs and communications. Our core focus at the moment is the point of purchase as we go on strengthening our distribution in metros as well as other key cities. As we grow, we are open to mass media and other channels.

**Our core focus at the moment is the point of purchase as we go on strengthening our distribution in metros as well as other key cities. As we grow, we are open to mass media and other channels**



**Which are your new products in the pipeline?**

Our latest endeavour was the re-launch of our range of Raw Fresh Chilled tray packs in Mumbai and Pune. We have also launched “Gourmet range” of Marinated Fresh Chilled products such as Tandoori Tikka, Malai Tikka, Pahadi Tikka and Herb and Garlic Chicken Leg. With this new range we want our customers to bring the gourmet experience to their house and enjoy the delicacies that will be ready in minutes. Why wait in the queue at your local kebab and tikka stalls when you have a pack of Elicious marinated goodness in a convenient, hygienically packed tray?

The raw and marinated range of tray packs will also be available in frozen form for other markets as well. In addition, we are also working on ready to eat meal solutions.

An extensive range of vegetarian products, albeit under a new brand name, is also on the anvil to cater to our vegetarian consumers and also to augment our product offerings to a larger consumer base. The vegetarian range will include products such as raw vegetables, fry and serve, heat and serve, etc.

Our new launches have been very successful with substantial growth in distribution and sales. We are poised to be the second-largest brand in the packed fresh chilled chicken segment in these markets.

chef’s. We have a very robust mechanism of getting feedback from the market through our sales and marketing team keeping track of all new launches, market trends, etc. We do consumer focus groups among our TG’s in key towns to understand the trend and latent demands. Once a product idea is conceived we follow a structured process of product development, trials and consumer responses before it is launched.

We do not wish to have me-too products and we always try and bring out innovative and new products in the category. Cordon Blue, Crunchy Munchy, Chicken Rings, etc., are a true testimony to this endeavour.

**What kinds of tests do you conduct to assess consumer response for your products?**

We follow a multi-layered process to assess the consumer response. Starting from in-house technical and sensory evaluation panel, we conduct external consumer focus group research to have a comprehensive understanding about the new product and their performance.

**How do you see the market moving for your product lines, what are the major trends and developments and how are you positioned to play the market?**

The frozen foods market has witnessed a double digit growth in the recent years and is likely to continue with a similar pace. The infrastructural limitation of cold chain poses a formidable challenge in an already space starved retail place. However, with the change in lifestyle, work environments and food habits, the acceptance and need for frozen foods will continue to grow. Frozen Foods provide a great deal of convenience in today’s hectic pace of life.

**What have been the significant learnings from your end consumers?**

Consumers today are well informed and aware. They know what they want and the companies will have to build their portfolio around their needs. While products will have to stand out on taste profiles, the companies will also have to ensure that the products suit the consumer’s modern lifestyle and food habits. **PG**

**Tell us about your product development process and which are the factors that you keep in mind when developing a new product?**

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## “Our Organa brand is the No. 1 organic juice in India”

R. Durairaj, Founder and CEO, Mother India Farms, which produces quality organic and natural food products including India's first certified organic juices and fruit bars under the Organa brand name, speaks to Progressive Grocer about how his company is helping to promote and popularise organic farming and the benefits of organic food products to not only Indian and global consumers but also farmers by providing them with technical and marketing support to shift to organic farming



**R. Durairaj**  
Founder and CEO,  
Mother India Farms

### Tell us about your company and its range of organic products?

I established Mother India Farms (MIF) in 2000 to nurture farms with traditional organic methods and to produce and provide quality organic and natural food products to global consumers. Currently, we have the following product range: organic fruit pulps/purees: mango, pineapple, guava, tomato; organic fruit juices: mango, apple, guava, mixed fruit; organic IQF fruits: mango, pineapple, coconut; organic super foods: chia, quinoa.

### Please explain your farm-holding model? Do you own the land, are they farms taken on lease? How is your company helping promote organic farming and organic food in the country?

We own the land. In addition, we also have developed community farming, where farmers own

the land and we give them technical knowhow and buy back their produce.

Through this model – having our own farm and also engaging in community farming – MIF is encouraging farmers to shift to organic farming by providing them with technical and marketing support. The business model of MIF ensures that farmers not only gain from increased productivity but also get a higher remunerative price through value addition. The farms, facilities and products are certified by International Accredited Certifying Agency M/s. Control Union Certifications.

### What is the size of your current farm holdings and where are they located?

We have 200 acres of land at Settrapatti near Morpur in Dharmapuri district, Tamil Nadu.

### Which are your products for the domestic and export market?

For export market, the products of MIF include Fruit Purees, IQF Fruits, Super Foods, Spices and herbs. The domestic business of MIF is handled by a subsidiary company, MION (Mother India Organics and Naturals Pvt. Ltd). MION has launched India's first Certified Organic Juices and Fruit Bars, under the brand name 'Organa'. Other products in the Super Foods Series like Chia Seeds and Quinoa are the result of extensive research and development, which are being launched in the domestic market under the brand name Earthen Delight. Currently, all MION products are available on all leading food portals, organic stores and high-end retail outlets in metro cities across the country.

### What is the customer and value proposition of your organic products?

MIF products offer the real taste of organic fruit juices in convenient SKUs at affordable prices, with consistent supplies. Our products are superior as compared to any other fruit juice brand in the Indian market and are priced competitively, despite being organic. In short, our 'Organa' is the Number 1 organic juice brand in India.

### What is the typical customer profile for your products?

Our customers are educated, working professionals belonging to the upper middle and upper class of the society.

### What is your total farm yield produce-wise? What has been the growth rate for your produce over the years and which are the factors responsible for the higher yield?

We have our own certified organic farm of nearly 200 acres in which we started organic farming practices. We grow mangoes, paddy, chia, turmeric, etc. Once our market started expanding, we brought many farmer groups in southern states under our group certification programme for many products. This is a continuous process and the growth rate for our produce is almost 100% every year. All these farms are under the direct supervision of our qualified agri-professionals.

### Which are the special techniques that you bring to bear on your farming and agricultural practice?

Organic farming and animal husbandry are highly intertwined. We draw urine and cow dung to prepare lots of ancient recipes like Panchakavya and Jeevamrutha. We also use herbal extracts to control pests, etc. We are continuously innovating and trying new techniques and possibilities.

### Which are the markets that you are looking to build for your products?

We have an established B2B business in Europe and North America. In the Indian market, we have a pan-India coverage and are trying to establish our brands in the B2C segment.

### What is the market size you are looking to tap for your products and which regions are of interest to you?

Sustained adherence to core value systems and standards has propelled Mother India Farms into one of the most preferred global brands in organic products. With quality products for both export and domestic market, MIF is set to exploit the opportunities in global markets and is experiencing a period of high growth and a radical transformation.

MIF is looking for strategic partnerships to join them in an exciting growth story. We have created a niche in the Indian fruit beverages market, which is worth around Rs. 3000 crore. Right now, we are looking to all parts of the country and all its regions are of interest and focus for us.

### What is your strategy for retail, marketing and distribution of your organic food products?

The focus is on distributing our products to all organic stores and supermarkets across all metros and tier-1 and tier 2 cities. We are also aiming at developing modern trade and online stores too for our organic products so that they reach the consumers according to the channels of their choice. We hope to build awareness of the benefits of organic products and our brands through consumer tasting promotions and with focused advertising.



**Apart from having an own farm, MIF has also engaged in community farming, encouraging farmers to shift to organic farming and providing them with technical and marketing support**



**How large is the organic food market in India in terms of size and value? What scope and opportunity does it offer to players like you?**

The market for organic products in India is worth Rs. 600 crore currently. However, our juices are positioned with a focus on the Rs. 3,000 crore fruit juices products category. As all our products are organic, it is an additional USP.

**The focus is on distributing our products to all organic stores and supermarkets across all metros and tier-1 and tier 2 cities. We are also aiming at developing modern trade and online stores too for our organic products so that they reach the consumers according to the channels of their choice**

**What is the the rate of growth for organic food products in India? Which are the fastest-selling products under this category and which are the new and emerging ones with the potential to grow?**

The growth of organic products in India is expected to be around 19% p.a. during the period 2012-17. Traditionally, vegetables, grains and pulses are the most common segments for consumers to shift to organic. Breakfast range, fruit juices, and cosmetics are some of the new and emerging products with a huge potential in the organic category.

**What in your opinion should be done to grow and expand the organic food market in India?**

The consequences of eating conventionally processed foods containing chemical additives are scary whereas organic products are safe, healthy and have a natural taste. Manufacturers should be encouraged and motivated to shift to using safer and tested ingredients. They should be either exempted or taxed at a very low GST, which is likely to be implemented soon. This will make the products available to a larger section of our population at affordable prices. The government should take the initiative to urge consumers to read the product labels and the ingredients used, before buying them for consumption.



**What are the serious challenges and the opportunities facing the organic food category in India?**

Sourcing key raw materials and ingredients is a huge challenge as the land under organic cultivation is still low and several ingredients have to be imported paying high duties. Low awareness of the benefits of organic products is another challenge, which can be overcome if all stakeholders work together. At the same time, the future looks very promising as consumers are increasingly getting health-conscious.

**In your opinion, who are the major players in India's organic food market?**

There are a few players in the organised sector of organic foods and most of them are export-oriented.

**High price of organic food products is the primary reason why the category is underserved. What is your pricing strategy and how does it compare with the products from other organic players?**

We are aware of organic products being unaffordable to a larger section of our population. We have a mission to produce and provide quality organic products to consumers at affordable prices.

Therefore, our products are priced at par or at marginally higher prices, as compared to similar conventionally produced products. However, pricing of other organic products by other players are at a premium of 50-100%. **PG**



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## “Premium and nutritious”

Dry fruit major Gourima’s Director Ritesh Bajaj spoke to Progressive Grocer about leveraging the company’s expertise and knowledge to create another organised sector brand with a premium positioning for discerning consumers

**How was Gourmia conceived? What is unique about the concept and why do think the idea would sell in India.**

KBB Nuts is among the largest dry fruits and nuts players in India and has its flagship brand, Tulsi, which sells through the prevalent unorganized sector. The brand was already doing quite well in the market. The idea was to leverage our expertise and knowledge to create another organized sector brand with a premium positioning for discerning consumers. That’s how Gourmia was formed. It’s about creating an exclusive experience with the product that makes it premium yet nutritious.

**The dry fruits industry has been dominated by many organised and unorganised players, so what encouraged you to venture in this segment. How do you plan to position Gourmia as a brand?**

There are not too many organised players in the market. Having roots in the same business for decades, motivated us to step into organised dry fruits sector with a premium brand. Gourmia will

be positioned as a world class quality product that creates a fine dining experience with healthy and flavourful snacks.

Our consistent high quality, marketing support, distribution network and premium yet value for money pricing, will be the positioning planks for Gourmia.

**Which are the major markets for Gourmia and its products in terms of volume and sales?**

Gourmia is available throughout India. We are currently catering to metros followed by mini-metros and also in the high per capita income district HQs. Gourmia’s premium range of dry fruits can be easily availed at Reliance, Walmart, etc., besides the selected stand-alone stores.

**What made you venture into the the industry and what is it that makes you confident of your product’s success?**

KBB Nuts has been a leader in the industry. We are already catering to renowned brands such as



Haldiram, Pepsico, Britannia, Cadbury's, MTR and other renowned retail marts. Overhead distribution and growing consumer preferences for such products encouraged us to venture into Gourmia. Previous success in the category, name and quality of the product has made us confident for the success of Gourmia too.

**Tell us about the brands current range of offerings in progress?**

Gourmia has a vast range of products to offer. We have procured the best ingredients from around the world along with premium selection of nuts and created flavors such as Jalapeno, Tangy Masala, Black Pepper to supplement the Pure salted options.

We have launched 8 SKU's in Roasted Nuts and 5 SKU's in Dehydrated Fruits by now. Many supermarkets like Reliance and Walmart have already listed the product. There has been a selective launch in Traditional Trade in Delhi/ NCR, Mumbai and Pune so far.

**How many orders are you getting currently?**

Till now we have got a very encouraging response from the consumers. We are also tying up with several corporates for bulk purchases.

**What product assortments do you offer to your consumers?**

We are currently dealing in the above mentioned products only. We are planning to launch another range during this year and will be sharing details regarding the same soon.

**Talk to us about your marketing and promotional strategies?**

Offering our customers the finest quality has been our top strategy always. We are not into advertising much but are trying to promote the product through in-store samplings via our niche distribution network. We are also working on a more robust communication and social media strategy that we will implement soon.

**Technology is integral to modern retail, more so for online retailers like you. How are you leveraging technology at Gourmia?**

We all are a part of digital era and there is no doubt that the medium has been continuously expanding. Digital marketing and ecommerce has a big hand in increasing sales for Gourmia as well. The products are already available at some popular online ecommerce websites such as Amazon, Paytm, etc.

**Who are your competitors in the industry and what are your strategies to compete with them?**

Few imported products such as Tong Garden, Blue Diamond are some other brands in this sector.



Regular supply, manpower support and marketing will be key differentiators besides quality of course.

**Many companies have been using smart packaging strategies to woo consumers. What is your strategy on packaging?**

We launched the brand with smart mono cartons (nuts) and stand up re-sealable pouches (fruits), both in shelf display-cum-dispensers. Our packaging is of the highest quality and the mono-cartons are also reusable which is something that customers prefer. 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.

**Do you think major online players enjoy an upper hand with consumers when it comes to ordering, gift packs on account of the convenience factor and organised delivery?**

Internet is a medium and every major online player is currently providing other brands a platform to compete in the national market. There are consumers of all types some like online and others prefer brick & mortar stores. Gifting is highly seasonal but there is definitely a higher demand during the festivals for gift packs/ hampers through the online medium.

**What are your expansion and growth plans? Which new places and locations do you have on the radar?**

Our motto is to make Gourmia available in the national market. Thus, we are currently targeting for placement across all modern trade and key stand-alone stores in metros (Delhi, Mumbai, Bangalore, Hyderabad, Chennai) and mini metros such as Gurgaon, Chandigarh, Pune, Goa by end of December 2016. **PG**

“  
We are already catering to renowned brands such as Haldiram, Pepsico, Britannia, Cadbury's, MTR and other renowned retail marts. Overhead distribution and growing consumer preferences for such products encouraged us to venture into Gourmia

—Ritesh Bajaj  
Director, Gourmia

# Are you eating the right thing?

As a rule of thumb, foods are generally safe. However, there are things that get into food and could shock and disgust you enough to keep away from food altogether! What will surprise you further is that many of these things are permitted by the food safety authorities, but within limits. Some substances, like certain toxins, are naturally present in foods. And so even if the food authorities wanted, they could not ban them totally. Some of these 'foreign' substances might not be dangerous but not even in your wildest imagination could you have thought that they could be on your plate

By Dr Saurabh Arora

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**R**odents scavenge for food and rummage in food stocks. In fact rodents could make stored foods their home if entry is not strictly prevented. Where there is laxity, rodent hair, urine and droppings enter foods and from there they could get to your plate. So watch out as your food could be biologically contaminated.

The next time you eat a burger or open sealed packs of foods or cans of mushrooms and tomatoes, check carefully. It could be infested with maggots and insect eggs. Your cabbage and spinach could have caterpillar larvae in it. Believe it or not, a limited number of maggots are permitted in food!

Cockroaches, flies, insects of all kinds and even spiders and lizards can fall into food. They are highly dangerous if found in foods as they can carry bacteria from dustbins and drains to foods. The presence of rodents and insects is a food safety violation that could result in cancellation of licence for food establishments.

Moulds and fungus grow on foods when the temperature is warm and the rainy season finds these in abundance in sauces, jams, jellies, cooked and processed meats and poultry, cheese, bread and even fruit. Surface moulds can be washed or dusted off but that does not mean they have gone away completely. The fungus has roots that go deep into foods and these are not visible to the naked eye. Dish-cloths, towels, sponges and mops, if not kept clean, spread moulds, which land up in your food. Avoid anything smelling musty and stale and check vegetable and fruit stems to detect moulds.

## What are cleaning agents doing in your food?

Cleaning agents like ammonia, bleach, dishwashing liquids and sanitisers can cause turmoil. People have had them with their coffee because the personnel forgot to rinse out the coffee machine thoroughly. Human error it could be but the carelessness in not rinsing and washing utensils or cooking surfaces thoroughly can lead to not only a bad taste but

some stomach burning and even food poisoning. Cleaning agents need to be stored away from all food preparation areas and utensils. Cooking and food preparation surface areas must be cleaned, washed and sanitised only when food preparation is over and no food is outside. Such carelessness ruins the reputation of the food establishments.

### You could be ingesting heavy metals

Copper, brass, cadmium, lead, zinc mercury and even arsenic could be in your food. Metals leach into foods from the environment and from utensils used for cooking and serving food. Cracked or chipped pewter dishes, pottery dishes with glazed lead or those pretty enamelled dishes you cook and serve food in can leave lead and anatomy or cadmium in your foods and can even react with acidic foods like tomatoes, orange juice and pickles. Copper cooking utensils, buckets and tubs made from galvanised metals like zinc, and plumbing pipes also introduce metals into foods. Mercury and arsenic can reach foods through water and cadmium and lead from soil. All these heavy metals can cause toxicity when ingested and could even damage the liver, kidneys, central nervous system and blood, while mercury can cause sensory, visual and auditory problems also. Since chemicals cannot be seen adequate and regular food testing is required to ensure that foods are free from these elements at all points in the food chain.

### Are you sure your milk products have no melamine?

Are you sure that the infant formula you are feeding your child with or the chocolate and frozen yogurt you are eating is free of melamine? So what is melamine and why is it used in foods? Melamine is synthetic material used to make plastic tableware and dishware, adhesives and even whiteboards. So what's it doing in your food? Water is often mixed into milk and such milk loses proteins and so to enhance the content of protein melamine is mixed in it. Products made from milk could have melamine, which can damage the kidneys permanently.

### Packaging infuses chemicals into food

Antimony and tin are used in packaging materials from where they can enter food. Foils, cans, pans and storage containers have chemicals, which can be released from them into food at low levels and these, when ingested, cause various health problems.

### Human beings leave their own stamp on foods

While human hair found in food might not be hazardous as animal hair, but their presence in food indicates that the establishment lacks in good hygienic practices. Besides hair, nails, false nails, nail polish, pieces of jewellery, paper napkins and



even cigarette butts can enter food and have been found, more often than anyone would like to admit. All personnel working in food service industry need to be made aware of these hazards and instructed and trained to follow good hygiene practices.

### Mice and horse in your processed meat

Animal hair or chipped pieces of bone can be naturally present in meat food products. Perhaps, what you may not be aware of is that whole mice can sometimes be churned into food during processing. Unscrupulous manufacturers add horse and even rat meat to canned meat food products to cut costs, especially those imported, as some countries permit horse meat.

### Tea with a taste of iron

Iron filings can enter tea when it is processed as particles escape into tea from the wear and tear of iron machinery. Iron remains in the body and though some iron is good for the body it could become dangerous and lead to heart problems if you are a tea addict and drink copious amounts of it. The permissible limit for iron filings in tea in India is presently 150 mg per kilogram of tea.

### Extraneous materials that can break your teeth

They say sticks and stones won't break bones but stones in food might break your pearly whites. You must have seen dirt, mud, manure, leaves, twigs and other filth and even insect excreta in some raw grains and other agricultural products. While some of these can be removed by picking them out. What about insect excreta? When raw materials are processed into cereals, bakery products, etc., do these remain or have they been cleaned before processing?



**The presence of rodents and insects is a food safety violation that could result in cancellation of licence for food establishments**



**From plants to your plate**

Residues of pesticides, herbicides and chemical fertilisers used during the agricultural process easily find their way into foods. Pesticides may leave residues on the skins and surface of fruits and vegetables. Residues of pesticides and herbicides over a period of time can affect the central nervous system, respiratory and gastro-intestinal system.

**Hormones and antibiotics**

Livestock are given antibiotics and growth hormones in their feeds so they can remain healthy and grow bigger quickly. If you are a non-vegetarian you could find these growth hormones and antibiotics in the animal meats that you eat. Eating animal meats that contain antibiotic makes you resistant to antibiotics.

**Are these food additives really permitted?**

The fruit juice you enjoy so much could have sulphites. Sulphites are deliberately added to fruit juices, in some soft drinks, instant tea vinegar and wine, to keep them tasting fresh. While preservatives and flavour enhancers improve the looks and taste of foods, yet some of them could cause allergic reactions.

**Carcinogens in your foods**

Bright coloured foods look attractive but the truth is that synthetic dyes like Red 3 and Citrus Red 2, Blue 1, Blue 2, Green 3, Red 40 and Yellow 6 are carcinogenic and could cause various kinds of cancer and allergic reactions too.

**Gelatine: veg or non-veg**

Some vegetarian foods like certain cereals could contain animal gelatine, which is used as a binding agent so that the sugar sticks to the cereal. Read the labels minutely if you are a vegetarian or you could find you've just eaten animal bone and skin as some gelatine are made from these.

**What does your chewing gum contain?**

If you are one of those who love to pop a chewing gum into your mouth, then you could actually be eating a secretion from sheep wool called Lanolin. This additive is used in chewing gum because it has an oily texture which makes it easy to chew that gum.

**Conclusion:** Despite all safety certifications, adulterants will continue to contaminate the food we eat and the only solution to this problem is to carefully scrutinize the products while purchasing. **PG**

**Unscrupulous manufacturers add horse and even rat meat to canned meat food products to cut costs, especially those imported, as some countries permit horse meat**



**What's cooking, metal or glass?**

Metal fragments from worn or chipped equipment and containers enter food products during processing. However, glass, plastic and metal pieces from glass tumblers, edges of badly opened tin cans and carelessly opened caps on foods and even shattered light bulbs fall into food without anyone realising it. Wood pieces from wooden surfaces or chopping boards slip into food too. Even a small piece of any of these substances can cause major problems if swallowed. Most establishments use shatterproof bulbs and open tin cans and bottles away from foods being cooked.

**Sand and sawdust special**

Have you felt that grit on your tongue? It could be sand in your salt, soup and coffee whitener. Sand is mixed in powdered foods as sand absorbs moisture and prevents clumping. Sawdust is used for the same reason in foods like shredded cheese. It also makes low-fat ice cream creamy and ready to drink milk shakes smooth.



**The writer is founder of Food Safety Helpline [www.foodsafetyhelpline.com](http://www.foodsafetyhelpline.com) and has a number of national and international research publications and patents to his credit.**

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# In-store Media *and its Effectiveness*

This article by Ajay Sankhe is based on personal research by the author and can help enhance the quality of in-store advertising and increase the value of the medium for retailers and marketers



**D**eveloping an Audience Delivery Measure provides the retail industry with a planning and tracking tool similar to those available for other measured media, such as print and broadcast. No doubt, the measurement can provide new insights, both positive and challenging as to the placement and value of in store advertising.

The independent availability of in-store advertising measurement is expected to significantly increase the productivity and effectiveness of marketer's and retailer's spending. In addition, in-store may now be on a better footing to earn a larger

share of the media budget if advertisers find these results compelling.

Here, let me explain the measurement methodology for:

- Weekly Reach - With an 'Opportunity To See' (OTS)
- Frequency
- Impressions/Gross Rating Points (GRP)
- Cost Per Thousand Impressions (CPM)

Early on, the research faced the question of media vehicle. In traditional media, the vehicle might be a television programme, or a magazine issue, not the

ad itself. For in-store advertising, we concluded the store is the vehicle, so an OTS is an exposure to the store, not necessarily the in-store advertising itself. This concept and the resulting measures for the supermarket and c-store channel are explored using chain-specific data and channel-wide estimates.

In the meantime, this progress allows marketers and POP producers to allow in-store inclusion in the planning and selection process with other 'traditional' forms of media and to apply the same performance yardsticks.

**Approach**

While none of the current media measures were found to fit "as is," the principles that underline them are readily adapted to a new in-store audience measurement system. At their core, the measures for in-store, like other media, need to provide a measure of the consumer's "Opportunity To See" the advertising. This concept has been so ingrained in the media world that it is short-handed to OTS. As the term OTS implies, audience measures don't guarantee an attentive consumer carefully absorbing

- Audience: The total exposure or impressions for a specific media vehicle during a defined time-period, e.g., store-week.
- Gross Impressions: The sum of all impressions for a campaign or specified portion of a campaign.
- Rating: Audience as a per cent of the target's population.
- Gross Rating Points, GRPs: Gross Impressions as a per cent of the relevant populations; also the sum of the rating points for a campaign of specified portion of a campaign.
- Target Rating Points, TRPs: Target Audience Impressions as a per cent of the relevant target population.
- Reach: The net per cent of the target population with an "opportunity to see" advertising (audience reach) in a given timeframe.
- Frequency of message delivery among those reached – often expressed as an average, but could be a frequency distribution of exposure levels.
- Cost per thousand, CPM: The cost of a vehicle, or campaign divided by the total impressions, in thousands – the basic method of pricing media.

**Targeting media directly to shoppers (Shoppers vs Users) is actually more effective, but is different from the traditional methods with which media people are familiar. Over the past few years, most media people have adopted Regency Theory, which states that the closer the ad exposure is to the purchase occasion, the more effective it will be. This theory lends support to in-store advertising**

Targeting media directly to shoppers (Shoppers vs Users) is actually more effective, but is different from the traditional methods with which media people are familiar with. Over the past few years, most media people have adopted Regency Theory, which states that the closer the ad exposure is to the purchase occasion, the more effective it will be. This theory lends support to in-store advertising.

In-store is more analogous to broadcast or radio in that consumers "tune-in" for the content. In case of the store, the content draw is to purchase products. In fact, in-store advertising, arguably, can be said to have a tighter connection between content and commercial because they relate to a specified product or service in the store.



the ad message; rather it implies open eyes (or ears) in front of the media vehicle – an opportunity. In traditional media, the vehicle might be a television programme, or a magazine issue – not the Ad itself. For in-store advertising today, we consider the store to be the vehicle, so an OTS is an exposure to the store, not necessarily the ad itself. We anticipate that as POP ad exposure measurement evolves, the vehicle exposure measurement may be refined to an area of the store in proximity to the display through the use of shopper basket analyses or Personal-People-Meter (PPM) panels.

Starting with the basic exposure measure, we can build a small number of key media planning and buying measures:

- Exposure: One person with an OTS, also called an Impression.



**In-store is more analogous to broadcast or radio in that consumers “tune-in” for the content. In case of the store, the content draw is to purchase products. In fact, in-store advertising, arguably, can be said to have a tighter connection between content and commercial because they relate to a specified product or service in the store**

**Definitions & Data Sources**

Potential Weekly Reach is defined as the maximum reach achievable by an in-store message. The maximum assumes 100% store penetration.

Actual Weekly Reach is defined as Potential Reach adjusted to reflect the actual store penetration level achieved. This reflects the fact that not every store will execute the campaign. The execution level, or proof of performance, is a critical element in this in-store audience measurement methodology.

To develop the Potential Reach measure for in-store, two approaches were developed. The first approach (Approach A) assumes the availability of consumer-based information, while the second (Approach B) uses store measures and reasonable averages and approximations. While Approach A is the more accurate, and therefore preferred, the data are not always available.

**Potential Weekly Reach – Approach A**

To derive the number of household that shop in a store or chain in a week (or an average week), several sources can be used including:

- retailer tracking
- household panel services
- diary panel services
- custom data collection



In addition, depending upon the unit of measure in the available data, the following measures may also be needed on a chain – or channel – specific basis:

- average number of target person shopping on a trip (in the example below we people per transaction as “adults”).
- estimated number of trips per week per person.

The weekly person with an opportunity-to-see calculation is shown below using two chains from the Mumbai market.

| APPROACH A – SUPERMARKET EXAMPLES            |         |           |
|--|---------|-----------|
|  | Chain A | Chain B   |
| Unique household trips (Avg./store/week) (1) | 5,437   | 8,161     |
| Ave. no. of adults per transaction (2)       | 1.25    | 1.25      |
| Estimated number of trips per week (2)       | 1.5     | 1.50      |
| Weekly Potential Reach per store             | 4,531   | 6,801     |
| Store count                                  | 122     | 160       |
| Weekly Potential Reach for chain             | 552,782 | 1,088,160 |
| Population = Share of market                 | 21.4%   | 42.3%     |

The results show that in-store advertising in all 122 Chain A stores create a potential reach of 552,782 shoppers in a week or 21.4% of the market, while Chain B’s 160 stores create a potential for almost double (1,088,160) or 42.3% of the market. These two chains represent as much as 63% of the weekly potential reach, yet only 53% of the ACV (All Commodity Volume), reinforcing their importance in delivering in-store ad messages.

In practice, the weekly potential reach of the two chains in our example should not be added together. The duplicated reach between them should be deducted to obtain the net reach of the two-chain combination. As other chains are added to the schedule, the duplication between their reach and the previously combined chains will also have to be factored out. This can be achieved through panel analysis or use of industry averages based on sampling of consumers. In the absence of market-specific data, a reasonable estimate should be used.

**Approach B – Potential Weekly Reach**

If the needed household data are not available, Approach B provides a close approximation to the preferred approach.

Approach B uses the estimated weekly store All Commodity Volume (total store sales) and average transaction size to calculate the number of transactions. Once transactions are computed, the adjustments for people per transaction and trip per



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# In-Store Branding

Today, store penetration levels can only be measured with sufficient accuracy through visual inspection of a store to confirm in-store ad placement. These store audits, conducted routinely, randomly or during key weeks (sweeps concept) should be performed by a variety of third-party services who are independent from those using the audit results

week described above are used to achieve the same Weekly Reach with an opportunity-to-see. An example is shown below.

| APPROACH B    |                                  |
|---------------|----------------------------------|
| Chain C       |                                  |
| Rs. 61,58,400 | Store weekly ACV                 |
| Rs. 800       | Transaction size                 |
| 7,692         | Avg. weekly trips – duplicated   |
| 1.25          | Adults per transaction           |
| 1.50          | Trips per week                   |
| 6,410         | Weekly Potential Reach per store |

During the POPAI (Point Of Purchase Association of India) Convenience channel study, participating retailers provided sales, transaction and transaction size information. Applying Approach B methodology provides an average weekly potential reach per store of 3,910 adults. Their chains and industry average information are provided in Table 2.

### Actual Reach

Most in-store media planning and purchasing today involves an estimation of actual execution. Monitoring store-level execution ensures placement and provides the data required to adjust Potential Reach to Actual Reach:

- actual store penetration (execution)
- display condition (damaged, obscured, fully functional, etc.)
- proximity of the POP to the product

The actual store penetration is crucial to developing an accurate actual or realised reach. Today, store penetration levels can only be measured with sufficient accuracy through visual inspection of a store to confirm in-store ad placement. These store audits, conducted routinely, randomly or during key weeks (sweeps concept) should be performed by a variety of third-party services who are independent from those using the audit results.



During the Supermarket Study, sponsor-selected brands from eight categories were audited weekly for 20 consecutive weeks by IRI. The same study is comprehended and then local Indian numbers are studied with the help of studies released by Indian Retail Forum and Retailer Association of India Across 10 brands in one of the categories audited, manufacturer pre-printed signage was present on 40% of the displays in Chain A and 50% in Chain B.

| ACTUAL REACH |   |         |           |
|--------------|---|---------|-----------|
|              |   | Chain A | Chain B   |
| weekly       | Potential Reach - People                                  | 552,782 | 1,088,160 |
|              | - % of market   | 21.4%   | 42.3%     |
| times        | Audited execution level (% of store weeks) <sup>(1)</sup> | 40%     | 50%       |
|              | [what about % ACV for this instead of store?]             |         |           |
| Equals Avg.  | Weekly Actual Reach OTS – People                          | 221,113 | 435,264   |
|              | - % of market   | 8.6%    | 21.2%     |

Source : IRI International audits (Customised to Indian Retail Forum / Retailer Association of India) numbers



The resulting Actual Weekly Reach tells a revealing story about audience delivery. Chain B with 30% more stores than Chain A (160 vs. 122) delivers 2.5 times the actual weekly reach. In addition, marketers can now evaluate the cost to reach Chain B's 435,264 people or 21.2% of the market in a manner similar to broadcast and print.

### Frequency

According to the RAI (Retailer Institute Of India), the average shopper makes 1.5 trips to Supermarkets in a week. The comparable number for convenience



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Shanghai



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**When armed with independent statistically valid evidence of the sales response from a particular combination of POP materials, marketers, sales forces and retailers will have compelling reasons to focus on execution and measurement – to achieve the maximum potential incremental sales, fully leverage both the promotional event or product placement and leverage the POP (Point of Purchase) expenditure**

stores is 1.7 trips per week according to Indian Retail Forum (IRF). In the absence of market-store-type and chain-specific data, this provides a reasonable estimate.

**Rating Points**

Once reach and frequency are developed, a Gross Rating Points measure can be easily computed. To distinguish between in-store and out-of-store media, a separate name has been developed: In-store Rating Points (IRP's).

IRPs are defined as reach (%) times frequency. Using the reach example earlier, assume the following in-store conditions:

| RATING POINTS                  |                            |        |                  |  |
|--------------------------------|----------------------------|--------|------------------|--|
|                                | Chain A                    |        | Chain B          |  |
| In-store advertising vehicles  | Pre-printed sign & standee |        | Pre-printed sign |  |
| Length of placement            | 2 weeks                    |        | 1 weeks          |  |
| Reach for the event :          | week 1                     | week 2 | week 1           |  |
| Actual Execution (% of stores) | 40%                        | 40%    | 50%              |  |
| Reach                          | 8.6                        | 8.6    | 15               |  |
| Frequency                      | 1.5                        |        | 1.5              |  |
| IRP's                          | 12.9                       | 12.9   | 22.5             |  |
| 2 week total IRP's             | 25.8                       |        | 22.5             |  |

Over the two weeks, each chain generated roughly 25 IRPs but most likely at different costs. Marketers and retailers can use IRP's to value the advertising audience delivery and judge the respective payouts (Table 4 provides a calculation worksheet).

**Cost per Thousand impressions (CPM)**

A sampling of in-store advertising vehicle costs was created for this analysis from sponsors of the In -store Advertising Supermarket Study in early 2001. No representation is being made as to the representative nature of these costs for the industry at large. Rather they are used as examples to demonstrate the calculations and make comparisons to other media CPM.

CPM = POP cost per event (divided by) Audience (in 1000's)

The POP cost per event includes the cost of POP material, any specific ad placement fees, and the labour cost for setting up the material in-store for all the stores with placement. The audience, also known as reach, represents the actual number of people (in a week) who have the opportunity-to-see the material.

Carrying forward the example from the Reliance Retail / Big Bazar chains above, the CPM for each Chain and their specific execution can be calculated, as shown below.

| CPM CALCULATIONS |                          |          |          |
|------------------|--------------------------|----------|----------|
|                  |                          | Chain A  | Chain B  |
| Pop Cost         | Total stores             | 122      | 160      |
| times            | % with placement         | 40%      | 50%      |
| equals           | Stores with POP material | 49       | 80       |
| times            | POP cost per store (i)   | 40%      | 50%      |
| equals           | Total Cost               | Rs.1,323 | Rs.1,200 |
| Audience         | week 1                   | 221,113  | 435,264  |
|                  | week 2                   | 221,113  | —        |
|                  |                          | 442,226  | 436,264  |
| CPM =            | POP COST per event       | Rs.2.99  | Rs.2.75  |
|                  | Audience (in thousands)  |          |          |

Include POP material cost at store level, ad placement fees, and labor to setup in – store

Once CPM measures are calculated, in-store CPM can be compared to other media.

**Application of Audience Delivery Measures**

In-store Advertising can now be evaluated and planned with the same discipline afforded print and broadcast. The methodology outlined in this paper will provide reasonable audience estimates, on par with traditional media

Marketers will be able to include In-store Advertising vehicles as a part of the media planning process. Marketers and Retailers will both be able to judge the reach of in-store activities along with the cost of delivering that reach. These measures will also be part of retail execution.

When armed with independent statistically valid evidence of the sales response from a particular combination of POP materials, marketers, sales forces and retailers will have compelling reasons to focus on execution and measurement – to achieve the maximum potential incremental sales, fully leverage both the promotional event or product placement and leverage the POP (Point of Purchase) expenditure.

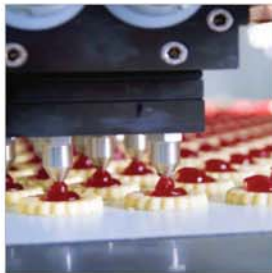
In-store Advertising will now not only be measured, but will set the standard for planning and tracking the link between audience delivery and short term sales response. **PG**

**Ajay Sankhe is a senior FMCG executive with 18+ years experience at VP / GM / Business Head level in Marketing & Sales, Distribution Network Development, Brand Management, Integrated Communications, New Product Launches, Country General Management, P&L, Strategy Planning and Execution.**



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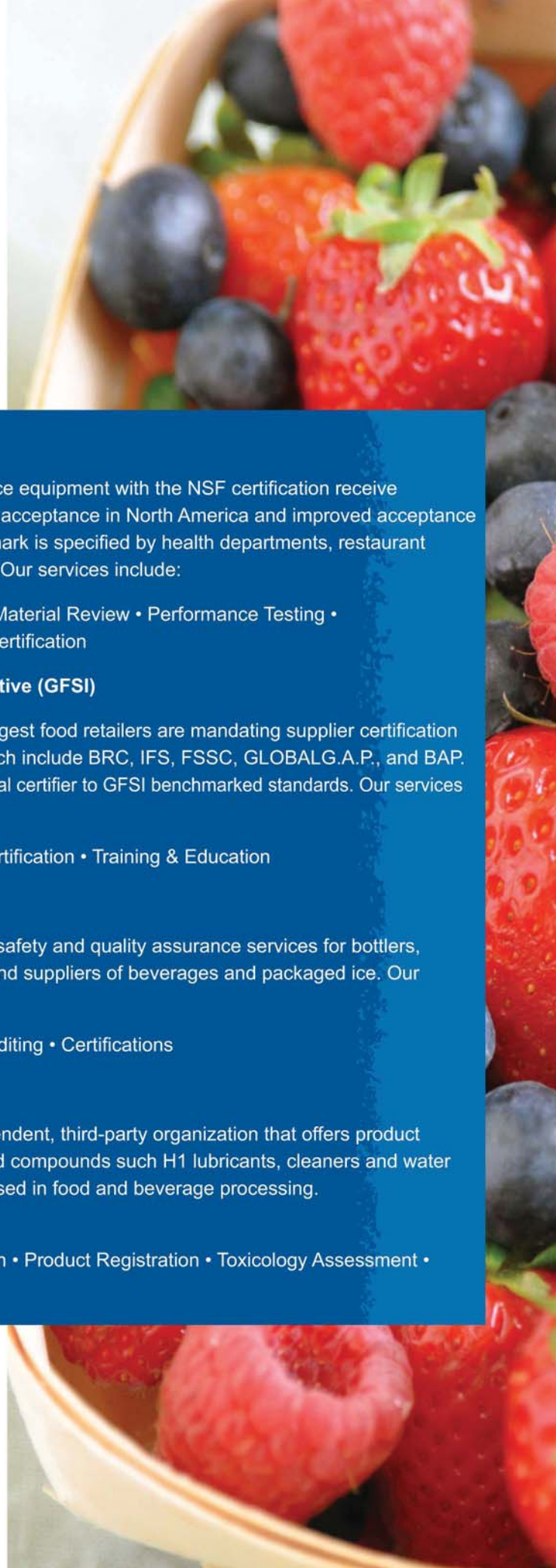
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# Trends & challenges in Retail

**W**ith the rapidly changing profile of consumers the world over, it's a challenge for retailers to keep up with the shifting shopping demands. Shoppers today are more discerning and better informed about products and services, and expect a certain standard of shopping experience from retailers. This might be a global trend, but in today's globalised environment similar consumer trends may be replicated across most local markets — including India.

Each local market has its own distinct characteristics and retailers need to adapt themselves to stay ahead of the game. Processes and approaches, which work in the home country of a brand, may not necessarily work as efficiently in other geographies. Local preferences, traditions, tastes and preferences, besides real estate dynamics — such as operating infrastructure and costs — have to be kept in mind for a successful foray into a foreign marketplace.



Despite the structural challenges and bureaucratic bottlenecks that the Indian retail market suffers from, global retailers have been queuing up to enter and establish their footprint in the market, as they are aware of its potential growth opportunities. Growth has almost plateaued in most developed markets, providing little room for retailers to drive their business expansion amid growing competition across segments. The Indian market, being largely underpenetrated, offers significant opportunity for growth — especially in segments such as F&B, fashion apparel, and luxury goods — due to factors such as an expanding middle class, rising disposable incomes, and a growing appetite for international quality goods and services

among Indian consumers. The Indian market, however, continues to face significant challenges to growth in the form of inadequate quality retail real estate space, restrictive legislation policies, and infrastructure bottlenecks. These challenges tend to impede India's retail story, and restrict the market from attaining its true potential.

Some key challenges that retailers face in India include real estate rentals; real estate quality; slowing consumerism; MRP constraints; and policy issues. The erstwhile Indian government's move to open the country's retail sector to foreign supermarkets has been anticipated for some time, and is regarded by market experts as being crucial to kickstart the country's flagging economy. According to the Confederation of Indian Industry (CII), such a move would likely increase the income of producers across sectors by about US\$ 35–45 billion per year, creating approximately 3–4 million jobs with retail chains, and about 4–6 million jobs in the logistics sector, other than creating a demand for more contract labour in distribution and repackaging centers and functions such as housekeeping and security.

Supporters of the new policy say the entry of international supermarket retailers will help bring down the soaring prices, make the retail sector more competitive, and help modernise its ageing infrastructure and distribution systems. Small and medium sized family-run retailers will survive, they say, as they offer a valuable local service that large supermarkets are unsuited to provide.

As FDI in multi-brand retail encompasses big ticket investments, individual as well as institutional investors should have enough policy incentives to encourage them into making commitments towards the retail sector in India. The key beneficiaries of such investment inflows would be the cities with population bases of one million or more, with phased benefits percolating to other locations as well. Vacancy levels would also drop as hypermarket chains would likely occupy large spaces across the cities. The country's logistic sector would also benefit significantly, as leading global players would be inclined to invest huge amounts in logistics and supply chain, which will help to reduce wastages and allow for faster delivery of perishable goods. **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](mailto:rakeshgambhir@imagesgroup.in)

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