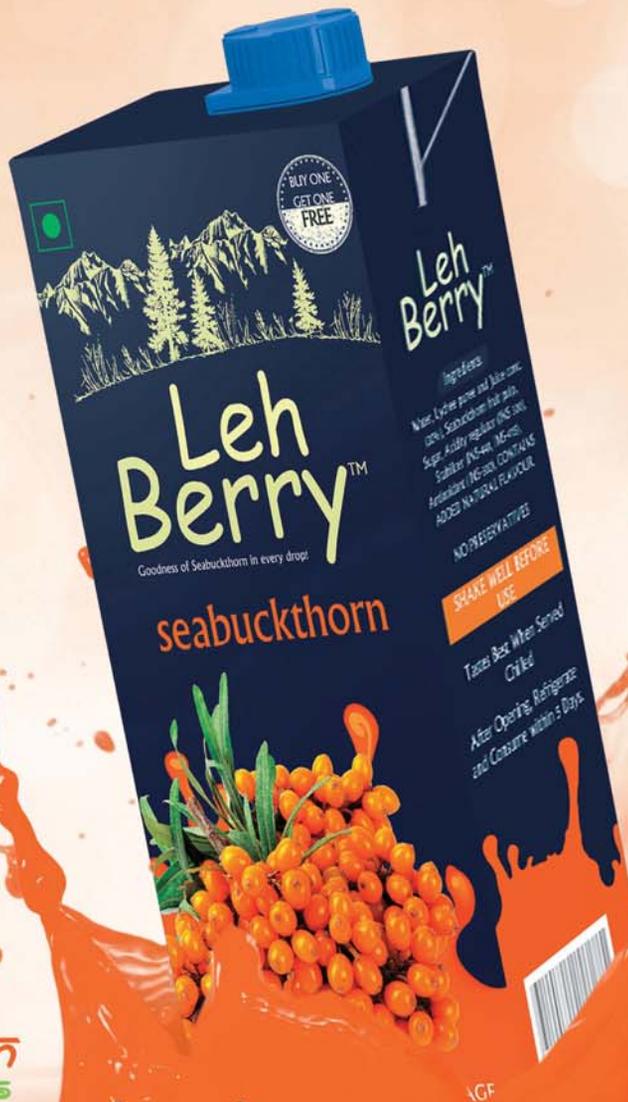


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The Indian consumer is a force to reckon with. A strong and growing middle class of 360 million, most of them being young, educated, well travelled, living in nuclear families and well aware of the global trends. They are concerned about the quality of their food and they don't mind spending more on quality food, especially for their kids.

This upward mobility of consumers is also influencing food trends. Imported global food, specialty food like organic food, functional food and other pure forms of food like vegan food are becoming a part of the food habits of most city slickers. But the more heartening thing is that even people in smaller cities are now opting for more protein, specialty grains, healthy options of refined food, condiments, wines and healthy sides. They are more open toward experimenting with a variety of food options not only from other states of India but also from global destinations.

This huge demand from small towns and rural markets has not gone unnoticed. Retailers and marketers realise that the next set of large consumer groups is to be found in rural and semi-urban areas. They have already started taking steps to make inroads in these markets, which will become major catchments in the next 5-7 years.

I expect the next phase of revolution – in terms of growth – in the food sector to come from tier-II & III cities and rural areas. If the economy has to grow 8-10 per cent, then there is no way that it can happen without investing in these emerging pockets. That is where the future demand will come from.



Amitabh Taneja
 Editor-in-Chief

All feedback welcome at editorpgindia@imagesgroup.in

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Selling to 10 million grocers in India

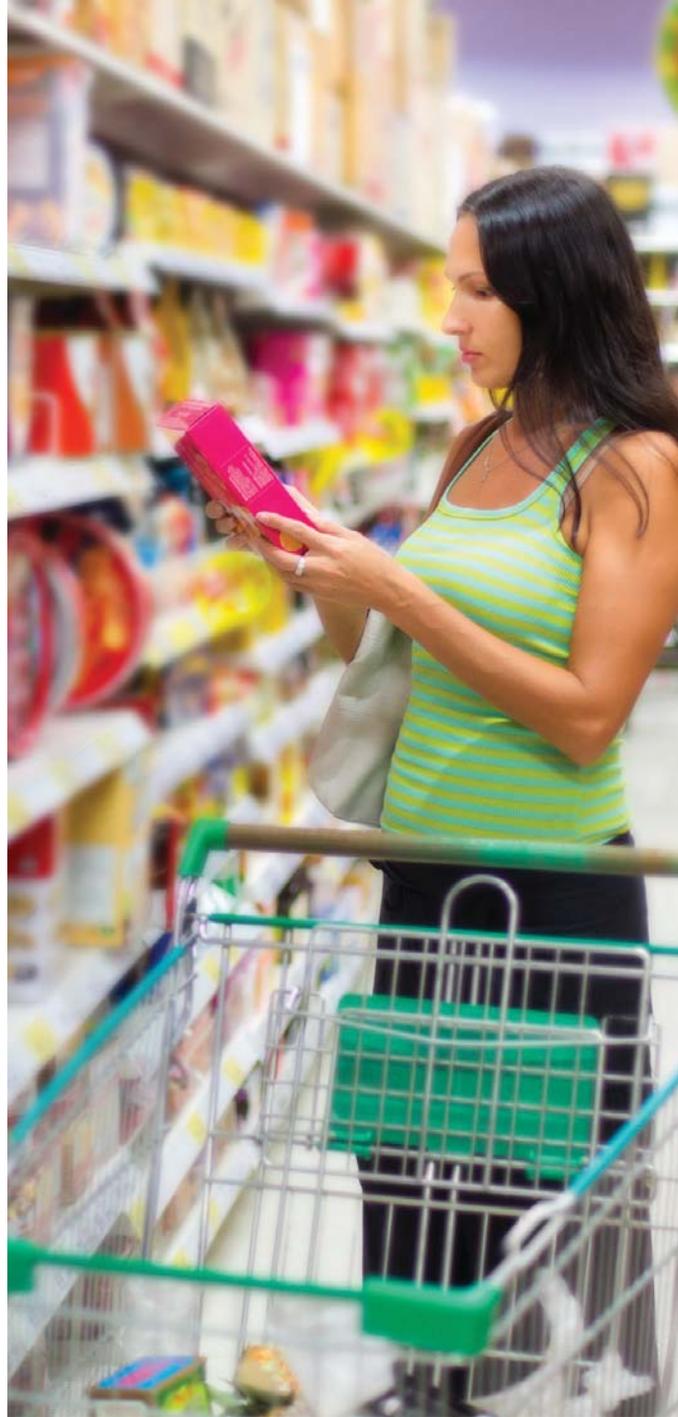
Selling is as old as the hills. It started with Eve persuading Adam to eat the forbidden apple. So selling is an ancient art. Selling in a complex country like India is also a science, requiring a deep understanding of trade dynamics, consumer behaviour, retailer psychology, and markets. Selling is a very challenging profession in India, where millions of consumers enter the market daily.

In this article, the first in a two-part series, **Rajendra K. Aneja** – a retail veteran with experience of working for 28 years with Unilever in Asia, Latin America and Africa – illuminates in the light of his vast repository of knowledge and experience in the Sales domain, how FMCG companies should go about cracking the challenge of ‘selling’ in a complex retail market like India.

“Baniyon se seyono,
so dewano”

(He who claims to be wiser than a grocer, is a fool)

– Birbal, Counsellor to Emperor Akbar



Patricia and I went shopping last week. We bought some apples and cauliflower, from street shops in Colaba, Mumbai. The fruits and vegetables were laden with dust. Now, Patricia after a decade in Dubai, is habituated to shopping in air-conditioned hypermarkets, where 11 varieties of apples, 8 varieties of oranges and 7 varieties of tomatoes sell after cleaning, grading and packing. “Where is the supermarket in Colaba?” she laments. I explained to her that the high real estate prices make supermarkets unviable in South Mumbai. Patricia was confused.

A month ago, on a drive from Delhi to Muzzaffar Nagar in west UP, we had stopped at “Lal Kisan Hatti”, in a village to buy some bottles of mineral water. The shop overflowed with consumer products

viz: hair oils, shoe polish, ball-points, washing powder, razor blades, biscuits, savouries and snacks. They were piled on shelves and floors, haphazardly. But Lala Lal Krishan did not have the inclination or time to arrange all stocks systematically. “Does he not realise his sales will increase if he operates more systematically?” queried Patricia.

The sales of Fast Moving Consumer Goods like toilet and laundry soaps, dishwash liquids, detergents, shampoos, toothpastes and toothpaste, snack and packaged foods, shaving products, shoe care products household accessories and electronic goods are booming in India thanks to its vast and diverse market.



India's complex retail market

This voluminous market is scattered across 5,000 towns, urban conglomerates and 6,38,000 villages. Therefore, to reach the 1.2 billion Indian consumers, through approximately 10-12 million grocers, is a daunting challenge. No other country in the world offers such boundless opportunities, accompanied by knotty complications. Every day is a challenge, despite good systems, due to poor infrastructure, logistics, untrained manpower and “short-term gain” mind-sets of traders.

Selling to India is also complicated by the massive variances in culture, consumption habits, income differentials, etc., within the vast country. The Gujaratis flavour all their dishes with sugar, Andhraites love chillies, Punjabis love all things made of “paneer” or in the “tandoor”! Income and wealth disparities in India are mind-boggling. About 25 per cent of Indians subsist on 1-2 USD per day, but the rich Indians in cities have life-styles, which cost USD 20,000 and above per month.

Translating sales vision into reality

The vision of any bright company should be to render excellent customer service and ensure its products reach every customer in the shortest time and lowest cost.

Sales is one of the most important activities in any organisation. Sales management converts

the finished products of the company into money. This money enables the company to buy fresh raw materials to produce more products. Sales is like the ignition key of a car. The car moves only when the key is switched on. Similarly a company runs as long as people buy its products.

Here are 11 building blocks to convert the sales vision into reality. I will discuss five of these building blocks now and the rest in my next write-up.

Build a strong distributor system

The distributors are the first customers of the company. They buy products from the company to distribute them to over 10 million grocery shops



Selling to India is also complicated by the massive variances in culture, consumption habits, income differentials, etc., within the vast country. The Gujaratis flavour all their dishes with sugar, Andhraites love chillies, Punjabis love all things made of “paneer” or in the “tandoor”!

in India which sell tooth powder and salt to 1.2 billion customers in India. About 70 per cent of the country's population, i.e. 840 million people, live in about 6,38,000 villages. Another 360 million Indians live in urban areas, scattered in about 5,000 towns and cities. Modern trade, i.e. hypermarkets and supermarkets are at a nascent stage of growth, accounting for about 4 per cent of the business.

It is impossible for any company to cover these scattered markets on its own. Consumer product companies rely on a robust distributor system to supply products to the eventual consumer. Company depots supply stocks to distributors, who in turn feed wholesalers and retailers in the urban and rural markets.

Distributors are long-term partners of the company. It is wise to choose them prudently and then keep them with you. Companies that have a track record of keeping their distributors with them, over decades, always prosper. Over the years, distributors imbibe values of the company and master the operational practices. They are thus able to operate independently, without inordinate supervision. A strong distributor network is like a strong steel framework for any company.

When I commenced my career with Hindustan Lever as a young Sales Manager for foods, in 1975, Dalda vanaspati was also in the portfolio. It was a highly sensitive product. It was frequently subject



No company can distribute stocks directly to 10 million retail outlets. At best, the largest of companies can hope to service 2 to 3 million outlets at weekly, fortnightly or monthly intervals. Hence, wholesalers service the bulk of outlets in any developing economy

to central and State government price and supply controls. Therefore, during the festival periods like Diwali, when demand was at its peak, the product was often in short supply. I had a massive spreadsheet in front of me allocating Dalda to distributors, based on past sales patterns and demand forecasts.

A particular distributor however wanted a full truck of the product, i.e. 10 tonnes, which was unheard of. I stood by my youthful idealism and professionalism and would not despatch more than a tonne to him. Finally, the Marketing Director Mr. J.C. Chopra summoned me to his room. I went with a dozen spreadsheets to explain my intransigence! He made me sit down and then counselled me very gently about how to service sensitive markets. "Our distributions are under severe pressure from local authorities, the trade, and from consumers. You should heed these concerns. You should travel to these markets, talk to the distributors, understand their problems and help them to resolve the inconveniences. Treat them like your partners, take them into confidence," he advised me.

I took his counsel to heart. Since then I have always spent ample time in the markets with distributors and shopkeepers and learnt many valuable sales and marketing lessons from them. They have taught me more than an MBA in marketing could.

Most distributors in India are family-based firms, with medium sized turnovers, ranging between 100,000 USD and 200,000 USD per annum. The advantage of family distributors is that the distributorship/business passes smoothly from one generation to the other. In countries in Latin America and the Middle-East, most distributors would have a turnover of 5 to 50 million USD. The distributors in these countries run their operations like professional companies. Indian distributors are smaller than their foreign counterparts and are hence more manageable.

To gain the respect of the distribution system, it is critical to maintain high levels of professional integrity in the entire system at all levels. One of the first lessons imparted to us at Hindustan Lever was not to have any personal financial dealing with the distributors.

The then Chairman Mr. T. Thomas was on a tour of the Raipur-Bhilai region in 1977. I was responsible for the arrangements for the trip. On arrival at the hotel in Bhilai, I noticed that the bathing soap offered by the hotel was unsatisfactory. I therefore replaced it with Lux in the rooms to be occupied by the Chairman and the board members. On checking into his room, the Chairman took me aside and asked me how Lux soap had made it to his room. I explained that I had it done. "Who has paid for it?" he asked me. I told him we had. The Chairman was concerned that we should have paid the distributor for the 5 tablets of Lux toilet soap that we had used. I was very impressed! Here was the Chairman of the largest soap company in India, selling some billions of tablets of soap every year, checking whether we had paid the distributor for the five tablets, we had taken from him. Such professionalism in dealing with the trade builds the long-term reputation of the company.

Later, during a rural market visit in Jalgaon, Mr. R. Gopalakrishnan (the then Sales and Marketing Manager, Foods, and my boss, and later Director, Tata Sons), told me that when Lever was run by British managers they were so fastidious about integrity, that they would pay for the tea that they had at the shop of the distributor.

Comprehend the wholesaler-retailer matrix

The wholesaler is the fulcrum of the Indian distribution system, as in most developing markets. India has about 2-3 million wholesalers and semi-wholesalers scattered across the country. Wholesalers buy in bulk from the company or from the distributors and then re-sell to scores of sub-wholesalers and retailers in the urban and rural areas. They break bulk, lubricate the market by providing credit, and ensure widespread availability of products.

Wholesalers have a fiercely loyal clientele of retailers. Many retailers deal with the same wholesalers for generations. No company can distribute stocks directly to 10 million retail outlets. At best, the largest



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of companies can hope to service 2 to 3 million outlets at weekly, fortnightly or monthly intervals. Hence, wholesalers service the bulk of outlets in any developing economy. Smaller companies that do not have the infrastructure to service rural markets on their own, depend on wholesalers in urban markets to reach their products in the villages. No company can thus afford to ignore or annoy the wholesalers.

Wholesalers, being a powerful force, buy in bulk and can then offload stocks at inopportune times and disturb market prices. They also sell across the country. So, whilst they ensure supplies across the country in urban and rural areas, they can also destabilise market prices. Wholesalers chase rapid turnovers (“rotation” in local parlance), hence they sell even at low margins, if they can rotate their capital and stocks quickly. Thus, sales to wholesalers and their selling prices have to be monitored tightly by companies to ensure price-stability in the markets.

Rule the rural markets

A consumer product company that does not operate in the rural markets of India is doomed. More than half the market for most consumer products now exists in the villages in India. Moreover, the share of the rural markets is growing.

However, tapping the rural markets of India or any developing country in Africa, the Middle-East or Latin America is tedious and expensive. It requires management commitment, a mind-set through the company’s management and field force and a clear budget. A foray into the rural markets also requires patience because sometimes the results are slow in coming.

Moreover rural marketing efforts have to be focussed. For instance, 2,36,004 Indian villages have a population less than 500, while 3,976 villages have a population of over 10,000. The investment required to reach villages with a population of less than 500,

is significantly higher than to reach villages which have more than 10,000 inhabitants. Most FMCG companies do not build systems to service villages with a population of less than 500. The cost of servicing them by vans or motor-cycle is very high and they are best serviced by wholesalers in larger villages, also known as “feeder markets”.

An entry into rural markets thus involves constructing numerous building blocks. The major building blocks are:

- Study of buying habits and usage patterns of company brands amongst consumers.
- Review of products and packs for market suitability.
- Appointment of rural distributors and sub stockists.
- Formation of detailed coverage plans for the village outlets to be covered on a regular basis.
- Determining the modus operandi/vehicles for distribution and delivery of stocks to wholesalers and retailers.
- Initiating grass roots rural programme, deploying locals to publicise or sell small products.
- Initiating rural distribution, and propaganda vans.

The senior management of the company must signal the importance of rural markets by participating in review meetings, visiting the markets and providing adequate funds for rural operations.

Treat the retail shop as a temple

“Stop smoking! Never, ever smoke when you are making a sales call. If you need to smoke, take a short break and then resume your sales call,” counselled my boss, Mr. D. B. Patel, the General Sales Manager of Foods. I had been recruited as a management trainee by Hindustan Lever in 1973 and then put through six months of rigorous training in the field. At the end of this period, my boss had flown down from Bombay to work with me in the market for two days in Indore and Bhopal, and then decide whether I was to be retained or jettisoned. And, I was callously puffing away at a cigarette, as I sweated to sell 2 tins of 4 kg Dalda to a tough retailer.

I thought my goose was cooked, and I would be asked to leave the company. What ignominy, I thought, after preparing for months for this crucial “contact” (read “exam”), I had to botch it all up by smoking during a sales call! Fortunately, Mr. D.B. Patel took a more generous view of my market etiquette and let me get confirmed.

The incident taught me to show complete respect to any shop I entered to sell the products of the company. The shopkeeper is the first customer of any company. Only if he buys the products, stocks them, merchandises and displays them, will the eventual consumer buy them. Therefore, we have to be

Most FMCG companies do not build systems to service villages with a population of less than 500. The cost of servicing them by vans or motor-cycle is very high and they are best serviced by wholesalers in larger villages, also known as “feeder markets”





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The organised sector contributes a mere 4 per cent of India's retail market, estimated at 400 billion USD. The organised sector compromises 20 per cent in China, 30 per cent in Indonesia, 40 per cent in Thailand and 55 per cent in Malaysia

extraordinarily sensitive to the feelings and needs of the simple grocer, in every village or town. He does not need the company. The company needs him. So if he offers you an over-sugared cup of tea, sip it as if it were the best cup of tea in the world.

It is a mistake to take the simple village shopkeeper for granted and try to over-sell to him or dump stocks in his shop. He knows what his consumers buy, and how much they buy. We have to listen to him and defer to his judgement. He may be illiterate or a simpleton, but he is the person who sells/delivers our products to the consumers. "It's not the employer who pays the salaries, it's the client," sums up Henry Ford very eloquently.

Listen to the retailer

"If you want wisdom, visit many tents," is ancient Arab folklore. In every tent in the deserts sit experienced men who have many lessons to impart. Thus, say the Arabs, the more tents you visit, the more will you learn. Similarly, the more shops you visit in the "bazaars" of India, the more will you learn.

The shopkeeper inter-faces regularly with the consumers who buy products. He is a gold mine of information about consumer preferences, buying patterns and whims. The retailer is most happy to share his fund of knowledge, wisdom and perceptions, if you are willing to listen.

"Our best ideas come from the shop-floors," commented Mr. Sam Walton, founder of the Wal-Mart chain of stores. Mr. Walton, as Chairman, spent a lot of his time on the shop floors talking to his sales staff that interacted firsthand with customers.

Many CEOs do not appreciate, that their primary job is to listen to their customers. They waste their time monitoring the stock markets and share prices. They should realise that if they look after their customers, the stock market and share prices will look after themselves.

Prakash Tandon, the first Indian Chairman of Hindustan Lever, regularly visited distributors and retailers, to study the health of the business. Dalda vanaspati was a focus brand of HLL in the 1950s.

Now Dalda tins get dirty due to the soot from passing vehicles. Mr. Tandon would take his clean, white, neatly pressed handkerchief from his pocket and clean the Dalda tins himself in the shops, to set an example to the selling team. He also had no qualms about squatting on dusty gunny bags of sugar or wheat in the shops, despite wearing a fresh suit whilst chatting with shopkeepers.

Sometime in 1989, Susim Datta, the then Chairman of Hindustan Lever Ltd., and I were talking to a retailer in Indore on the performance of Lux toilet soap. The retailer launched into a major advocacy of why the company should introduce a white variant of Lux, on realising that he had the opportunity to make his voice heard at the highest level in the company. After 45 minutes, I was restless because the retailer had thrown our entire itinerary out of gear. However, the Chairman was very pleased. He was convinced that we needed to launch a white variant of Lux toilet soap.

Within a few weeks, the soap was launched! Mr. Susim Datta called me to his room, and asked me to visit the shopkeeper in Indore and present him with three tablets of white Lux with his compliments.

This type of sensitivity to feedback from shopkeepers and customers ensures winning brands. It also cements respect for the company. A company which listens to its shopkeepers, employees and consumers, is always successful.

It has been my practice, whenever I have managed a business, to spend every Wednesday in the market meeting customers and having face-to-face discussions with them about products, market trends, competition activity, etc. The visits kept me updated about the market, and they also kept my Sales teams sharp. **PG**

The author is Managing Director of a Consulting Group. He was Managing Director of a Unilever business and specialises in distribution, rural marketing and retailing. He was also a Sir Dorabji Tata Special Scholar throughout his education and a Government of India Merit Scholar.

To be concluded. Watch this space for next month's write-up on why FMCC companies should root for the expansion of Modern Trade in India

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How to increase sales throughput

Various analysts and industry reports suggest that modern retail trade will see more than a six fold increase in revenues over the next five years. In numerical terms, this translates to a CAGR of 17 per cent, reaching an industry turnover of \$1.3 trillion by 2020. The share of modern trade in this industry will triple (from 8 per cent to 24 per cent) in the same period.

How should the retail sector respond to this staggering growth?

By Sivaramakrishnan Narayanan & Atif Malik

The answer is certainly not simply opening more storesⁱ. The industry has to address this growth challenge through a combination of efficiency gains and effective supply chain management, in addition to opening new stores.

A recent BCG study on the Indian retail sector indicates that the sales throughput (sales/ unit area) is 20 per cent of that of international retailersⁱⁱ. This implies that smart planning; efficient operations and supply chain management alone has a huge scope of growth that can address consumer demand without the need of aggressively opening more stores.

As the industry grows and matures, the focus will slowly but surely shift to the sales per unit area metric. Eventually, we believe that this will transition into the profit per unit area metric. In

such a scenario, given a highly competitive, crowded market like India, what can the retail industry do?

A few things, in our opinion.

Squeeze a bit more

We know for a fact that floor space (or real estate) is the single largest infrastructural or fixed requirement in the retail industry. It is also true that the competition for real estate is the strongest in the urban centres. Rentals in high street in India are comparable to world averages. However, the mass market requires larger format retail stores and this will continue to be a challenge in urban centres in India.

This competition for space does have the effect of pushing up the rentals in the most attractive markets. However, retailers can ensure that they get a bit more from the existing floor space.



AN EXAMPLE CAN BE FOUND IN TESCO, SOUTH KOREA

Just like everybody else, South Koreans are busy at home and tired after a long day at work. So offering the opportunity to shop while doing something else has a lot of value. Tesco settled on commuters waiting for their train: they have time on their hands and they must have jobs, so they're likely to have money but little time.

Rather than expect them to search through menus labelled with tiny text that says such unattractive things as 'fish' or 'homeware', they plastered the glass walls of subway stations with pictures of their products, laid out just as they'd be in a traditional shop. The 'shelves' featured QR codes - squares filled with a black and white pattern, unique to the product in question, they're a more versatile successor to the bar code - which could be scanned by the traveller's mobile phone, building up a shopping basket in the few minutes before the train arrives. If your train comes before your basket is complete, you can carry on shopping without the pictures and codes if you wish.

Here, Tesco has effectively used advertising space and saved on more expensive floor space to drive revenues. A combination of technology, marketing and fulfilment effectively impacting Sales per Unit Area.

Focus a bit more

The future will require that a combination of technology, local awareness and marketing be employed to address customer needs. Some key questions:

- Who is a typical customer of your store?
- What does she want?
- Does she get what she wants as in your store?
- Do the items you stock deliver the best possible sales and profitability metrics?

In today's scenario, the modern retail stores stock similar assortment of products and run similar promotions across all stores. While this is certainly an efficient way of managing inventories and sales, whether it is effective needs to be examined. In a diverse country like India, there is likely to be variations across different suburbs.

AN EXAMPLE CAN BE FOUND IN INDIA

A large multinational Consumer Packaged Goods company wanted to assess retail coverage and brand loyalty of customers in a south Indian city for their detergent brands. They deployed point of sale data capture devices in several modern retail outlet in the city.

These devices captured data for the product category that the company was interested in not just for their brand but also the competitive brands. Overlaying the collected information on GoogleMaps and using business analytics tools, the company could derive information on the sales of the category in the different parts of the city and also the likely market share.

Thus, the company could create a mechanism to observe & capture consumer behaviour at the retail outlet, analyse the data and create solutions that aided effective fulfilment of demand or servicing additional outlets.



A somewhat similar approach has been taken by retailers in the Western world - Walmart, Macy's and Kmart. These retailers are designing marketing campaigns and stocking products that appeal to the growing Hispanic population in the U.S.^{iii iv}.

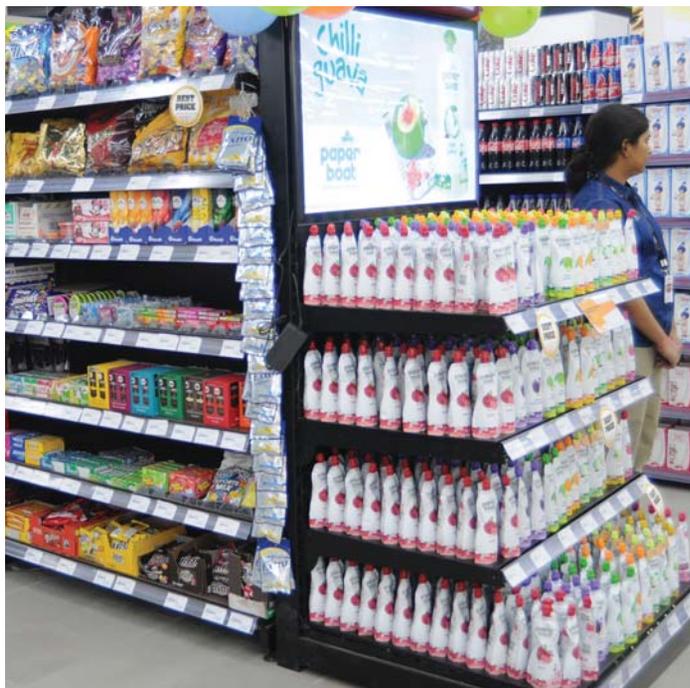
Be more responsive

How often do you go into a modern retail store to be told that what you are looking for is out of stock? The age where the portly gentleman at the cash-till knew what you wanted and made sure it was available to you is slowly going away.

Studies in the western world have shown that 72 per cent of stock-outs in modern retail are attributable to faulty in-store ordering and replenishing practices and the remaining 28 per cent are attributable to the planning and supply issues in the supply chain.

Of course, the problem also exists in reverse - over stocking of items that are not really in demand. The multiple offers, discounts and stock clearances provide enough indications in India of the extent of this problem.

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Stocks, excess or shortage, have a direct impact on sales and profitability. There are a couple of things that you can do to get more responsive.

Get on-shelf availability

On shelf availability is simply the ability of the retailer to provide the desired product (or SKU) when and where the shopper wants it. Today, this is one of the major challenges in India. Does this mean the stores are empty? No. The stores are stocked with merchandise that do not sell as expected – an inefficient use of expensive floor space.

In our view, this situation reinforces the need to determine a 'good' assortment coupled with better/automated techniques to manage orders and inventory. Lower performance in the on-shelf availability metric shows up in lower inventory turns in modern retail in India, as compared to international benchmarks. In specific instances, it has been observed that the modern trade in India is as low as 50 per cent of the Western world on the inventory turns metric. According to a study published in 2013, organisations can expect close to a 10 per cent increase in revenue by improving the inventory turnover.

It is now a well-established idea that forecasting and inventory turns are closely connected. Adopting standardised demand estimation or forecasting approaches in addition to better inventory planning can improve your in-store availability of products. Multiple studies have established that each time a product is not available, your customer would want to (i) substitute, (ii) delay the purchase, (iii) leave for another store, or (iv) cancel the purchase. In each case

there is a revenue leakage – and a negative impact on sales or profitability per unit area. Addressing this dimension is in your control – with the right set of tools and solutions. Simply put, for every 1 per cent increase in forecast accuracy, one can get an approximately 0.2 per cent increase in revenue^v.

A nuanced approach – combining demand assessment, inventory management, and marketing and promotion activities will provide an answer to the on-shelf availability question.

Streamline your operations

Creating an operational process framework and adhering to it is one of the best ways to ensure consistent customer service and product availability^{vi}. You would need to define the operational process frameworks in a manner that promote customer responsiveness and improves her experience rather than making the purchase cumbersome.

Task your store operations team to observe the shelves on a daily basis to identify items that are not displayed but available in the inventory. Establish triggers on exceptions to notify the store manager about restocking the item back on display before declaring a stock out.

Establish standard and repeatable processes for logistics – inbound and outbound. Your customer expects that you will provide for her needs in the shortest possible time. In today's world, this is a shrinking window. Hyperlocal start-ups commit and fulfil customer orders in under an hour. Better planning and execution will ensure consistent fulfilment of your customer's demand without costs getting out of control.

Finally, establish continuous training of your staff. Our earlier articles have demonstrated how hiring of trained manpower and investment in training the in-store staff can greatly improve customer experience in the store – shorten waiting time, returns, etc.



G R E E K W I N E S

NECTAR OF THE GODS

Not many people know that Greece is one of the oldest wine-producing regions in the world. It's no surprise then that some of the best wines of today come from there.

Through the course of Greek history, from antiquity to the present, both vineyard and wine have always been playing a decisive role in its people's everyday life. The contemporary Greek world of wine can boast of worthy spokesmen. Among them, VAENI Naoussa Co-op with the high accolades it has won and the awards gained from participation in international competitions, has come to be known as one of Greek wine's most eloquent ambassadors worldwide!

Naoussa in Macedonia has been associated with the vine since ages and is known for its exquisite wines. Its excellent wine travels all over the world. Well-structured and precious, this wine justifies its reputation. The grape harvest is known to be the chief wine celebration, an occasion to organize unique events of various contents. These celebrations include visits to local wineries, representation of the traditional vintage by folklore clubs, musical events, horse riding and numerous folk events.

The VAENI Naoussa Co-op is one of the most highly progressive wine-producing units in Greece. It is a giant producer representing 50 per cent of the local wine production, which comes from an area renowned for its exquisite red wines. The co-operative counts 200 members - all

co-operative counts 200 members - all experienced vine growers – who are driven by their profound love for quality wines. That vital human factor, combined with the use of advanced technology, guarantees the quality of the wine, which is mainly sourced from Xinomavro, an indigenous variety dominating northern Greece. The co-operative owns a current acreage of 2,3 hectares (23 stremmata), 2 of which are planted with the Merlot variety and the rest 0,3 ha with the Xinomavro variety. Planting density is 3.300 plants per hectare.. The extensive product range includes various red, rosé and white wines OPAP Naoussa (quality wine) and Topikos Oinos (country wines).

Superiority in Technology

From the very beginning, the wine co-operative has put emphasis on high-standard technological equipment. This rarely found superiority in this sector, ensures high quality in every stage of production, beginning with the grape-harvest, the selection of grapes, transportation, weighing, sampling, stemming, crushing, vinification and ageing in casks and bottles. The technological superiority reveals and reflects the profound interest and love for the wine among the cooperative and its members.



Get your pricing right

It is a complex topic – what is the right price? There is a lot of sophistication in the solutions around pricing, but still it remains an inexact science. Henry Vogel of the Boston Consulting Group likes to remind clients that raising prices by 1 per cent can boost profits by up to four times as much as a 1 per cent cut in overheads and fixed costs^{vii}.

Reducing prices on less popular items can help drive volume sales helping you clear out obsolete inventory and improve inventory turns. Increasing and decreasing prices on items, or even during times of the day, can maximise total contribution. This is



Get more from your customers

In the near future, the modern retail industry in India will drive ever greater focus on efficiency and effectiveness. Product availability, customer engagement, customer service parameters will support the effectiveness dimension while planning, forecasting, layout management and logistics will support the efficiency dimension.

In each of these areas, technology is playing a central role. Consistency can be achieved in your operations by a judicious selection of solutions and a systematic implementation programme.

Collect information about your customers methodically and work on a fulfilment approach that gives her the maximum return on her time. This was and remains the most effective way to build an exit barrier.

In today's world fulfilling your customer's expectations is an increasingly complex process. Oftentimes, the compromises between customer fulfilment and staying profitable are tricky and non-intuitive.

But, a systematic approach to the solution is what is required for your store to start showing results! **PG**

The writers Sivaramakrishnan Narayanan and Atif Malik are Managing Principal and Manager respectively with CGN Global - Indian Operations.

In today's world fulfilling your customer's expectations is an increasingly complex process. Oftentimes, the compromises between customer fulfilment and staying profitable are tricky and non-intuitive

now in the realm of the possible. Kohl's Corp. uses electronic price tags in 1,200 stores to change prices for busy and slow times to maximise contribution.

The levers that influence pricing are demand, competition, substitutes and cannibalisation. Mature online retailers like Amazon and airlines are sophisticated in managing price, reacting to price influencers in as little as an hour.

Get your customer service and aesthetics right

Store layout influences the customers' perception of the store and helps her in deciding her spend. Store atmospherics, store layouts & planogram and in store customer service have the largest impact on consumer buying patterns, as per a study published in 2014^{viii}.

ⁱ <http://www.ibef.org/>
ⁱⁱ <http://www.bcgindia.com/documents/file181823.pdf>
ⁱⁱⁱ <http://www.marketwatch.com/story/wal-mart-open-stores-targeting-hispanics>
^{iv} http://www.nytimes.com/2013/12/05/business/to-expand-reach-retailers-take-aim-at-hispanic-shoppers.html?_r=0
^v Institute of Business Forecasting and Planning
^{vi} <http://www.tcs.com/SiteCollectionDocuments/White-Papers/On-Shelf-Availability-0315-1.pdf>
^{vii} <http://www.economist.com/node/1143622>
^{viii} <http://www.ijstr.org/final-print/aug2014/Retail-Shoppability-The-Impact-Of-Store-Atmospherics-Store-Layout-On-Consumer-Buying-Patterns.pdf>

5 reasons

why poha is the powerhouse of nutrition



Easy to cook and easy to eat, the Poha is also beneficial as a good source of nutrition and energy.

It is one of the few Indian dishes that can be found on breakfast tables, eaten as lunch or even a quick evening snack. Prepared from flattened or beaten rice, it takes almost no time to cook and is highly nutritious.

Poha is prepared by parboiling, flattening and then drying rice which takes the form of thin flakes at the end of the process. Poha is a versatile dish and can be prepared in a variety of different ways. Let's take a look at the many nutritional benefits of the humble Poha.

Packed with iron: Poha is packed with iron, eating Poha regularly can help prevent iron deficiency or anemia.

Feeding softened Poha to an infant is a great way to add dietary iron in his/her diet in the post weaning-period. Iron helps the body to form hemoglobin that carries oxygen to body cells and also builds immunity.

Squeezing a lemon into the Poha can help improve the iron absorption level.

A complete meal: Poha stands out as an excellent meal option because it can mix with almost anything and still taste fantastic. Add mixed vegetables to Poha rice flakes in order to make it rich in vitamins, minerals and fiber. Add sprouts, Soya nuggets, peanuts or even meat or boiled eggs to make a well-balanced and high-protein meal.

Poha also makes for a tasty and healthy packed lunch option for toddlers and office goers.

A good source of Carbohydrates: Carbohydrates in a bowl of Poha are a major source of energy. This makes it an ideal option for breakfast. It can be eaten as a snack instead of unhealthy options such as chips and biscuits.

Carbohydrates are essential as they help our body store energy and thereby perform various bodily functions.

Very low on gluten: These days, many people are cutting down on food grains like wheat and barley in order to avoid gluten. Poha has very low amounts of gluten which makes it an excellent health sensitive option for a meal.

Good for diabetics: Poha is considered to be a great meal option for diabetics as it promotes the slow release of sugar into the bloodstream and also keeps you full for a longer time.

A single serving is enough to keep you going without experiencing hunger pangs and thereby indulge in unhealthy sweets or junk food.



Poha not only saves time and is delicious to eat but also provides much needed nutrition into your diet.






Ramesh Menon
CEO, HyperCITY

Smart is as smart does:

HyperCITY shows its mojo

HyperCITY's just launched its latest 49,000 sq. ft. store in Noida at Logix City Center, the third such store to come up in Delhi-NCR. About seven months ago, HyperCITY launched its first store in Delhi-NCR at Noida's Garden Galleria mall and added another in Janakpuri, West Delhi in January. It now has plans to expand in NCR with more stores in Noida, Ghaziabad and Gurgaon in the near future. What caught our attention though, at the new Noida store, was the new look of the store that connoted space, convenience, and freshness without compromising on value. HyperCITY seems to have repositioned itself with a new look and positioning statement, which is quite against the trend of retailers chasing the discount retailing model.

Progressive Grocer caught up with HyperCITY's newly appointed CEO Ramesh Menon and discussed with him about his plans and vision for taking the company forward in the company of his colleague Manoj Jain, VP Marketing, Visual Merchandising & Loyalty.

By Sanjay Kumar



The mood at the inaugural launch of HyperCITY store at Logix City Center in Sector 32 Noida is festive. There are bunting and colorful pennants all around announcing the launch of the store and streams of visitors can be seen making their way into the store either to have a look or to partake the thrill of buying from a hypermarket that has just been unveiled. The overall look and layout of the store is very impressive and experiential. Salespersons, in smart uniforms, are cheerfully greeting the customers who amble between the aisles deciding to pick up the products they have on their mind. With plenty of shoppers moving around in the first hour of the store's opening, it goes without saying that the store will act as a magnet for consumers in Noida who are looking to experience a superior shopping experience and a differential product. The location of the store is an added advantage for HyperCITY. It will have ready access to consumers who understand modern retail and prefer shopping in modern retail outlets. In fact, the premium location of the store is in line with the retailer's strategy of opening its outlets only in the top catchment areas across the country.

Founded in 2006, HyperCITY Retail is part of the K. Raheja Corp. Group, a leader in the Indian retail sector. K. Raheja Corp helped create modern retailing in India with Shoppers Stop, Inorbit Mall and Crossword chains, in addition to its successes

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Manoj Jain
VP, Marketing,
HyperCITY

While HyperCITY is partnering with marquee FMCG names for advanced category management at its stores, it is also allying with hundreds of smaller vendors to participate in stocking its stores and for providing a uniquely rich assortment. This is a critical brand differentiator of HyperCITY

in realty and hospitality. Over the past 10 years of its founding, HyperCITY has opened 19 stores till date, prompting some to point out that the retailer has been slow and overly deliberate in expanding its chain. “I would say that we haven’t gone for indiscriminate expansion by opening stores in unviable locations. We stick to our strategy and our positioning is very clear. We are very clear about who our consumers are. We are primarily focused on the top 5-10 metros and mini metros and only if a really good opportunity comes to us to go to Tier 2 cities or State capitals in the right catchments, will we look at them,” says Ramesh Menon, the new CEO of HyperCITY, who took charge about three months ago.

Clear positioning –something fresh everyday

The positioning of HyperCITY is very clear. It states it upfront on the door loud and clear. – ‘Something Fresh Everyday’. It seeks to cater to the modern cosmopolitan aspirational consumer, which is a growing segment across its top towns. For HyperCITY, it is not about catering to the mass market or the bottom-of-the-pyramid – a broad swathe of the population that is being wooed by other market players. “We are very clear that we will expand in the catchments that have the kind of customers that we are looking for and we speak to. We are very clear about who our target customer is – she is a typical homemaker/working professional, 25-35 years old, with a cosmopolitan outlook, who is aspirational, aware and exposed, possibly well-travelled, and largely digitally aware. That’s the kind of consumer we want to cater to. Our range and assortment speaks to them and we try our

best to ensure our stores are in the catchments that really serve these customers”, says Menon. With a clear demarcation of the consumer segment it wants to reach out to, HyperCITY has established a presence in cities such as Mumbai, Hyderabad, Bangalore, Amritsar, Bhopal, Navi Mumbai, Panvel, Ahmedabad, Vadodara, Pune, and Delhi-NCR.

In fact, HyperCITY’s expansion strategy all along has been to go where its consumer is. So, be it its store in Malad, Mumbai, its store in Thane, Hyderabad, Bangalore, or Pune...they stand in locations where the stores can easily cater to the clientele of its choice. HyperCITY remains wedded to this location strategy and its plan to open upcoming stores will be along its established guideline: to open stores in select catchments that offers the retailer a large pool of these consumers. “We will be opening new stores in Bangalore, Hyderabad, Gurgaon, and other places...but all of them will seek to strengthen our particular customer base with the focus on finding the right catchments,” says Menon, who has plans to open



three more stores this year. “We will be opening our 20th and 21st store around Diwali and another new store in the first quarter of next year,” he informs. HyperCITY is looking to cover a retail operational area of 1.5 million square feet by the end of this year.

The future expansion plans of HyperCITY will not be necessarily limited to increasing its physical store count or a purely geographic expansion. The retailer is more interested in cutting a big swathe across its preferred consumer base and engaging with them more intently than ever. So its future expansion strategy is built around a judicious mix of both offline and online expansion, which it feels will help to best serve its customers. It wants to be a much bigger company in the future but without diluting its focus on its customer demographics and psychographics and by serving them through both offline and online – in a sense wherever and whenever the customer wants for whatever she needs.

Tastes of India in the assortment

As far as assortment is concerned – which is HyperCITY's star draw – the question is how can it straddle across the bewildering range of domestic and international tastes and cuisines that sit on the dining table or kitchen of its target customer? To ensure that its assortment is rich and varied and is appealing to its customer base, HyperCITY has collaborations with all kinds of International & National FMCG companies including the biggies like HUL, P&G, Kellogg's, and many others. Invariably, HyperCITY is one of the preferred retailers for big FMCG companies who prefer to launch their products with the retailer. But what the retailer is really proud of, is its collaboration with many small vendors from specific regions in the country specializing in very niche product areas. It is these vendors who have been instrumental in creating the wide and eclectic mix of assortment that one finds at HyperCITY stores.



So whether it is about stocking a particular kind of Atta from Madhya Pradesh or Maharashtra to having a very exclusive range of chutney powders from Andhra and other exotic and ethnic product range like masalas and spices, and many other kinds of products from different parts of the country, they are all part of the rich assortment at HyperCITY stores. "I have vendors from West Bengal, Tamil Nadu, Kerala, and other regions, who are supplying to us very specific and exclusive products of those regions that are rarely available with most other retailers. For each of these very special products sourced from specific regions across India, our customers don't have to go out hunting from pillar to post to get these products. They are all available on the shelves of our stores located in major metropolitan markets. You don't have to ask your mother or mother-in-law back home to get you the product you are looking for,"



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says Menon. For instance, in an upmarket suburb like Noida, the retailer takes pride in catering to the tastes of all the communities residing in the locality. “Bengali families can find the best quality for all their favourite delicacies – from fish, seafood, kasundi, jharna ghee, and chana chor garam to jhalmurri and other assorted snacks. Similarly, a person from Kerala can find his favourite brands across spices, attas, snacks, pickles and mixes at our stores,” says Manoj Jain, VP Marketing, Visual Merchandising & Loyalty, HyperCITY Retail. “Similarly, like the range we offer on local and regional assortments, we follow the same strategy when it comes to gourmet & international products. We offer you everything from across the world from

Food & Grocery. As such the category contributes above 50 per cent of the overall business of HyperCITY, the balance coming from other categories such as Apparel & Footwear, Homecare, Home Needs & Appliances, etc. “Food and grocery is our biggest category and it is something that actually drives footfall to our stores,” says Jain. In the foods category, the biggest growth category is packaged food & fresh fruits and vegetables, especially the packed variety. “Due to the paucity of time and for the sake of hygiene & convenience, people like to come and pick up pre-packed fruits and vegetables. Within the fruits and vegetables range, exotic vegetables & seasonal fruits are growing,” informs Jain.

Food and Grocery forms the bulk of the merchandising at HyperCITY Retail. About 40 per cent of its store space is typically allocated to Food & Grocery. As such the category contributes above 50 per cent of the overall business of HyperCITY, the balance coming from other categories such as Apparel & Footwear, Homecare, Home Needs & Appliances, etc.



Thailand, Japan, Italy, France, and Mexico to an exclusive tie up with Waitrose of UK for their range of foods.” avers Menon.

So while HyperCITY is partnering with marquee FMCG names for advanced category management at its stores, it is also allying with hundreds of smaller vendors to participate in stocking its stores and for providing a uniquely rich assortment. This is a critical brand differentiator of HyperCITY, which is helping the retailer win customers by the truckload and keep them loyal and coming back for more. “If you look at the dining space in a typical upper class urban home, it has a food court feel to it: somebody is eating north Indian dishes, somebody prefers south Indian, kids like pasta, Thai and Italian cuisine...it is really a melting pot of cuisines that we are getting used to. The challenge for us is to cater to these diverse demands under one roof, which is why we are focused on sharpening and further refining our assortment,” explains Menon.

Fresh at the front

Food and Grocery forms the bulk of the merchandising at HyperCITY Retail. About 40 per cent of its store space is typically allocated to

According to Jain, the fresh produce section at HyperCITY is the star draw. “People nowadays are moving from other food departments to the Fresh department and we ensure that we have a complete and eclectic range of fresh products, including a full range of meat products – from fish, chicken, mutton, prawns and other seafood, all of which are fresh.”

In the frozen and refrigerated category, which accounts for about 3-4 per cent of the total space at a HyperCITY store, the stocks encompass a range of products extending from frozen pastes



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Add for magic



With about 5 million customers under its loyalty programme and about 1.8 million customers who visit HyperCITY stores every month, the focus of the retailer is to drive deeper and broader engagement with its customers and be able to serve them 24x7

and vegetables, cold-cuts, meat and fish, ready-to-fry products, kebabs, grilled chicken to vegetarian products such as spring rolls, samosas, paranthas, and many other kinds of frozen products. “In the frozen and refrigerated section, chicken nuggets and cold-cuts, ready-to-fry items are the hot favourites, especially during the holiday months as kids are on holidays & moms are looking out for food options,” says Jain.

And it’s not just about bringing the widest range and mix of food to its customers that HyperCITY is particular about. The retailer is also specially conscious about stocking fresh and natural products at its stores for which again it has a network of tie-ups with farmers and artisanal food producers across the country. For example, our mangoes are all naturally ripened and residue and carbide-free as are our other fruits and vegetables,” says Jain.

While a large portion of its assortment is food, the company takes pride in its general merchandise assortment and its range of fresh and fast affordable fashion. The range is completely in keeping with the daily needs of its core target segment. In general merchandise, we saw at the store a range across home ware, crockery cutlery, small home appliances, extending all the way to luggage, home linen and other dining and kitchen needs. “An area that we specialize in and an area that we feel we have a best-in-class assortment is sports goods, toys and stationery. The range takes care of our target customer across the life stages of children. We are a one-stop store for her children’s needs while they grow up,” explained Jain. While Hypercity does not claim to be a fashion retailer, it has a wide range of fresh affordable everyday fashion and it surprised us to see the crowds in the fashion section of the new store. Quite obviously, customers were lapping it up and loving the range of colours and hues and, more importantly, the attractive prices.

Making the loyalty programme matter

In order to drive deeper inroads into its customer base, HyperCITY is looking to leverage its group loyalty programme to good effect. HyperCITY’s loyalty programme is sharply focused on its target segment and is valid for all its customers across the different retail formats and businesses arms of its group companies. “Whether it is a Shoppers Stop customer or a Crossword or HyperCITY user, the customer segment is the same and this is our loyalty base. It is much more focused and segmented and allows us to get a qualitatively superior analytics and data from this group.” says Menon.

With about 5 million customers under its loyalty programme and about 1.8 million customers who visit HyperCITY stores every month, the focus of the retailer is to drive deeper and broader engagement with its customers and be able to serve the customer 24x7. “My focus is to get more of our products into the basket of these customers and also get a bigger share of their wallet and we want to do this not only through in-store but also by tapping them through other channels outside the store. That’s the opportunity we are looking to tap,” explains Menon. His colleague Jain says: “HyperCITY is focusing big on its loyalty programme ‘Discovery Club’, which makes up for about 60-70 per cent of the consumer base at our stores. HyperCITY’s loyalty programme, the Discovery Club, offers its members additional discounts as Discovery Reward Points. Exclusive offers are offered to HyperCITY Discovery Club members, every month, across all categories.”

“There are a lot of benefits that we provide to our loyalty customers. They get the benefit of bonus points on shopping, free parking and a lot of other value-adds. We are redesigning our loyalty programme to further refine and strengthen it so



that customers can avail of its benefits not only at the stores but at various other touch-points. The newer and more versatile version of our loyalty programme will be ready to be rolled out in another month's time, reveals Jain.

HyperCITY has many other running collaborations with top FMCG companies and by dint of such tie-ups, the retailer has been able to promote many good programmes run by FMCG companies at its stores.

One such case is the 'Shiksha' programme by P&G India. "The programme is run for the underprivileged children in the country and we are promoting this programme and many other programmes by FMCG companies at our stores," informs Jain.

From time to time, HyperCITY keeps running various marketing initiatives, which helps it to target specific consumer segments in a focused way. Currently, with the summer season underway and with schools in recess, it has rolled out a programme to target kids. "Every Friday, Saturday and Sunday, we are running the summer camps for kids where there are a lot of activities for participating in. There are dance, music, painting, crafts and yoga classes being held in which kids from the catchment areas of our stores come to participate and bring along their families. Also, we host another event every Friday, called Fashion Friday, for which we introduce a new Fashion Look, which has proved to be a hot success and helped us to sharpen our brand positioning. There is something fresh everyday in Food, Home & Fashion," says Jain.

A smart retailer for smart consumers

To ensure that its plans for serving its customers better and in a more enriching way unfolds smoothly, HyperCITY is seriously building up its technology sinews. "We are looking to become the most technology-savvy retailer – whether it's at the cash till, in-store, or by way of



consumer experience," says Menon. He informs that many of the components of the technology enhancement plan does not require massive capital requirement as such. "While traditional technology giants like Oracle, SAP, JDA, and some others are always there, today, it is possible to outsource many components and pieces of your technology plan to a number of companies with specialized skills in a number of areas. You don't need to make huge capex investments to be a smart retailer."

So apart from the Big Daddies of technology, HyperCITY is also working with many smaller tech-entrepreneurs and start-ups to cobble together its technology architecture for transforming into a truly smart retailer. "It's all about working with people with bright tech ideas who can partner with us to make the consumer experience more rewarding and there are many tech start-ups working with us on strengthening our online capability, on our website and app, as well as in-store technology," reveals Menon.

On its part, HyperCITY's basic premise on its technology improvement front is to look for ways to become a technology-forward and proficient

Apart from the Big Daddies of technology, HyperCITY is also working with many smaller tech-entrepreneurs and start-ups to cobble together its technology architecture for transforming into a truly smart retailer



HyperCITY is developing its omni-channel capability not for just flexing its technology superiority but to serve its catchment, its customers and its loyalty base with greater dedication and service. It is not about making tall claims and promises but about its ability to reach its defined customer base and be accessible to them always

retailer. “We want to become smarter for consumers to access our brand and its offerings, make the consumer experience richer in the store and off it, enable us to make use of our data and analytics more purposefully and in ways that the vendors too are able to make use of the analytics to get better results for themselves and us,” explains Menon. He adds that the thrust of HyperCITY’s ongoing technology gambit is on ramping up both its online and offline capabilities for providing an omni-channel experience to customers and using analytics to define more precisely what customers want and are looking for, and to enhance their experience across all touchpoints to make it the most convenient and best shopping experience among all retailers.

As India progresses and as the country moves further down the road to superior infrastructure, the base of aspirational customers is set to bulge considerably. Shoppers are already looking for greater convenience and for shopping according to their own individual preference and inclination. As the trend picks swifter momentum, retailers with the right technology arsenal will be able to make a much closer connect with consumers. “If I am able to provide the kind of experience that shoppers are looking for, then there is really no limit to how much you can increase your customer traffic. We are looking to provide a 360 degree shopping experience – buy from HyperCITY wherever you are, whenever you feel like and however you want the product to be delivered,” says Menon.

HyperCITY is developing its omni-channel capability not for just flexing its technology superiority but to serve its catchment, its customers and its loyalty base with greater dedication and service. It is not about making tall claims and promises but about its ability to reach its defined customer base and be accessible to them always. “It is entirely to do with my catchment and serving my consumer base. I am not promising to deliver stocks in cities like Kolkata or Guwahati where

HyperCITY does not have a store presence in. But we will offer a 360 degree shopping experience in markets where we have our stores, and that extends to most of the geographies and critical markets where we have our target customers. We are looking to serve these customers more efficiently and effectively,” says Menon. That is perhaps the biggest difference between the omni-channel capabilities being developed by HyperCITY and the technological ambitions of the other big retailers. “Ours is not a grandiose plan; we are only looking to make use of technology to serve our customers better in multiple ways according to her choice and convenience in the catchments we are operating in,” adds Menon.

Path to profitability

Over the past couple of years, HyperCITY has done a pretty good job in taking its stores on the route to profitability and higher store-level efficiency. The objective now is to build on the groundwork of recent years and ensure store profitability in the days ahead. “I think we have more number of stores in our portfolio that are already profitable than most other retailers in our league. Our objective is to be in this business for the long-term and do it sustainably and viably. With this end in view, we have been able to bring down the size of our stores to a more manageable scale. Today we are doing stores of 30,000-40,000 sq. ft. whereas earlier we were doing 70,000-80,000 sq. ft. I think that with the kind of SKUs and the product range that we have at our stores, a 30,000-40,000 sq. ft. store is sufficient enough in terms of size to offer a comprehensive shopping experience and the widest possible assortment to customers,” opines Menon.

With overall profitability within sight, HyperCITY is looking to hit the sweet spot with consumers, producers and vendors starting with a tagline that says it all – Something Fresh Everyday. **PG**



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The World Forum of Food & Wine is a trade promotion association, which has been instituted with the objective of promoting and driving long-term consumer demand for food and wine in India and abroad



Ambassador Deepak Vohra
President, World Forum of
Food & Wine

A unique initiative for food and wine industry

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- Access to classified information and trade statistics relating to F&B products and related market in India and South America
- Access to various food and wine federations

The World Forum of Food & Wine (WFFW) – a young trade promotion body started just a few months ago with the intention of developing the Food & Wine industry in India and linking it with other major markets abroad – was launched at a glittering ceremony held in the Capital city amidst the presence of Forum members, invited dignitaries and a large contingent of diplomatic corps from many overseas countries including those from the United States, France, Norway, New Zealand, Australia and several Latin American countries. Ambassador Deepak Vohra (retd.), President of World Forum of Food & Wine, presided over the well-attended evening soiree, regaling the gathering with his witticisms and infectious brand of humour.

World Forum of Food & Wine (WFFW) is a young trade promotion organisation, started just a few months ago with the intention of developing the wine industry in India and linking it with other major wine producing countries of the world. With a view to promoting trade in Food & Wine industry, the Forum seeks to become an effective platform for concerned companies including wine producers and manufacturers, distributors, importers, traders and business associations by bringing them together and connecting them with the larger industry to facilitate trade in the Food & Wine sector in India and globally. The Forum aims to harness the entrepreneurial potential of the community, expand the scope of their operations and pave the way for the next phase of advanced development in the Food & Wine sector. To meet its business objectives, WFFW has laid out a roadmap for organising B2B meetings, conferences, trade shows and events and handle delegations from India and overseas to facilitate their participation at international conferences. The services of

the WFFW – for promoting global trade in food and wine and for establishing contact with the partner companies worldwide – include products, business relationships, joint venture technology transfers, among others.

Currently under the process of incorporation, the Forum already has about 300 members from across India and abroad and seeks to bring many

million is a fairly small number for a country the size of India, but it is more than the population of quite a few countries involved in wine production and trade,” observed Ambassador Vohra.

For countries and companies looking to tap into the fast-growing wine industry in India, it would be the best and most opportune time to make a move in the country. Indian wine companies are



“WFFW will seek to address some of these challenges and leverage the existing and potential opportunities to promote the Food & Wine industry by offering its multifaceted services to the agriculture, horticulture, fishery and agro-alimentary sectors and identify key domestic and international areas where Food & Wine industry can flourish immensely

—Vipin Gupta
General Secretary,
WFFW



Sandeep Grover
VP, World Forum of
Food & Wine

other companies involved in the wine business under its fold. A great incentive for companies wanting to join the Forum membership is that it is free at the moment but the prospect of a fee is a certain possibility once a certain threshold is crossed. More details about the membership criteria is available on WFFW’s website, and the process can be completed online as well.

According to the WFFW, the wine market in India is growing at a fast clip – in FY 2015-16, the market for wine consumption in India grew at a compounded annual growth rate of 55 per cent. According to the statistics compiled by WFFW, there exists a fairly large base of wine consumers in India at 15 million who drink wine once or more during a week, and this figure is set to grow and expand substantially in the years to come. “Fifteen

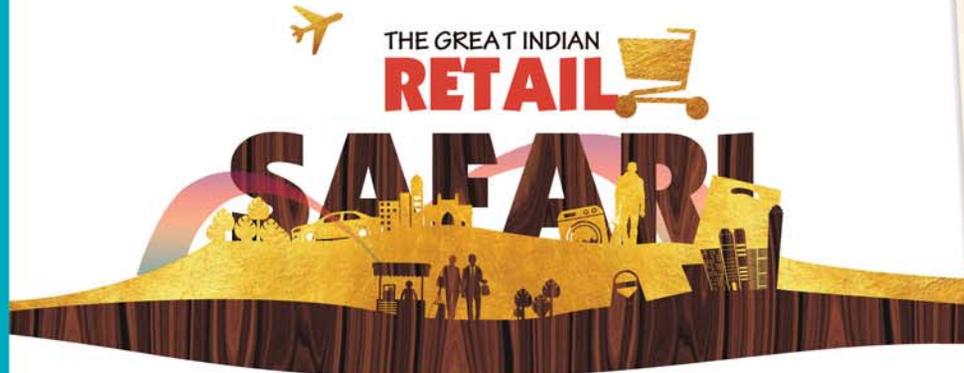
also developing very quickly and it would not be long before some Indian wine brands find acclaim and recognition globally. But there exists challenges along the way as well. “The wine market in India – is also a complex market owing to its size and diversity. “Issues such as high duties, licenses, state taxes... have been responsible for the low volume of wine production in India, which is still at a very nascent state despite growing at a rapid stride in recent years,” noted Sandeep Grover, Vice President of the Forum. But despite the odds, wine production in India has reached 18 million litres and is likely to cross 21 million litres by 2018.

The annual wine production of the country stood at an estimated 70 million litres last year. This translates into an yearly growth of more than 5 per cent. The drivers of growth are the growing bulge of the youth population in the country, rising affluence and broadening of the middle income segment of the people, greater inclination and aspiration for fun and healthy food and beverages and many other allied factors.

Going forward, “WFFW will seek to address some of these challenges and leverage the existing and potential opportunities to promote the Food & Wine industry by offering its multifaceted services to the agriculture, horticulture, fishery and agro-alimentary sectors and identify key domestic and international areas where Food & Wine industry can flourish immensely,” said Vipin Gupta, General Secretary, WFFW. **PG**



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Dear Friends,
As you all know, INDIA RETAIL FORUM (IRF) has been the signature event of the retail sector in India, for the past 13 years, ever since its inception in 2003. It has rightfully garnered its share of international acclaim with RETAIL WORLD of UK, calling it The ten Most Significant Retail Events that will Shape the Future of Retail the World Over, and The Associated Press of USA describing IRF as "the biggest retail industry convention" in India.

As Chairperson of India Retail Forum 2016, I am very proud to share with you the theme for this year's event, which aptly asserts the latent power of the Indian consumption and retail story: 'NAVIGATING THE FASTEST GROWING MAJOR MARKET OF THE WORLD'.

IRF is truly the only forum which matters in India when it comes to retail leaders sharing game-changing insights, world-class concepts, as the breaking ground for India entry strategy for global players, and as the incubation ground for fruitful multi-million dollar partnership ideas and alliances.

At the 13th edition on 21-22 September 2016, I see a great opportunity to build collective wisdom and collaboration through honing our best practices, evolving newer formats and delivery models, and growing the pie of the modern Indian retail sector together.

Best Regards,
KRISH IYER
Chairman, India Retail Forum 2016
President & CEO, Walmart India



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The IRF 2016 theme - *Navigating The World's Fastest Growing Major Market* - focuses on the rapidly disappearing boundaries between various retail industries. The food retailers who stay up-to-date with the evolving consumption patterns of every aspect of Indian Retail are the ones who will stay ahead of the game. There is an urgent need for all retail business including food and hospitality industry to accurately read the underlying opportunities & predict future consumption paths the Indian consumer will tread.

CONFERENCE HIGHLIGHTS

- Top 5 Future Retail Trends that are here TODAY
- Foresight 2020: A Futurist Look Ahead to Indian Retail in 2020
- Opportunity in Modern Retail and The Hidden Opportunity
- Building Next-generation Leaders
- Designing & Sustaining a Truly Memorable Shopping Experience
- Succession Success – Human Capital, Empowering Retail
- Winning Brands – Key Attributes that Drives Success
- Survival of the Fittest – Differentiation, Diversification & Innovation
- Connect, Communicate, Catalyze
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Delivering, Fast ‘n’ Fresh!

Chandigarh-based Fatafat is a hyper-local delivery start-up that combines the strength of its mobile ‘app’ platform and the logistics capability of its parent Jugnoo – India’s leading on-demand auto-rickshaw aggregator. After a promising start in March 2015, the service got suspended after about eight months. It has been restarted recently, and Fatafat will now initially focus on ‘fresh fruits & vegetables’ delivery, with plans to expand into other grocery categories later on.

In a candid interview with Namita Bhagat, Samar Singla, Founder and CEO of Jugnoo, talks about the firm’s revamped business model, fresh strategy for its dream re-run and more!

What was the idea behind the launch of Fatafat, a mobile app-based hyper-local delivery service?

Fatafat’s launch is in line with our vision of enabling optimum utilisation of resources through integration of technology. As we intend to create a logistics network for the mass market of India, and are currently using auto-rickshaws to do so, we want to tap this space in every possible way. With this launch, we are moving a step ahead towards realising this objective. Fatafat orders are delivered to customers through auto-rickshaw drivers, who are not ferrying passengers at that time.

The service was first launched in Chandigarh in March 2015 and continued operations for about eight months. Re-launching the service was in the pipeline ever since! We just wanted to be more equipped this time in terms of balancing the demand and supply side. The moment we felt we were ready; we launched ourselves into this space again.

What were the reason(s) for the withdrawal of operations after an eight-month-long run?

The demand was huge when Fatafat was launched last year. We were receiving more than 1,000 orders in a day from over two lakh registered users. At that

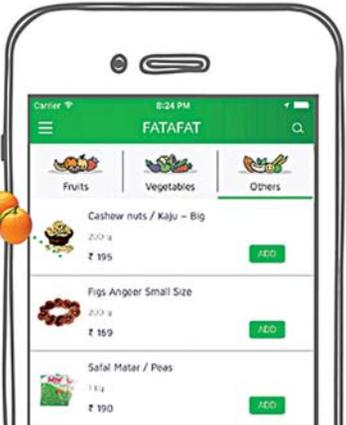
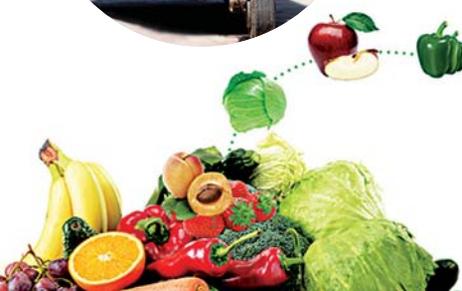
time, we were not ready to handle the deliveries at this scale as our network of auto-rickshaws wasn’t that evolved. Also, the service was spread across a wide range of products at that time and we realised that not everything in hyper-local delivery is profitable.

Hyper-local delivery business is still niche in India. Several known start-ups in this space are struggling. What’s your take on it?

Hyper-local delivery is basically a low-margin business. And the only way to ensure sustainability in this space is to develop an efficient and robust platform through technology that enables you to survive on that margin.

How has the business model been revamped and perfected for its second coming? Are you worried about its market reception and long-term sustainability?

In our initial phase, our product wasn’t evolved to a point that we could make the whole operations automated and efficient and hence we were burning money in a lot of places that we shouldn’t have. But now, we have come up with a much more integrated and efficient product to bridge the gap and



streamline the operations. Also, we have decided to focus only on fresh fruits and vegetables (F&V) at the moment. This will make it easier for us to scale as we will have processes in place by the time we decide to expand into other categories.

Market reception is not something to be bothered about, as long as we are confident of our product and delivery quality.

What is the coverage area of your operations? Tell us about your ordering system.

The service is currently available in Chandigarh Tricity, consisting of Chandigarh, Panchkula and Mohali, and will be soon expanded to other cities as well. We are planning to launch Fatafat in Gurgaon by next month.

Fatafat app is currently available on Android and iOS. To order products via Fatafat, users simply need to install the Fatafat app on their phones. They can search through various categories of fruits and vegetables available along with their prices and place their order. The order will be delivered to them either on the same day or the next day depending upon the time of placing the order as there are two delivery slots in a day, viz. 10 am to 2 pm and 4 pm-8 pm.

Are there any plans to expand into other product categories also, like dairy or grocery/kirana?

Right now, we want to keep our focus exclusively only on fresh fruits and vegetables. But we do have plans to launch into other categories eventually. We will expand into grocery in the coming 3-4 months once we know the level of maturity of our platform.

What steps have you taken to optimise your logistics and supply chain capabilities? How do you plan to achieve minimum wastage rate, as you deal in fresh 'F&V'?

For logistics, we are utilising our already established network of auto-rickshaws and indulging in cross-promotion of Jugnoo and Fatafat to ensure supply across both platforms. We are using analytics to study user behaviour and trying to figure out common intersection points demography-wise.

We have two complementary channels working at the same time – B2C and B2B. B2B channel is operational throughout the day and the orders if cancelled via B2C can be utilized in B2B. Moreover,



the supply chain is built and managed as such that the purchase and sale happens on the same day, thereby ensuring minimum wastage and maximum freshness.

Your company has also acquired 'SabKuchFresh' to strengthen procurement and logistics. How would it help?

SabKuchFresh (SKF) is an online store that brings in fresh quality fruits and vegetables at the doorstep of the customers without making them go out to mandis, spend on petrol/diesel, get stuck in traffic, haggle with subziwallas, etc. The online store caters to Chandigarh Tricity. The products delivered by SKF are bought directly from the farmers and are hence free from any kind of pesticides or artificial ripening agents.

Jugnoo acquired the business in May 2016 and re-launched Fatafat in Chandigarh. SabKuchFresh is helping us in procurement, sorting, packaging and quality checks of the products.

Indian consumers are generally averse to paying additional delivery costs. What would be the service charge strategy? How many orders per day are you targeting?

Our average basket size is around Rs. 400 and we don't charge any delivery cost for orders of or above Rs. 300. Delivery charges are applicable for orders costing below that amount to justify margins. We expect to receive around 1,000 orders per day within a month.

What are your expectations as regards achieving break-even and turning profitable?

Fatafat is unit economics profitable from day one. On a city level, we will also be operationally profitable once we start receiving 500-700 orders per day, which we expect to do within a month from now. We will achieve break-even in 3-4 months.

Would you be considering external funding route to scale up? Please share the expansion plans for the coming future?

Fatafat is a cash flow positive project and no separate funds are being raised for it. Though, preparations for Series C round of funding for Jugnoo are already in progress. The profit made from Fatafat will be used for our expansion across other cities in India. We are planning to launch Fatafat in about 30 cities in coming one year. **PG**



“Hyper-local delivery is basically a low-margin business. And the only way to ensure sustainability in this space is to develop an efficient and robust platform through technology that enables you to survive on that margin

—Samar Singla
Founder and CEO,
Jugnoo



Take your pick and **just chill!**

The market for Frozen and Refrigerated Foods in India is on the cusp of a major breakout in growth. Though the growth numbers are impressive in recent years, penetration and per capita consumption of frozen foods remains low, which does not truly reflect the future growth potential of the industry. Innovation and differentiation will be the key for brands vying for market share – there is a need for more ‘glocal’ (Indian and Western) products and offerings in the market. At the same time, investment in developing distribution and cold chain capabilities – not just in the metros and mini metros but in Tier I and II towns as well – will convert non-consumers to consumers, enhancing product usage and fuelling category growth.

By Sanjay Kumar



to widen its operations to Delhi, Gurgaon and Bangalore, “Our main clients are working couples, kids, bachelors or as a matter of fact any mother who would like to give their child a quick snack/tiffin.” The frozen food category in India is at an early stage of evolution and is currently small compared to the more mature markets, but is expected to grow in double digits quickly. Globally, the frozen processed foods market is huge, somewhere close to USD 60 billion. However, the growth expectations in mature markets are far lower than the burgeoning Indian market. “It may be a little theoretical to compare the two markets. However, I will only reiterate that Indian frozen food market is sure to witness massive expansion,” says Basu.

The category appeals more to consumers in the metro cities, the ones who are well travelled, experimentative with food, have higher disposable incomes and to some extent are time-crunched. However, in the recent times, the smaller towns have also warmed up to the category. Some of the Tier II cities and towns have also started giving good growth in the last couple of years. Modern Trade and e-commerce are playing a pivotal role in taking the category to consumers in the smaller cities. “The established and mature markets are in the northern and western parts of India. Our research shows there is a huge untapped potential for frozen foods in eastern India, which is now approximately five per cent of the Indian market and expected to grow to 15 per cent in the next five years,” says Sudeep Gupta, General Manager - Sales & Marketing, Keventer Agro, which has a range of frozen products in its portfolio: vegetarian snacks, non-vegetarian snacks, frozen vegetables, frozen breads, and frozen dairy products.

Frozen category in Modern Trade

The frozen food category today offers a wide range of products, from fruits & vegetables to frozen meats and ready-to-cook, snacking and full meal options to ice-creams, yoghurts and desserts. “The segment has recorded a healthy growth, at a CAGR of 15-20 per cent, thanks to increasing customer appetite and acceptance, complemented by an increase in selling points, deeper penetration by organised retail players, as well as an increase in available freezer space in the retail domain,” says Ashik Hamid, Senior Vice President (Merchandising) at HyperCITY Retail. In fact, growth in frozen food category is highly co-related to growth in organised food retail and food service industry, both of which are poised to grow at CAGR of 20 per cent for the next five years. Entry and expansion of international retail chains is creating a distribution platform for frozen food companies for deeper market penetration. Similarly, the QSR segment is witnessing a robust growth in the number of



“**Metro cities will continue to play a lead role in the category growth plans. However, in our expansion plan for the future, we are now avidly focusing on the top 20 cities as well**

—Sougata Basu
Head of Marketing,
Innovative Foods Ltd.

It is believed that around 30 million Indians – comprising both upper and middle class – consume packaged food, which includes ready-to-cook, ready-to-eat and frozen food – in high quantities. This figure is likely to reach 200 million within the next three years. As a result, we are witnessing a boom in the packaged food segment with new product launches, introduction of new product categories, and entry of new domestic and international players.

India’s ready-to-eat food market is projected to grow at a CAGR of around 22 per cent till 2020. Frozen & Refrigerated food is one such category under processed and ready-to-eat food segment to have caught the attention of processors, consumers, retailers, brands and investors alike. As per the analysis carried out by Sathguru Management Consultants, the retail market for frozen food has a potential to grow at a CAGR of 20.5 per cent, from INR 3,650 million in 2012 to INR 9,300 million in 2017. The frozen food market for foodservice segment promises an even better opportunity. Estimated to be INR 6,350 million in 2012, it will expand at a CAGR of 26.6 per cent to reach INR 20,600 million by 2017. “In the past five years, the market has grown exponentially at a CAGR of close to 20 per cent and the next five years will show a similar or even faster growth,” opines Sougata Basu, Head of Marketing, Innovative Foods Ltd, which operates the Sumeru brand that has products across various categories like paranthas (both plain and stuffed), breaded veg and non-veg snacking items, pork and even fresh prawns.

According to Karan Rathod, Partner, Ushvina Foods, which operates the Frostland brand – a specialist in making whole wheat bread frozen pizzas – in Mumbai currently and is planning





“Upselling by the local in-store staff can be a great boost to sales. Sharing some marketing expenses like sampling can be cost-incurring in the beginning for the retailers but can turn out to be very fruitful in the long run

—Karan Rathod
Partner, Ushvina Foods



“The value-added products market is still at a nascent stage in eastern India with most of the sales coming from Modern Trade outlets

—Sudeep Gupta
GM- Sales & Marketing,
Keventer Agro

players and stores. These players will rely heavily on the supply of products in semi-processed frozen form, which are consistent in terms of taste and offer fresh value to consumers. “Today, every modern grocer is increasing space in his refrigerated display units for frozen foods. We had foreseen the potential of this category years ago and had invested in space and equipment even before the category began to grow. Initially, we kept only 3-4 brands; today, we have over 30! In fact, we have the largest space per store for the frozen category, which contributes about 3-4 per cent to our sales,” adds Hamid.

The category presents an interesting opportunity owing to its great potential for value-addition and growth. According to Krish Iyer, President & CEO, Walmart India, “Frozen food is undergoing a rapid transformation with the consumer looking for value-added stuff like ready-to-cook/bake/grill products.” With consumers looking for convenience, hygiene and quality products, and willing to spend on them, the shift to refrigerated and frozen foods is unstoppable. “There is a growing demand for the products having more health benefits – low fat, high in Omega 3 fatty acids, high in protein, etc. Customers are looking for natural products – preservatives-free, no artificial colouring and flavouring agents, no pesticides, no antibiotics, etc. Greater consumer knowledge of food and a desire to understand its origins is driving the trend to reconnect with the food we consume,” reveals Dnyaneshwar Namdev Phadtare, Manager – Buying and Merchandising, at Godrej Nature’s Basket.

Technology is a growth driver

It is anticipated that recent changes in technology, macroeconomic environment, and food consumption habits will catalyse the frozen food category’s progression. Thanks to new innovations in freezing



technology and cold chain infrastructure, the frozen category is no longer looked upon with wariness by consumers. “Today, frozen produce is prep-free and reaching for it can save you a tonne of time, allowing you to make healthy dishes at home rather than opting for takeouts. The products are already chopped and ready to use. No washing, peeling, or chopping. Also, you can use only what you need and there’s no wasted food,” says Sejal Mehta – Director, Infinite Palates, which makes frozen vegetables such as corn, green peas and mixed vegetables, besides also offering products like spinach,



Sudheesh Cheriya
GM- Retail,
Lulu Hypermarket

Which are the fastest moving products in the frozen foods category at your store?

Chicken nuggets and ice-creams.

At your store, which are the top brands with maximum traction in the frozen food category?

Venky’s, Yummies and Sumeru.

What have been the marked consumer trends in this category?

Trends depend on the season. For example, during August-September, in the Onam season, frozen vegetables trend a lot. During the month of Ramzan in June, there is greater uptake for products like samosa, spring roll, fresh meat, etc. Ice-creams are a perennial favourite during the long summer season.

What is your merchandising and display strategy for the frozen food category?

Our store has two chest freezer units and one vertical unit, which are the largest in terms of volume size, in India.

What do you think will help bring more momentum to this category and drive more category sales?

Raising customer awareness in the frozen category is a major factor. Also sampling activities, without disturbing customers, and hygiene of the store are important factors for driving sales.





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“Frozen food is undergoing a rapid transformation with the consumer looking for value-added stuff like ready-to-cook/bake/grill products

—**Krish Iyer**
President & CEO,
Walmart India

coriander, fenugreek in cube form, shredded coconut, and blended mixtures like traditional undhiyu.

Cutting edge freezing technology like Individual Quick freezing (IQF) is helping bust many outdated notions regarding frozen food, and the category is today dictating the season's trends for caterers, QSRs, hotel chains, and home consumption. “Our entire range of frozen vegetables are made using the IQF technology. “The freezing technology helps to preserve food without any unwanted additives”, says Nita Mehta, also a Director at Infinite Palates. Another company, iD Fresh Food, which sells products like idli-dosa batter, Udupi style batter, whole wheat parontha and chapati, uses no emulsifiers or preservatives. Its products are all fresh, natural, chemical-free and refrigerated within zero to five degree Celsius.

In many cases, to overcome logistical and temperature hurdles, manufacturers have also resorted to supplying their own equipment to transporters and retailers. Says Mithun Appaiah, VP- Sales & Marketing, iD Fresh Food, “It has been noticed that the food and grocery segment is dominated by stores with average chilling facility. So stores with good refrigeration facilities are less in number. This is a major bottleneck in retailing our product as we need them to reach the consumers fresh! Investments for building this kind of infrastructure is expensive and too much for the ROI that some outlets make.”

Without doubt, exposure and storage at the right temperature is critical to maintaining the integrity of frozen foods. “We follow a very careful protocol for storing frozen and refrigerated products. Frozen food products are stored @ -18 Celsius, while we keep refrigerated or fresh chilled products @ zero to four degree Celsius,” says Phadtare of Godrej Nature's Basket. He says that GNB stocks several frozen category SKUs like raw frozen seafood – salmon fish, basa fish, prawns, surmai, pomfret, etc; Breaded value-added chicken and seafood SKUs, which comprise chicken nuggets, fingers, popcorn, burger patty, etc; Seafood SKUs include fish fingers, fish popcorn, samosa, frozen cold cuts, frozen kebabs, tikka, etc. The refrigerated or fresh chilled category SKUs extends to raw fresh chicken skus, raw fresh seafood skus, raw fresh mutton skus; fresh chilled cold cuts, fresh chilled marinated skus.

The sales figure for the frozen and refrigerated food category is also much higher at gourmet food chain Godrej Nature's Basket than at many other big-box retailers.”The sales contribution from frozen and

refrigerated category is 28 per cent of the overall sales. And the share has been growing – during the previous FY, sales grew by 21 per cent,” says Phadtare who adds that 18 per cent of the shelf space is allocated to this category within the overall store space at GNB. “Inventory turnover time varies from one day to 35 days and the typical average inventory turnover time for this category is 17 days,” informs Phadtare.

Value-addition in frozen foods

There are as many as 60 plus brands which operate in the frozen category today. According to Phadtare, among the top national and regional brands available at GNB that have the maximum sales traction in the frozen and refrigerated food category, are – Zorabian, Real Good Chicken, Big Sams, Zanetti (imported), Kraft (imported), Danone, Cambay, Gadre Marine, Bauwens (imported), Nestle, Amul, Haagendazs (imported), Yummiez, Lemons (imported), Epigamia, Lurpak (imported), Magnum (imported) in National; Regional brands include Prasuma, Always Fresh, Chevron, Raw Pressery, Wingreens, Nutoras, Parsi Dairy, Al Fahad, and Milkymist.

Besides the brands available at GNB, many well-known other regional and upcoming brands adorn the shop shelves at top modern retail outlets across the country and with general trade channels. “All the brands are barely scratching the surface! We are rather excited by the opportunity of growth that the market is capable of and the newness that we can offer to the consumers in the frozen category,” opines Sumeru's Basu. “But brands need to differentiate and offer value-added products to the consumers. Brands need to constantly innovate on the product front and price their products in a manner that makes the consumer appreciate the value that is charged,” he adds.

For adding value in terms of product's taste and flavour, convenience, and for reducing kitchen time, manufacturers are taking to delivering high value, technology oriented, branded packaged products in a fast emerging organised segment. As a result, there is a profusion of many new products in frozen snacks and appetisers, which also reinforce the widely held notion that consumers are today looking for bolder and more ethnic fare. “Sumeru has been



“Every modern grocer is increasing space in his refrigerated display units for frozen foods. We had invested in space and equipment even before the category began to grow

—**Ashik Hamid**
Sr. VP (Merchandising),
HyperCITY



a pioneer brand in Indianizing global foods. Our newest chicken sausages in the tandoori and kebabi flavours have been a runaway hit and are testimony to the fact that the consumers always love newness," says Basu.

Newness and flavour in frozen food products is also shaking up the ice-cream sector. "As a company we are making 100 per cent natural ice-cream without using any artificial colour, flavour or any essence. Apart from fresh fruit flavours like tender coconut, mass melon, water melon, chiku, black grapes, alphonso mango, we also make non-fruit 100 per cent natural ice-cream with south Indian filter coffee, rose petal ice-cream, sandalwood ice-cream, lemon grass ice-cream, etc. We source ingredient from all parts of the world and not just in India. While other people are using Rs. 150 a bottle vanilla essence to make vanilla ice-cream, we are using imported high grade vanilla pods, whose price at times goes up to Rs. 18,000 per kg. But that's where the real flavour of vanilla comes from and that is how we are different from the others," says Kunal Pabrai, Partner, Fresh & Naturelle Ice Creams (a unit of K.N.& Co).

The company currently operates 25 of its own and franchise parlours in 10 cities and is growing. It also serves the HORECA industry and works with both branded and non-branded segments. "We have tied up with the chefs at top hotels to make highly innovative new flavours. For instance, for the Italia Park hotels, we have created ice-cream flavours made with imported mascarpone cheese and imported candy fruit. Within Italian cuisine, we make strawberry ice-cream with balsamic vinegar, orange ice-cream with basil, and many other flavours. These are highly specific and unusual flavours and we are very keen on exploring the regional peculiarities, tastes and preferences of people in different parts of the country. We are the go-to specialists to whom chefs usually turn to for making specialised flavours. Usually, it is not very easy, and there is a lot of back-end research that goes into creating a new flavour," adds Pabrai.

In its quest to identify unique and different flavours, Fresh & Naturelle Ice Creams has come up with a new flavour recently – salted caramel ice-cream – which hits two different taste buds – sweet and salt. The duality of flavour is a very popular

The sales figure for the frozen and refrigerated food category is also much higher at gourmet food chain Godrej Nature's Basket than at many other big-box retailers

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concept in the food industry, which the company is capitalising on. “It explains why people like hot chocolate brownie with vanilla ice-cream. The hotness of the brownie and the coolness of ice-cream merge together and create a different taste. We have just got fresh Piri Piri chillies with which we are trying to make Piri Piri chilli ice-cream. We are also looking at making some other very regional taste-based ice-creams. We already have differently flavored ice-creams like gandharaj lemon, meetha pan ice-cream, nolen gur ice-cream, sandalwood ice-cream, etc, and keep looking at using peculiar concepts,” says Pabrai.

“
Within less than 18 months of its launch, Infinite Palates’ products have managed to find their niche and are sharing space with industry giants like MTR, ITC, and Godrej

—Sejal Mehta
Director,
Infinite Palates

Just like new flavours in ice-creams, value and convenience that a product offers is equally important for snacks and others products in the frozen food category. “The price of our meals communicates value. Our customers know that they are getting a hearty, satisfying and hygienic meal at an affordable price,” says Sejal Mehta of Infinite Palates, which sells more than 35 products in the frozen and non-frozen categories. “We offer almost 14 ready-to-fry frozen snacks. So whether you are hosting a party at home or simply feeling peckish, we have all kinds of snacks from the popular samosas and kachoris to the cheese corn balls and nuggets for the younger ones and falafels and baby corn fritters – there is an indulgence for everyone,” adds Sejal whose products are available in most large Modern Trade formats across the country – Metro Cash & Carry, HyperCITY, Foodhall, Dorabjees, Westside Gourmet and, of course, at multiple locations with www.bigbasket.com and www.amazon.com. The company plans to bring its products to several other outlets across the country, including hundreds of General Trade outlets and is in the process of tying up with B2B aggregators.



“
Judging by the orders already in hand and waiting to be fulfilled, we are looking at almost 200 per cent growth in 2016-17 as compared to the past year

—Nita Mehta
Director,
Infinite Palates

But compared to Western markets, where specialty products such as pizza, pasta, cookies, etc, are abundantly available in frozen forms, the product range available in our country is still limited in the frozen category. Frostland’s aim is to make new products available in the Indian market even while keeping its products’ price points affordable to the masses. “We aim to bring the tastes of the world,



Dnyaneshwar Namdev Phadtare
Manager – Buying and Merchandising, Godrej Nature’s Basket

Which are the fastest moving products in the frozen & refrigerated category?

Imported salmon is the top selling sku in the Frozen portfolio followed by imported basa, prawns, seer fish, crab stick and pomfret. Chicken seek kebab, chicken nuggets, smoked chicken, chicken tikka, chicken popcorn, chicken burger patty, shammi kebab, chicken fingers, green peas, cheese corn nuggets, potato-based skus. These apart, boneless pork chop, boneless goat meat, pork loin steak, and minced goat meat are the other hot-seeling products in the frozen category.

Which brands in your store with maximum traction in this category?

National brands such as Zorabian, Real Good Chicken, Big Sams, Zanetti (imported), Kraft (imported), Danone, Cambay, Gadre Marine, Bauwens (imported), Nestle, Amul, Haagendazs (imported), Yummiez, Lemons (imported), Epigamia, Lurpak (imported) and Magnum (imported) enjoy maximum sales traction at our stores. In the regional category, brands like Prasuma, Always Fresh, Chevron, Raw Pressery, Wingreens, Nutoras, Parsi Dairy, Al Fahad, and Milkymist are the stars at our stores.

Which consumer trends in this category you would like to point out?

The shift to refrigerated and frozen foods is unstoppable. Greater health consciousness, resulting from the increase in lifestyle-related diseases, will continue to influence food and ingredient choices made by both consumers and manufacturers. There is a growing demand for the products having more health benefits – low fat, high in Omega 3 fatty acids, high in protein, etc. Greater consumer knowledge of food and a desire to understand its origins is driving a desire to reconnect with the food we consume. Customers are looking for natural products – preservatives-free, no artificial colouring and flavouring agents, no pesticides, no antibiotics, etc. Consumers are looking for convenience, hygiene and quality products, and are willing to spend on them.

As exposure to new types of cuisines and flavours grows, food will continue to be a way of exploring different facets of identity. Again, frozen food must step up on the positioning as the gateway to easier exploration and experimentation.

Dramatic changes in lifestyles, eating patterns, and demographics are creating new rules for marketing and packaging and are motivating new food product purchases. Consumers are experimenting with alternative eating styles. Refrigerated, frozen foods are right on time, on trend to fit the changing lifestyles.

What is your merchandising, display and assortment strategy for the frozen and refrigerated category?

We provide prominent display for products like organic (milk), near organic (eggs), gluten-free, low fat, high in Omega 3 fatty acids. In International cuisine, we have unique SKUs from around the globe, especially cheese, cold cuts, seafood, dairy spreads and ice-creams. For certain products or brands with a core value proposition such as Haagendazs, Lurpak, etc., or salmon fish, the display is prominent but with no special price or offers. On the assortment front, the increase in demand for frozen food products is driving an increased focus on the category by modern retail chains and standalone grocery stores. Catchment analysis plays a big role in deciding the assortment for respective stores. Nature's Basket caters to the refined needs of the up-market urban consumers for authentic world food and ingredients. Every item in the assortment is handpicked from the very best that Europe, Australia, Asia and the US have to offer.

Any specific suggestions for frozen and refrigerated food brands?

Demographic and lifestyle changes combined with an improved understanding of individual food needs mean that diets are becoming more diverse, and the food market more fragmented. New needs are emerging based on lifestyle choices, life-stage shifts and dietary requirements. The number of allergies and intolerances is on the rise, driving the need for greater innovation from the frozen category to remain relevant in the broader food landscape. At the same time, changing demographics such as ageing populations and growing migration mean frozen food will increasingly have to address the needs of evolving palates and tastes.

while keeping to our key motto: Frozen yet Fresh," says Rathod of Frostland, who is aiming to drive greater penetration for his frozen pizzas. "Frozen pizzas is a concept that is very popular in Western countries like the USA, Australia and Europe but unfortunately it is not that popular in India," he says, while remaining optimistic for the ground to turn in his favour. That could well be sooner than later as evidenced from the fact that Frostland saw a volume growth of 150 per cent over the past year and a half.

With product diversification and an obsession to offer differentiated product experiences to the consumer, Sumeru has a portfolio of products with specific propositions and products. Sumeru Wassup, the brand's snacking portfolio, has a range of breaded vegetarian and non-vegetarian products like masala



French fries, burger patty, veg fingers, veg nuggets, veg cutlets, veg spring rolls, chicken nuggets, chicken pops, and a range of chicken sausages, frankfurter and salami. Similarly, Sumeru Classiques has an ensemble assortment of main meal products, which includes various types of plain and frozen parothas (Malabar, flaky, jeera, ajwain, methi, atta, aloo, onion and navratan), green peas and sweet corn.

On its part, Keventer Agro, which is focusing extensively on taking its frozen food products throughout eastern India, is offering products like chicken fries, matar-paneer mix and palak-paneer mix as well as breaded items. The paneer mixes are not ready-to-eat but come in a frozen combo, whereas its green peas and sweet corn are the leading sales driver in eastern India, closely followed by Safal. "Our business has seen rapid growth in the past two years at a CAGR of 159 per cent and we are now planning to take our brand to more markets in Chhattisgarh, Orissa, Bihar and the North East and are looking to tap Tier II and III cities like Kantabanji, Kohima, Asansol, Gaya, etc, which have a large potential but little penetration in this segment," says Gupta of Keventer Agro.

According to Phadtare of Godrej Nature's Basket, "Given the fact that many (and more) consumers are following dietary restrictions, better-for-you frozen products also encompass entrées that are gluten-free.



“Compared to many other ice-cream players, we make ice-cream from a very different technological process. Our products are twice as expensive but have a far richer flavour and durability of one year

—Kunal Pabrai
Partner, Fresh & Naturelle Ice Creams



“Our brand is growing about 70-100 per cent year on year. Our main focus group comprises people who prefer quality over pricing —

—Nishant Pabrai
Partner, Fresh & Naturelle Ice Creams



The frozen food sections of many supermarkets now include gluten-free frozen meals. Organic, natural and sustainable frozen entrées reflect another area of innovation in the frozen entrée subcategory. And, for some segments of the population, such items also fall into the better-for-you category.”

Joining forces: marketers and retailers

The brands’ ability to offer differentiated food experiences through superior quality products to the consumer and their focus on consumer needs and innovations is fuelling the category’s growth and attracting consumers to frozen foods. Though the category has been around for some time the penetration is relatively low. “To increase penetration, brands have to create awareness through wet sampling, in-store promotions, cooking demo activities and advertisement. Cross-category promotions and offers also play an important role in this segment. Customer education regarding quality of products, processing of the products, passing product knowledge/USP of the products to the end consumers, and providing recipe guides for the raw frozen/fresh products can play an important role to drive sales of this category,” says Phadtare.

In the past couple of years, brands and marketers have been creating awareness through in-store promotions, advertisements, wet sampling, etc, to grab eyeballs and increase offtake. “Cross category

“
It has been observed that promotional campaigns and activities like cross-category promotion offers generate incremental sales of over 100 per cent for a specific brand or product

—Mithun Appaiah
VP- Sales & Marketing,
iD Fresh Food



promotions and offers are popular in the segment. We are engaging with top retailers to grow this nascent category and we hope for very positive outcomes similar to what happened with masalas and atta – a category revolution from traditional grounded products to ready-made, packaged and branded products,” informs Basu.

Also, while Modern Trade continues to be an important channel partner for the category, the growing importance of the e-commerce channel is prompting brands to tie-up with the leading e-tailers as well. “Modern Trade and e-commerce have surely played a pivotal role in taking the category to the consumers in the smaller cities. But this category deserves intimate working of brands and retailers. We associate with some of our key retailers deeply and plan category deliverables with them as a team by managing the inventory, deciding on the right brand mix and working towards maximising per unit through-put of the category.

We regularly partner with them, driving their thematic activations and have a calendar chalked out to drive consumer sampling in the outlets to drive trials,” says Basu.

At the same time, many brands feel that a lot of work still needs to be done at the retail front, and particularly with the Modern Trade retailers, for the frozen food category to grow to its full potential. “I think the ice-cream industry is the one industry where retailers and consumers need a lot more education. There is a tremendous amount of lack of knowledge in not just the people who are at various retail touch point but even among consumers. There is a lot of education that’s required and I think that’s one thing the ice-cream industry and all the ice-cream players can jointly work toward improving,” avers Fresh & Naturelle Ice Creams’ Pabrai. He adds: “Retailers still cannot manage ice-cream properly. As a brand and a company, we are struggling in opening and running stores at big retailers. That is why we have instead tied up with lots of hotels, restaurants, and caterers. If we find a retailer who can actually handle and managed ice-cream properly the way it is supposed to be handled, then we will surely look forward to explore that and devise further collaborations with retailers.”

“The frozen food category for the retailer partners is a high-cost category and hence they are constantly looking at ways to optimise the opex of the category. Brands and retailers need to collaborate deeper in this endeavour with sustainable and win-win measures to come up with better space-inventory planning and better management of promotion spends. The aim should be to partner in improving the per sq.ft. throughput by driving the right assortment mix with the optimum marketing support,” opines Sumeru’s Basu. “Raising customer awareness in the frozen category is a must. Also, sampling activities, without disturbing customers, and hygiene of the store are important factors for driving sales,” points out Sudheesh Cheriya, General Manager- Retail, Lulu Hypermarket.

According to Sumeru’s Basu, “We are collaborating with some of our retailer partners in understanding consumer behaviours better and taking innovation inspirations from them. We are also partnering with them in various manners to build the new products and take them deeper into the Indian markets.” With greater collaboration between retailers and marketers in the frozen food space, the category is expected to undergo a remarkable change in the next five years. Growing awareness about food safety and hygiene coupled with a busy lifestyle will prompt consumers to look at frozen food as a safe and convenient alternative to home cooked and street food. The game, if one must say, has just begun! **PG**



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Envision the Future

Redefining the physical store in an omnichannel world

Omnichannel trends have become the “burning platform” for our industry. These trends are having a major impact across channels, with recent headlines providing powerful examples: “Shoppers Flock to Online Merchants,” “Walmart to Close 269 Stores,” “Retailers Struggle.”

To win over the next five years, suppliers and retailers must address significant, continuous changes in our business environment.

Changes – including new shopper purchase/delivery options, information sources, preferences for Millennials and others, and blurring of channels, including retail/e-tail – are redefining “requirements for success,” as noted by 91 percent of retailers and 95 percent of suppliers in an industry-wide study.

This study, dubbed “Envision,” is uniquely designed to help navigate these changes, with a broad scope and key elements as follows:

- Total store focus, not just perimeter or selected departments
- **All tactics**, not just technology or other elements
- **Physical/virtual** recognition that shoppers operate in both worlds
- **Actionability near and longer term**, not just generalized or incomplete solutions
- **Ongoing focus and current:** The study will be regularly updated to reflect the continuous pace of change, with deep dives in key areas with future releases

Significant new challenges

Market changes are creating entirely new challenges and an unprecedented demand for new thinking and solutions.

“Brick-and-mortar retailers need to come up with a better proposition to lure shoppers into their stores,” Chicago-based business consultancy Alix Partners told The New York Times. “‘Stack it high and let it fly’ doesn’t work anymore. They have to figure out how to make shopping fun again.”

The first of these challenges is

Differentiation and Relevance. Expanding shopper options – for meal solutions, health and beauty, pet, and other categories – are a major source of competition, especially with Millennials. Up to one-third of all shoppers and almost half of Millennials, shop in specialty stores, and online creates further challenges.

These options are changing requirements for success well beyond conventional metrics.

“We traditionally look at market basket and traffic,” said one retailer responding to our survey, “but our more fundamental need is differentiation and relevance in a world with more options in conventional channels, foodservice, specialty stores and online.”

A second major challenge is **Physical/Virtual Balance**. Is the physical store seen by shoppers, and Millennials in particular, as relevant five years



from now? The answer is yes, but with a caveat: The physical store must elevate its game.

First, the good news: Shoppers, and Millennials specifically, note that online shopping will grow over the next five years, but the physical store will continue to play a major role for shopping and pickup.

Retailers and suppliers agree that the physical store and virtual shopping need to work together to create an experience greater than the sum of their parts.

“The fact is, shoppers want both options – physical and virtual – and the ability to move between them,” another retailer responded.

Now the caveat: The physical store must link to virtual shopping options, but in so doing must not diminish focus against the first challenge – differentiation, relevance, and ability of the physical store to attract and excite shoppers. As one retailer put it, “Focus on the physical store in an omnichannel environment is critical to our long-term survival.”

A supplier in the food industry reported, “We are seeing and projecting huge growth in online, but even by 2020, this will only be 3 percent of our sales.”

Higher-level strategy needed

Category management has played a key role for decades and will continue to do so, but today there is also need for an approach above this: to address the higher-level need states of shoppers and total-store needs of retailers.

Specifically, shopper need states aren’t confined by traditional category boundaries. For retailers, a gap exists between solutions developed across 150-plus categories and their need to prioritize and integrate these into a unified whole to excite and engage shoppers, and thereby differentiate their overall operations.

Suppliers and retailers both recognize there are limitations to category management for future shopper and store management needs.

“Category management is important, but it’s the price of entry, and by definition is more limited in scope and the kind of solutions it can provide,” a retailer responded. “You can’t win with this.”

This higher-level shopper/store approach impacts the type and depth of insights that are developed, as well as the application of these insights.

While virtually all suppliers today have shopper insights, retailers express the need for broader business insights that are developed to more fully address both shopper and store needs.

“Just like category management is category-centric, many of the supplier insights and solutions we see fall within the same boundaries,” said one retailer, “and, when they get beyond the immediate aisle, often lack real substance.”

Percent Always/Often Shop Outside Their Regular FDM Store for:

	Meat/Deli	Health Care	Baked Goods	Pets	Beauty	Organic	Ethnic
Total	32	26	25	25	25	19	18
Millennials	45	37	40	36	39	33	30

	Total		Millennials	
	Today	5 Years	Today	5 Years
Browse online, but go to store to do shopping	35	47	45	53
Order online to pick up at store	19	40	33	48
Shop and purchase online	22	45	34	54

Percent Top 2 Box Agreement	Retailers	Suppliers
Category management is not sufficient to fulfill future needs	40%	50%
There is a need for solutions not limited by category/department boundaries	100%	97%

Retailer Rating of Current Insights — Percent Very/Somewhat Strong

Brand	Category	Dept.	Related Depts.	Total Store
76	77	50	39	42

In addition to deeper and more developed insights, there’s a need for applications that identify “white space” beyond category definitions, in terms of shopper need states and also retail execution.

“We need techniques that address opportunities for both product and retail innovation,” another retailer said. “We see a lot of focus on the first, but the second is equally critical to more effectively engage with shoppers.”

Need a broader set of tactics

The 4Ps – product, price, placement and promotion – continue to be a foundation for managing categories. However, winning in today’s environment demands more, given the following:

- **Blurring of channels**, both physical and virtual
- Need to **focus on not just consumer needs**, but also shopper needs, and retailers need to address these in a compelling way
- **A major shift in the industry’s perceived “moment of truth,”** from when a shopper is in front of a shelf containing products to a much earlier point when the shopper is considering which channel/retailer to shop

“The 4Ps are important, but if that’s the extent of what we focus on as retail tactics, we’ll soon follow others into Chapter 11,” a retailer remarked.

While the 4Ps continue to address key basics, the 2Es are critical today as differentiators – to excite



The fact is, shoppers want both options — physical and virtual — and the ability to move between them

—Retailer

Percent Very/Somewhat Likely to Shift Purchasing "Back" to Their Regular Store							
	Meat/Deli	Health Care	Baked Goods	Pets	Beauty	Organic	Ethnic
Total	83	76	78	73	72	80	74
Millennials	78	77	72	73	71	77	73



“
Just like category management is category-centric, many of the supplier insights and solutions we see fall within the same boundaries, and, when they get beyond the immediate aisle, often lack real substance

—Retailer

and engage shoppers, and address the retailer need for a differentiated image and relevance.

- **Excitement:** When shoppers walk by a section of the store, does it create a “wow”? An emotional connection? Does it make them need to enter and check it out? Does it provide a compelling alternative to specialty outlets?
- **Engagement:** While the 4P tactic of promotion focuses on communication to the shopper, engagement focuses on dialogue originating from the shopper. To compete with restaurant takeout, for example, where shoppers often use a mobile device to call ahead, is the same option available for your prepared food section? With other sections of the store, is there opportunity for dialogue before, in and after the store?

The 2Es respond to significant shopper needs. Consider the following: Only 50 percent of shoppers indicated that they’re “fully or pretty loyal” to their primary grocery store”; only 51 percent said that they have “high or somewhat high enjoyment” in the shopping experience; 41 percent said that it’s “not organized to the way I shop”; and 30 percent said, “I don’t think they focus on shopper needs when organizing products.”

The 2Es have the potential to change the game. The “treasure hunt” of club stores and the “fun/excitement” in many specialty stores, noted in many studies, provide a helpful reference point. In our study, more than three-quarters of shoppers indicated that they’d be very/somewhat likely to shift purchasing “back” to their regular store if offered a more engaging shopping experience.

Revisiting industry truths

In a very different business environment, it’s also instructive to revisit industry “truths” in two areas.

The first is perceptions of perimeter and center store. The perimeter has unique elements (e.g., fresh), but also several others that can be broadly applied, such as integration of categories, visual appeal, information/news, “stations,” and more.

As one retailer put it, “If we look at perimeter and center as totally unique, we’ll keep trying to solve center store problems with center store tactics.”

The second is perception of a “common look across the store.”

“Common look can be more weakness than strength,” another retailer asserted. “Why should the pet aisle look the same as household cleaning or snacks or HBC? These sections need to connect with shoppers, not just provide products. A pet is a family member. Beverages provide purity, variety, enjoyment. OTC meets treatment and preventive needs.”

Creating a more exciting, engaging retail experience must take a broader approach than trying to solve center store problems with center store tactics, or maintaining a common look across the store.

Opportunity: A case study

Before we look at applying key learning from this study, we should begin with a current case study to illustrate certain opportunities.

The example we’ll use is a top-five grocery retailer, but observations and implications also apply to other channels. The store has a typical perimeter, and the center store has 24 aisles. There’s a numbered sign at the end of each aisle that also lists seven to eight product types found in that aisle, or almost 200 categories. The signs are the same shape and color, and the aisles generally use the same fixturing and other elements.

Certain product types (e.g., beverages) occupy three entire aisles, but aren’t next to one another. Other product types (e.g., HBC, pet, GM) are typically their own aisles. End aisle displays are used, often for DSD items; these items typically don’t align with the product types stocked in the aisles adjacent to them.

Taking action: A detailed approach

The study identifies four major steps for taking action. These can be used to create a “practical revolution,” both near and longer term. A practical revolution creates noticeable change/improvement without significant near-term investment, and without significant change in established consumer/shopper behavior.

Step 1: Identify shopper business units (SBUs) for your stores

This begins by consolidating your store into a manageable number of “shopper-defined business

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units” (SBUs) – or destinations or need states – that shoppers can easily identify with and understand, and that align with your store differentiation strategies.

In our case study example, the 24 aisle signs could be consolidated into, say, 12 major sections: beverages, snacks/condiments, canned/packaged, breakfast, GM, baby/family, reading, HBC, household products, paper goods and frozen.

The key point isn't the number or even the names of these, but the fact that they can be done over time or in phases, often building upon layouts that largely exist already.

“Building on principles that have made for perimeter success, we're extending this to an initial six areas in center store, with great reception,” the retailer explained. “The goal is to turn center store into engaging sections shoppers can easily relate to, rather than just a big ‘all other’ department called center store.”

This can often be done with minimal to no meaningful disruption to shoppers who know where to find a specific product; longer-term change can be pursued as appropriate.

“An important point is, we need to figure out a total-store strategy versus having isolated initiatives from various suppliers or departments that may overlap or contradict or not fit together into a cohesive whole that's logical, develops synergies and is inviting to the shopper,” the retailer said.

Step 2: Create excitement within each SBU – The 1st of the 2Es

The focus in this step is to create strong excitement, a “wow” factor, within each SBU –

to make each a compelling destination where shoppers want to shop.

This can begin with distinctive aisle signs using pictures. Lists of product types, and even numbers, can still be included, and some SBUs (e.g., beverages, HBC) may be more than one aisle.

“The goal needs to be to make the entire store amenable to more ‘intuitive shopping,’” the retailer noted.

Use of end aisles can highlight key products or new/emerging segments.

Focus should be on key physical/emotional needs, not just products lined up on shelf – for example, greater attention in OTC not just to treatment, but also prevention, a growing priority.

Each SBU should compete at or above standards of specialty outlets (in pet, beauty, bakery, GM, candy, beverages, etc.) that represent a key shopper “standard” and source of business.

Other elements – flooring, colors, and more over time – can create a personality and excitement within each SBU that makes shoppers want to visit.

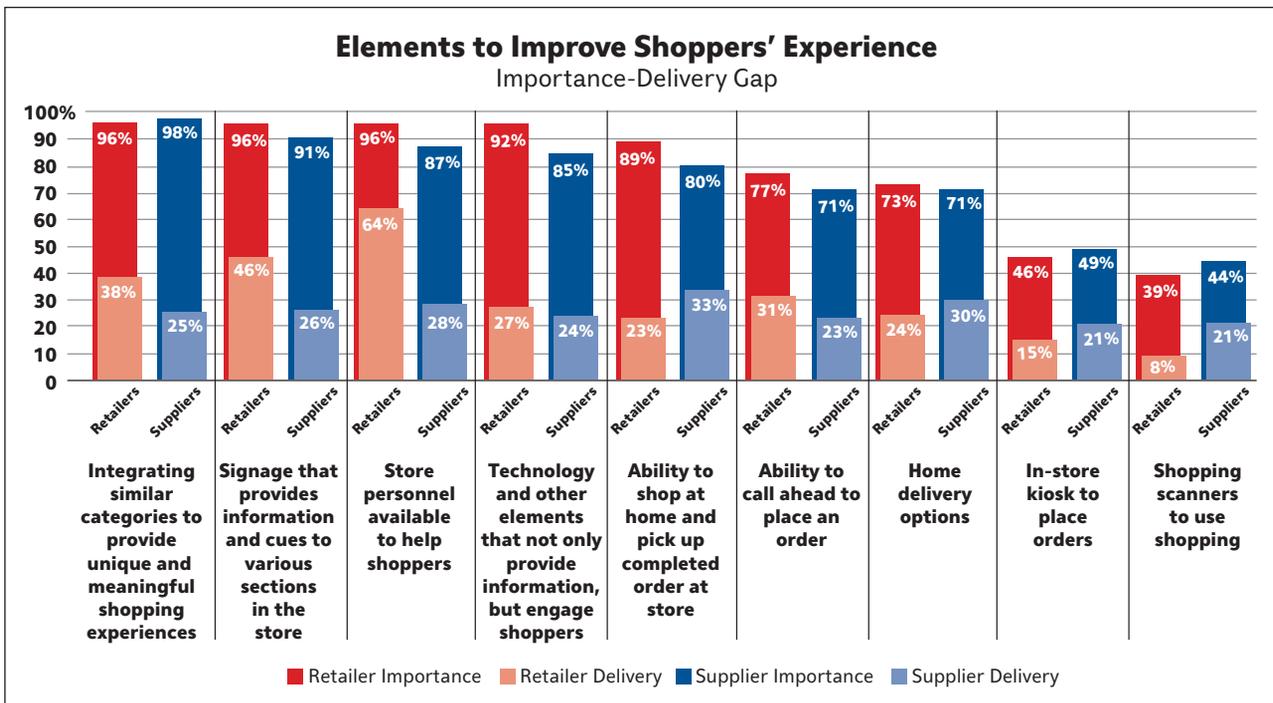
Step 3: Incorporate the full set of retail tactics and shopper engagement with the 2nd of the 2Es

This step brings to life the 4Ps that have been the focus of conventional category/retail management for decades, and the second of the 2Es: engagement.

With SBUs – as opposed to solo categories – there are greater critical mass and opportunity to incorporate more impactful merchandising, in-store services, staffing and other elements to build engagement into the shopping experience.

“Our company has to be willing and flexible to test and learn from solutions that will ultimately break the mold of traditional organization design

—Beverage supplier



Social media apps can also be aligned with individual SBUs rather than, for example, having notices pop up on a shopper's mobile device at random as they walk across and down various aisles. This alignment with social apps can provide two important benefits: further enhance shopper interest and involvement with each SBU, and provide simplicity and ease with the overall shopping trip.

Step 4: Examine additional potential synergies across SBUs

Importantly, this is Step 4, not Step 1. Many suppliers and retailers have used this as Step 1 as an extension of their category management efforts – for example, putting milk in the cereal aisle or various other ideas. However, this has resulted in several shortcomings, including insufficient variety and operational difficulties. Most crucially, it can result in one-off approaches in a handful of categories/brands, and never address the fundamental need to develop compelling SBUs and revitalize the total store.

Once Steps 1-3 have been addressed, this fourth step can add further value by considering shopper synergies from a total-store perspective not previously possible with conventional category boundaries and approaches.

Some examples: opportunities to increase the “home menu repertoire” of consumers for dinner or

to provide more comprehensive “wellness solutions.” Several other possibilities can also be developed, and execution can include not only physical adjacencies in-store, but also more near-term options, including low-cost steps with signage, conventional ad format and social media communications, to name a few.

Address process and organization structure as key enablers

When organizations seek to adapt to major changes in their business environments, process and organization structure can enable – or hinder – these efforts.

In today's emerging omnichannel world, the need to address process and structure is particularly pronounced. In fact, when suppliers and retailers were asked to review several elements to improve shoppers' experience, both groups indicated significant gaps between “importance” and “delivery” for their own organizations and businesses.

Process needs

Process defines how “the (new) work of an organization gets done.” It plays a critical role in enabling market success, and it's broadly recognized that “organizations deliver the exact results they are designed to deliver.” As such, our study has identified opportunities in two key areas.

Social media apps can also be aligned with individual SBUs rather than, for example, having notices pop up on a shopper's mobile device at random as they walk across and down various aisles





“
Why should the pet aisle look the same as household cleaning or snacks or HBC? These sections need to connect with shoppers, not just provide products

—Retailer

The first is a need to broaden the work of the organization beyond category level in a meaningful way, versus just a “quick fix” that’s not fully part of how one goes to market.

“Too much is being done by ‘bolting on’ to current process, versus rethinking how we need to manage for success today and tomorrow,” one retailer remarked.

The second is to ensure that objectives and incentives at the top of an organization are consistent with those at lower levels. This may sound obvious, but retailers and suppliers noted multiple examples where these can be significantly out of sync.

Organization structure needs

Structure is related to process. Since most structures were developed decades ago with the introduction of brand/category management, a key need in today’s very different omnichannel environment is to revisit certain underlying principles of one’s structure.

With both retailers and suppliers, for example, structure must be able to align with the retailer’s need to prioritize 150-plus category solutions into a unified whole to excite/engage shoppers and create differentiation.

“Our company has to be willing and flexible to test and learn from solutions that will ultimately break the mold of traditional organization design,” a leading beverage supplier said.

Looking ahead, more than half of retailers expressed interest in a supplier role above category captain that could be aspired to, with a more strategic focus to consider broader shopper/store needs.

New benchmarking approach

Study respondents – suppliers and retailers – indicated that in a fundamentally different and ever-changing business environment, a different benchmarking approach is needed that provides deeper insights and greater actionability.

It was noted that current benchmarking tools, while helpful, focus on external perceptions and broad recommendations.

“Current rating systems are interesting,” a supplier observed, “but focus on general industry or overall observations, versus an in-depth understanding and assessment of my strategies and actions, specific to my organization.”

An expanded approach is needed, with focus on internal process, goals and capabilities.

“To truly understand what’s working and [what’s] not, and especially to develop actionable outputs that can improve our organization effectiveness, we need to address our internal processes,” a general merchandise supplier responded.

Actionability must then address organization-specific areas, including “knowledge estate,” research tools, innovation protocols and strategic selling platform. The goal is to build the bridge from who/where we are today to who/where we need to be tomorrow.

“Improvements in benchmarking would provide specific action steps, instead of broad efforts, to help drive changes required for a total-store approach,” the beverage supplier said.

Action items: retailers/suppliers

- Create a capability above category management to address higher-level shopper and store needs; over time, this may also include a supplier role above category captain to support this higher-level focus.
- Review new product development protocols to enhance focus on market space opportunities outside conventional category definitions with shoppers and at retail.
- Identify SBUs and leverage a full range of tactics: 4Ps plus 2Es.
- Define a vision/roadmap to achieve newly defined goals; change the conversation and strategic focus from “perimeter/center store” to “integrate and engage across the total store.”
- Review your business process and organization structure to ensure alignment with new requirements for success.
- Consider a different benchmarking process – both qualitative and quantitative – to define your current state and measure progress.

Summary: what’s next?

Future releases of “Envision” will build on the foundation this study has established, with deep dives in such areas as e-commerce best practices and brand/retail loyalty in an omnichannel world.

Key elements of the next release will be an update on continuous market changes/implications and a deep dive on e-commerce best practices for retailers and suppliers. **PG**

For more information on your specific category or department, contact Ted Taft at Meridian-NorthStar Partners, ttaft@meridiannorthstar.com, 203-981-5759, or Jeff Friedman, Progressive Grocer, jfriedman@stagnitomail.com, 201-856-7621.

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Frozen food market in India

A survey by industry body Assocham in 2015 predicted that India's packaged food market is set to witness a quantum jump to \$50 billion by 2017 from \$32 billion due to the increasing popularity of ready-to-eat packaged foods. More households in urban India have been associating ready-to-eat food with convenience, fuelling the sale of packaged food at an average annual rate of 32.5 per cent between 2010 and 2015. Rising disposable income and a younger demography of households in the top metros also mean that over the next two years consumption will surge across categories of packaged food such as packaged beverages, dairy products, snacks, frozen foods, ready-to-cook and ready-to-eat and baked foods. Urban households account for 80 per cent of these purchases.

By **P. Rajan Mathews**

More parents are opting for easy-to-prepare meals. The Assocham report says households with working couples and young children, serve on an average 10-12 such meals a month. About 76 per cent of the nuclear families feel that they have less time to spend in the kitchen.

The changing Indian lifestyle is creating a multitude of opportunities for market players, across industries. The rise in the number of women in the workforce, and the resultant time-paucity, along with the increasing at home socialising, the preference for nuclear families, or that of young professionals living alone, the growing acceptance of Western food, and the need for on-the-move freshly-

cooked foods are the reasons for launching frozen foods and ready-to-eat meals / microwaveable meals.

The Indian market has been witnessing the entry of many brands offering a host of products across various processed food categories such as frozen foods, beverages, spices, seasonings, and curries. One segment, which has evolved significantly in the processed food section is frozen convenience food. The increase in demand for frozen food products is driving increased focus on the category by modern retail chains and standalone grocery stores, who are stocking more varieties of frozen products such as peas, corn, and ready-to-cook and heat-and-eat packaged products. As sales increase, the category is slated to witness increased penetration and entry of more players and products.

Frozen foods vs ready-to-eat meals

Ready-to-eat meals with today's Retort processing is the most acceptable form of food preservation. These are ready-to-eat food products that require just warming in a microwave oven or water bath before eating. Packaging of those foods should withstand thermal processing. Retort pouch is the flexible laminated food package having light weight. It maintains the shelf-life, texture and nutritive value of the food. But Retort processing could not maintain shapes of foods and snacks and was more suitable for semi-liquid or smaller pieces / powdered food products. But the challenge has been to preserve the raw meat and non-veg products and the semi-cooked non-veg products long with the various vegetarian products that required the shape of the product to be maintained till it reached the end consumers. This is where Frozen Technology has gained prominence over the RTE products.



Today frozen foods are considered to be as the best alternative for Fresh Foods as it is preserved with all its nutritive values intact. Many products when preserved in the traditional methods lose all their nutritive contents but the same when preserved in the frozen method preserve all the nutritive values. Natural Vitamin C found in fruit pulp is lost over a period of time when it is preserved either in the ambient temperature Tetrapak or Retort pack technology. With the penetration of refrigerators and microwaves, the ease in storage and use of frozen foods has been gaining momentum.

Today the frozen food market in India can be described as in nascent stage with few products, with low consumer awareness levels, and with underdeveloped frozen food distribution network, plus lack of freezer space at the retail end.

Market size of frozen food segments

The frozen food segment comprises of ready-to-cook/ fry and heat-and-eat vegetarian and non-vegetarian food products. The market is largely dominated by select national brands and some regional players. The frozen foods market

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is generally segregated into processed frozen vegetables, veg snacks, poultry, fish and seafood, and red meat. In the frozen veggies / vegetables segment, garden peas continued to be the most popular frozen processed vegetable bought across India with a commanding retail value share of over 69 per cent, followed by mixed green vegetables and baby corn with shares of 14 per cent and 7 per cent, respectively, in 2013.

Frozen foods are dominantly used in the Food Service / the Food Institutional Market and forms a major portion of the frozen foods market.

Frozen Foods Mkt Size (Rs. Cr)	Retail	Food Service / Institutional	Total Market
Vegetarian	400	800	1200
Non-Vegetarian	1000	1800	2800
Total	1400	2600	4000

The total Frozen Food Market size (Rs. crore) in India in 2013 is given in the tables above and below.

Increasing international food chains have a total dependence on frozen foods. During the past two decades, many international food chains have entered India as they perceived it to be a potential market with the scope for expansion and growth. Some international brands have become household names in India, including McDonald's, Pizza Hut, Domino's, TGIF, KFC, Ruby Tuesday and Subway. At the core of such international brands' success is an awareness of local tastes and habits of the Indian market supplied through the frozen foods market developed over the years. The Food Service / HoReCa market's dependence on the frozen foods has been due to the ability of frozen foods in providing year long supplies, standardised products, convenience, dependability, storability and almost fresh as fresh products.

Contrary to many popular beliefs that it is the non-vegetarian in all forms that dominates the retail consumer portion of the frozen food products in the Indian market, veg snacks and desserts are also becoming quite popular. Poultry is today the major source of meat in India. Its share in total meat

Retail Frozen Products - 2013	Rs. Cr.	CAGR
Sea Food (Processed & Raw)	105	10%
Red Meat & Meat Substitutes	50	10%
Processed Poultry Meat & products	760	18%
Non-Veg Snacks / Meals	65	22%
Veg Snacks / Meals	60	21%
Vegetables	260	10%
Potato Products (incl French Fries)	60	20%
Frozen Desserts	40	7%
Total Frozen Packaged Food	1400	15%

Source: Euromonitor.



Today the frozen food market in India can be described as in nascent stage with few products, with low consumer awareness levels, and with underdeveloped frozen food distribution network, plus lack of freezer space at the retail end

consumption is 28 per cent, as against 14 per cent ten years ago. It has outpaced its two competitors – beef and veal, and buffalo meat. High mutton prices, religious restrictions on beef and pork, and the limited availability of fish outside the coastal regions have all helped to make poultry meat the most preferred and most consumed meat in India. Expanding domestic production and increasing integration have pushed poultry meat prices downward and stimulated its consumption. Today frozen food processing has enabled the processed poultry meat industry to grow first in the Food Service / Institutions by supplying to all QSRs, HoReCa and Army then into Retail. Each of the major poultry player is doing its own bit in creating the cold chain nearer to the consumers by creating neighborhood cold freezer outlets to reach the end consumers at their doorsteps. Suguna has created its chain of franchised retail outlets “Suguna Daily Fresh” which sells chilled and /frozen products. Similarly, there are outlets such as Republic of Chicken from AI-Chemist and Venky's Express from other poultry majors.

With each frozen foods player creating its distribution infrastructure across the country and into the smaller towns, the demand for creation of cold chain and storages is increasing. Today you can find distributors with small cold storage rooms in smaller towns and this will penetrate into all towns. All the leading players of the industry are investing into the creation of freezer spaces in independent outlets.

Bottleneck - is it the lack of cold chain?

Unlike in the other farm products such as grains, fruits and vegetables where processing can be carried into dehydrated dry ambient products and frozen products, in veggies, snacks and meat products the

processing can only be done to its best natural form into frozen processed products. Hence the cold chain becomes very critical and a vital link in the development of processed veggies, vegetarian snacks, meat, seafood and poultry products.

From the processing plant to the end consumer's plate, the development of cold chain depends on the following:

- Stable power supply: Cheaper and uninterrupted power will develop the cold chain across.
- More governmental support and concessions should be provided to attract the private sector for investments into the cold chain.
- Modern Retail development will ensure private sector and FDI in development of this cold chain. Today the skeletal cold chain is developed only to Tier I and tier II cities, which needs to grow further into smaller towns and only then can the processed frozen products reach the masses.
- Development of retail outlets for frozen food products: when the frozen food products are nearer to the consumer, the acceptability and the demand for the frozen products increase. Today, any organised supermarket has a cold freezer of around 400 liters and hypermarkets have around 800 – 1200 liters of cold freezer space, which is grossly insufficient. Hence there is a large potential in such frozen food products retail outlets selling all forms of frozen products.
- Consumer end of the cold chain: For the full development of the cold chain, the domestic consumer should have adequate freezer space at home. In the first instance, the domestic household penetration of refrigerators is dismally low in India and a majority of the average Indian households will have refrigerators of size 200 to 250 liters. Of this, the freezer space is just sufficient to keep the daily requirements of dairy products, which results in no freezer space for the frozen products. Even in households having more than 400 liters of refrigerators, not more than one kg of packaged frozen products can be stored at home. In the European and American markets, every household possess a Deep Freezer of 200 liters for storing frozen products along with the regular refrigerators. Indian markets consider Deep Freezers as an institutional appliance and not as a domestic appliance. All major frozen food players and frozen food industry should join hands with the White Goods manufacturers to create demand for the frozen food appliances such as Deep Freezers and microwave ovens with defrost facility.

Social changes driving the packaged frozen

food consumption trends in India: The packaged frozen foods category has a tremendous growth opportunity in the near future due to

- Growing number of nuclear families. The Federal Home Ministry has recently released the final

figures of the first phase of Census 2011 known as House listing and Housing Census in New Delhi. The data states that India is now overwhelmingly made up of nuclear families — a dramatic change from just a generation ago, where joint families were the norm. Seventy per cent of the households consist of only one couple.

- Increased urbanisation.
- There is an increasing population of Indian women that have neither the time nor the knowledge to cook traditional meals on a regular basis.
- Indians have become more experimental with their food and drink choices as there is need for variety.
- Growing youth population.
- Significant rise in the number of working women – 34 per cent households have working women. – 49 lakh households in the top 10 cities constitute 50 per cent of the total working women.
- Growing practice of singles living away from home for education or work.

Today, any organised supermarket has a cold freezer of around 400 liters and hypermarkets have around 800 – 1200 liters of cold freezer space, which is grossly insufficient



- Change in mindset: From a mindset where home-cooked and fresh food was preferred and housewives insisted on making everything from snacks to multi-course meals in-house, today it has become commonplace to seek convenience and variety using the vast menu of packaged frozen foods available.
- 44 per cent Indians admitted to not having much time to cook, while 23 per cent felt ready meals were affordable (Source; Euromonitor, January 2013)
- Food as convenience and novelty: The variety of ready-to-cook and ready-to-eat packaged frozen food is growing, thus helping the housewife in her quest for novelty.

Thus with an increasing working woman segment, increasing work and study commitments, declining culinary skills, the rising need for convenience,

and surging disposable incomes, along with clever and innovative marketing will all lead to a higher demand for heat-and-eat products.

Challenges facing the frozen foods industry

McCain's is one of the foremost MNCs, which has entered into the Indian Frozen food market in the mid 90s and has taken more than a decade in market development for their frozen potato products and setting up the backward integration of potato cultivation and processing plant in Mehasana, Gujarat. The consumer end of market development consisted of importing McCain potato products and seeding them at subsidised process as the imports had a 40 per cent import duty then. Slowly they developed the market and the French Fries product was able to establish in the market with QSRs providing a ready platform. Apart from McCain's Smilies, the other potato products are yet to take off due to acceptability issues in the Indian consumers' tastes. After 2012, Simplot, the world's largest French Fries manufacturer, entered the Indian market with a joint venture partner and after a few years of operation the joint venture broke and the operations were closed. Hence it is a challenge for any player to develop the consumer market for the frozen foods and the backend supply chain with sourcing of correct agricultural raw materials.

The consumption diversity of consumer's taste and preference for food products in India is different across regions and, therefore, the decision to launch any product must be assessed in detail to ascertain the extent and potential of the market that can be targeted for high revenues. This is a very difficult challenge especially to the MNCs that will enter the foods and especially the culinary space. Hence most of the companies are Indian food companies venturing into frozen food. This has also hindered large corporate houses to venture into the frozen foods space and a few such as Tata's had to retreat after they bought Sumeru Foods from the Amalgam group.

In India, the food and grocery segment is dominated by independent grocers with small



neighborhood stores that are characterised by low investment. So stores with refrigeration facilities are very less in number. This is a major roadblock for increasing the penetration of frozen food through general trade, which comprises over 90 per cent of the overall food and grocery retail. Refrigeration facilities are present in modern retail stores, besides which these stores attract the segment of consumers looking for convenience food such as ready-to-cook/eat. Hence, modern trade is the only and preferred channel of sales for frozen food category. The country also grapples with insufficient infrastructure facilities like cold storage and temperature controlled (cold) transport. The frozen food category is non-existent in rural areas where close to 65 per cent of the population resides. Consumers here may not be driven by convenience like in the metros, but they may aspire for such foods, and be willing to experiment.

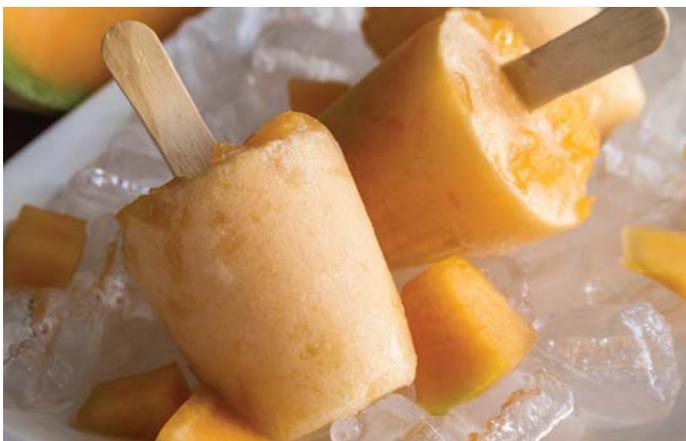
Government initiatives

Government should first ensure the uninterrupted supply of power at affordable costs. Only if affordable power is available, then only the investments into cold chains will be attractive. Government should also give priority in power supplies to cold chains.

The present concessions on investments are not attractive enough to any investor. More tax holidays and concessional supports in terms of lower sales taxes on frozen product sales and supports to the trade in selling frozen products are required.

Attractive foreign direct investments into frozen foods processing plants and cold chain is urgently required. Till date, only two have received FDI in frozen foods. The investments into cold chain have been limited only to Snowman. Hence more FDI will only give momentum to the frozen food industry and cold chain in the country. **PG**

India is different across regions and, therefore, the decision to launch any product must be assessed in detail to ascertain the extent and potential of the market that can be targeted for high revenues. This is a very difficult challenge especially to the MNCs that will enter the foods and especially the culinary space. Hence most of the companies are Indian food companies venturing into frozen food




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Sustainable certifications in global seafood trade

The dynamic context of seafood production systems represents an invaluable opportunity to transition to systems that foster and promote social, economic and environmental sustainability over the long term. Markets for sustainable fisheries products were an estimated US\$12.9 billion in 2013

By **Amod Ashok Salgaonkar**

Seafood is one of the most important commodities in terms of value traded globally. In 2014, the value of the seafood economy was estimated at US\$140 billion (Rabobank, 2015), with both the primary and secondary seafood sectors supporting an estimated 10 to 12 per cent of the world's population (Food and Agriculture Organization of the United Nations [FAO], (2014b)). The two main systems of production for seafood products are wild fish harvesting and aquaculture.

Strategic development of the seafood economy, therefore, represents a major opportunity for securing more sustainable livelihoods.

Fisheries trade is a major economic driver in many developing nations, accounting, in some instances, for more than half of the total value of traded commodities (FAO, 2014). The global fisheries market is also volatile and therefore difficult to predict. Demand and supply factors, along with cost of production and transportation, as well as the value and supply of substitutes like

meat and feed all influence fish prices and overall trade values. Fish prices have increased over the past decade (FAO, 1998). The aggregate FAO Fish Price Index reached a record high in October 2013 (FAO, 2014).

Aquaculture is contributing to a growing share of international trade in fishery commodities for high-value species such as salmon, sea bass, sea bream, shrimp and prawns, bivalves and other molluscs, as well as low-value species such as tilapia, catfish (including pangasius) and carp (FAO, 2014). Developing countries typically have a fish trade surplus. Approximately 30 per cent of their total fish production is exported to the United States, Japan and the European Union (FAO, 2014) and is mostly made up of high-value species like shrimp and prawns, lobster, and tuna (Pérez-Ramírez, Phillips, Lluch-Belda, & Lluch-Cota, 2012).

Most traded fish commodities of the world

Shrimp is one of the largest seafood commodities in value terms, representing approximately US\$19 billion or 15 per cent of the total value of internationally traded fishery products in 2012. Primarily produced in developing regions, most shrimp is destined for international markets (FAO, 2014).

Salmon production, which has been growing over the past decade due to the expansion of aquaculture production in northern Europe and North and South America, accounted for US\$18 billion, a 14 per cent share of total global trade in 2012 (FAO, 2014; Terazono, 2016), and recently surpassed shrimp in value terms. Norway is the predominant producer and exporter of Atlantic salmon, followed by Chile (FAO, 2014).

Groundfish species such as cod, hake, pollock, tilapia and pangasius accounted for US\$13 billion or 10 per cent of the total value of internationally traded fishery products in 2012. Cod remains the most expensive groundfish species. Pangasius, an important source of low-priced traded fish, is relatively new on the international market and is produced mainly in Vietnam for international markets. The main suppliers of tilapia are Asian and Central American countries, and supply is mostly destined for U.S. markets. Tilapia production is expanding in Asia, South America and Africa (FAO, 2014).

Tuna accounted for US\$10 billion or 8 per cent of total fish export value in 2012 (FAO, 2014). Tuna markets have shown volatility over the past three years owing to fluctuations in catch levels, sustainability issues and the introduction of eco-labels. Japan is the predominant importer of sashimi-grade tuna, and canned tuna is destined primarily for American, European and, increasingly, Asian markets.

World fish market at a glance

	2013	2014	2015	Change 2015 over 2014
	Estimated			Forecasted
	Million Tonnes			%
World Balance				
Production	162.8	164.3	168.6	2.6
Capture fisheries	92.6	90	90.6	0.7
Aquaculture	70.2	74.3	78.0	5.0
Trade value (export usd billion)	136.2	144.3	130.9	-9.3
Trade volume (live weight)	58.8	59.5	59.8	0.5
Total utilization	162.8	164.3	168.6	2.6
Food	141.0	144.6	147.5	2.0
Feed	16.8	15.0	16.4	9.7
Other uses	5.0	4.8	4.7	-2.1
Supply demand indicators				
Per caput food consumption				
Food fish (kg/year)	19.7	20.0	20.1	0.9
From capture fisheries (kg/year)	9.9	9.7	9.5	-2.2
From aquaculture (kg/year)	9.8	10.3	10.6	3.8



Fish meal (usually made from small pelagic fish) accounted for US\$4 billion or 3 per cent of world fish trade in 2012 (FAO, 2014). Peru is the world's largest producer of fish meal, having rights to the largest fishery producing the highest-yielding species in the world, the Peruvian anchoveta. Peruvian fish meal export to China is one of the largest trades in seafood and accounts for approximately US\$500 billion a year (Rabobank, 2015), serving largely to support the Chinese aquaculture industry. Per capita fish consumption in developing regions is increasing, although developed regions still have higher levels of consumption. Despite this, however, the share of developing countries' animal protein intake contributed by fish remains significantly higher than that of their more developed counterparts.

Key statistics: global wild catch & aquaculture trade 2014

Global trade value	US\$140 BILLION (represents a doubling over the last 5 years)
Seafood exports as a proportion of global production	37%
Proportion of seafood exports that come from developed countries	40%
Proportion of seafood exports that come from developing countries	60%
Top 5 exporters & proportion of global exports	China (14%), Norway (7%), Thailand (6%), Vietnam(5%), United States (4%) Total combined proportion: 36%
Top 5 importers & proportion of global imports	Japan(14%), United States(14%), China (6%), Spain(5%), France(5%) Total Combined proportion : 44%
Top 5 global species groups for export and proportion of global exports	Shrimp(15%), Salmon(14%), Groundfish (eg, hake, cod, haddock, Alaska pollock) (10%), Tuna(9%), fish meal(3%) Total combined proportion: 51%

Key Statistics certified wild catch & aquaculture production (years for data listed in source note)

Major International standards	ASC, GAA, BAP, CHINA G.A.P, FOS,GLOBALG.A.P, MSC, Naturland, Organic
Standard-compliant production	23 million mt (14% of global production, 58%from developing countries)
Top5 standard-compliant producers and proportion of total	Peru(25%), United States (15%), Norway(11%), Chile(8%) , Russia (6%) Total combined proportion = 65%
Top5 Standard-compliant species groups & proportion of total	Anchoveta(29%), Cod(16% including, Alaska Pollock), Salmon(15%), Tuna (8%), Mackerel(4%) Total combined proportion = 72%

Eco-labelling in seafood sector

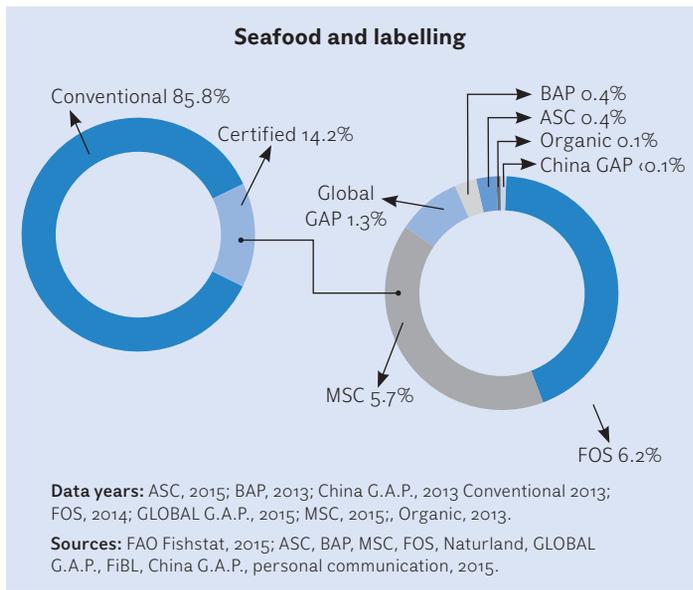
Wild Catch: Eco-labelling in the seafood sector has evolved considerably from its humble roots of single issue tuna labels in the 1970s. With the growth in consumer awareness of sustainability issues, retailers and manufacturers serving developed country markets have increasingly recognized value in affiliation with one or another sustainability standard. Standard compliant seafood production has grown consistently and dramatically as a percentage of global seafood production over the past decade. By 2015, certified production had reached 23 million metric tons, accounting for 14 per cent of global seafood production, up from 0.5 million metric tons (or 0.5 per cent of global) in 2003.

From 2008 to 2015, certified seafood production grew at an annual rate of 30 per cent, over 10 times faster than total seafood production. Eighty per cent of certified seafood comes from certified wild catch production, reflecting the longer history of certification in wild catch markets but also the primacy of sustainability challenges in wild catch production due to issues related to stock management, which, to date, has been the primary driver behind seafood certification.

Two initiatives, FOS (Friend of the Sea) and the MSC (Marine Stewardship Council), dominate certification for wild catch markets, each accounting for 10 per cent of total wild catch seafood. As a consequence, these two initiatives also lead as a portion of global seafood production (including aquaculture) with FOS accounting for 6.2 per cent and the MSC accounting for 5.7 per cent of total seafood production (although of all the standards covered, only FOS and Naturland operate in both wild catch and aquaculture). GLOBALG.A.P., the leading aquaculture certification scheme, by contrast, accounted for 3.0 per cent of the global aquaculture market and 1.3 per cent of the global seafood market (2015).

As of 2015, certified seafood made up more than 14 per cent of global seafood production. MSC- and FOS certified production accounted for virtually all certified wild catch and for 80 per cent of global certified seafood. Six aquaculture certifications accounted for 20 per cent of certified seafood in 2015.

Historically, wild catch fisheries have provided the vast majority of seafood products available on global markets. At the international level, two certification systems, FOS and the MSC, compete for global market share, with each initiative accounting for roughly 50 per cent of total certified wild catch, respectively, by 2015. These two initiatives alone certified 18.6 million metric tons of wild catch seafood, accounting for 20 per cent of total wild catch production and 80 per cent of the total certified seafood market. Total certified wild catch production has been growing at an annual rate of



36 per cent (2003–2015), significantly outpacing the relative stagnant growth across global wild catch markets over the same period. Although wild catch fisheries are present in most countries and 57 countries had some level of production certified under a sustainability standard in 2015, 70 per cent of certified wild catch production was sourced from 5 countries, with Peru and the United States accounting for 50 per cent of total certified wild catch. China, on the other hand, which accounts for 17 per cent of the global wild catch supply, is notably absent from the list of suppliers of certified wild catch production, with the exception of 60,000 metric tons of MSC certified yesso scallops, certified in 2015.

Majority of MSC-certified production being sourced from developed countries and the majority of FOS-certified production being sourced from developing countries.

Certified wild catch accounted for 20 per cent of global wild catch in 2015, with FOS and MSC certifying nearly equal portions of total certified production.

Certified wild catch is growing substantially faster than conventional wild catch production. FOS has grown five times as fast as MSC over the last seven years. By 2015 the total production volumes of the two initiatives converged at just over 9 million metric tons, growing at a rate of around 6 per cent per annum (2014–2015).

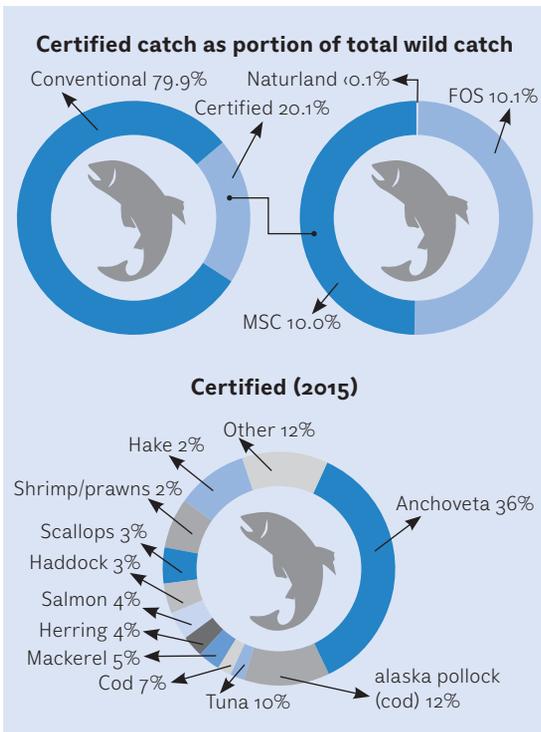
The largest single source of certified wild catch is anchoveta, primarily destined for fish meal markets. Cod, tuna and salmon are the main certified wild

Key statistics : wild catch productions	
Global Production	92.6 million mt
Top 5 producers & proportion of total	China (17%), Indonesia(7%), Peru (6%), United states(6%), India (5%) Total Combined proportion = 41%
Top 5 species groups produced and proportion of total	Anchoveta(9%), Tuna(6%), Cod(6%, 3% of which is Alaska pollock), sardines (4%), shrimp/prawns (4%) Total combined proportions : 29%
Major International Standards	Friend of Sea, Marine Stewardship council
Standard Compliant producers	18.6 million mt (20% of global production)
Top 5 standard-compliant producers	Peru (31%), United States (19%), Norway (8%), Russia (6%), Chile (6%) Total combined proportion :70%
Top Standard-compliant species groups	Anchoveta (36%), Cod (19%, 12% of which is Alaska Pollock), Tuna (10%), Mackerel(5%), salmon(4%) Total combined proportion: 74%
Retail Value of Compliant production	US \$ 7.9 billion

catch species destined for retail markets. Overall certified wild catch production is concentrated in fewer species than global production as a whole, with the top five species groups accounting for 74 per cent of total certified wild catch.

In 2015, the MSC certified just over 9 million metric tons. The MSC has experienced rapid and consistent growth over the past seven years, with

As of 2015, certified seafood made up more than 14 per cent of global seafood production. MSC- and FOS certified production accounted for virtually all certified wild catch and for 80 per cent of global certified seafood. Six aquaculture certifications accounted for 20 per cent of certified seafood in 2015





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an annual average growth rate of 18 per cent and a reported retail value of US\$4.5 billion in 2015 (MSC, 2014).

FOS now operates as one of the most diversified seafood labelling initiatives certifying both aquaculture and wild catch fisheries. FOS production has grown at a rate of 91 per cent per annum between 2008 and 2015, reaching 9.3 million metric tons of FOS-certified wild catch seafood in 2015 (5.7 per cent of global; 10.1 per cent of total wild catch) and making it the single largest source of certified wild catch on the global market. FOS has certified the entire production of Peruvian and Chilean anchovies, which at a combined total of about 6 million metric tons of production per year accounts for about half of the world's fish meal production (Eurofish, 2012). As a result, Peruvian fish meal exported to China, which at half a million metric tons per year (Rabobank, 2015) represents one of the largest trade flows in the entire seafood industry, is now almost entirely FOS certified.

Status of sustainable seafood in retailers/ hotel industry space

Global demand for sustainable seafood is driven almost entirely by Japan, North America and Europe. Manufacturers and retailers serving these markets have driven demand through corporate commitments to sustainable sourcing.

Five countries account for two-thirds of certified seafood production. Certified seafood production is highly concentrated among a limited number of countries: Peru (25 per cent), the United

States (15 per cent), Norway (11 per cent), Chile (8 per cent) and Russia (6 per cent). Although North America and Europe account for 63 per cent of certified seafood destined for retail markets, Latin America represents an important source of certified seafood overall. Asia, which accounts for 69 per cent of global seafood production, only accounts for 11 per cent of certified production.

The fact that the use of certification has reached mainstream status and has seen its most significant growth through the choice-editing practices of large manufacturers and retailers suggests that certification may even be becoming a prerequisite to market entry in some markets.

There are major giant retailers as well as food service/HoReCa segment companies who are following sustainable initiatives of seafood procurement around the globe; few among them are Loblaws from Canada, Aeon from Japan, IKEA, Aramark from US, McDonald, Walmart US, Sam's Club, Asda's from UK, Waitrose Supermarket UK, Cold Storage, Despar (Spar Italy), Great Food Hall, City Super etc.

Conclusion

With an estimated retail value of US\$12.9 billion in 2013, certified seafood products have potentially significant economic and sustainability impacts. The special capabilities of voluntary standards in managing credible traceability and conformity assessment protocols, combined with their ability to promote efficient implementation by leveraging market forces, gives them a special and invaluable role in promoting and verifying policy objectives in a cost-effective manner. **PG**

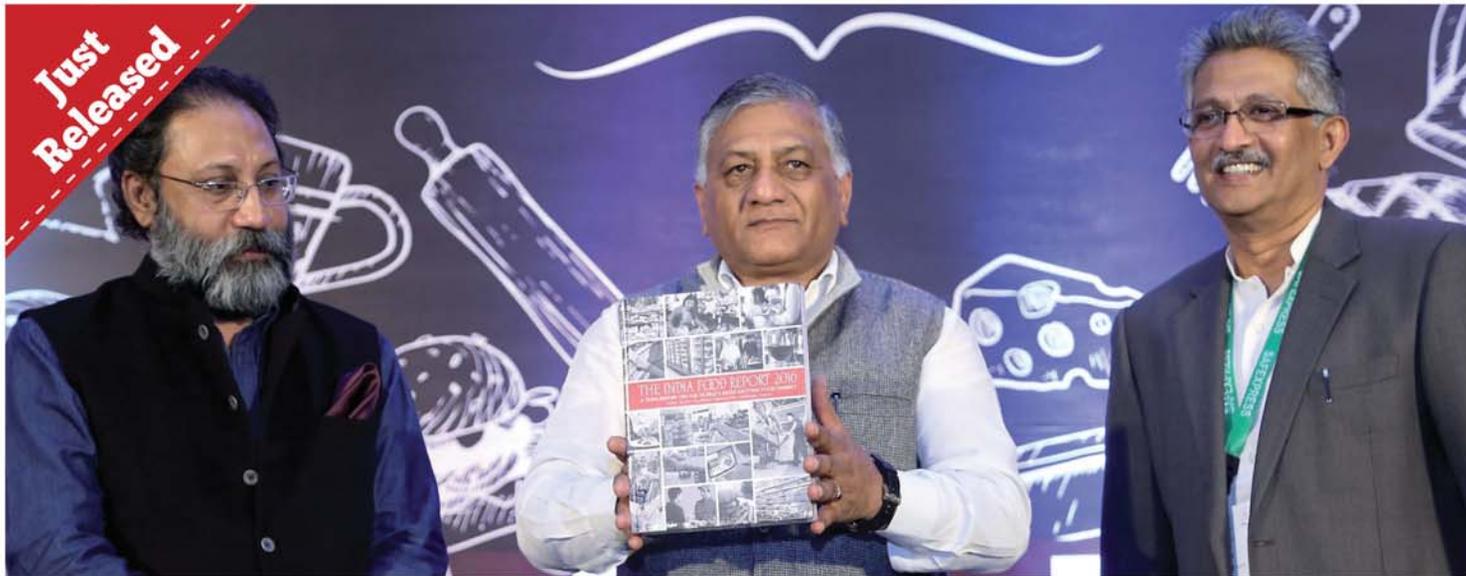
ACRONYMS

- FOS : Friend of the Sea
- MSC : Marine Stewardship Council
- ASC : Aquaculture Stewardship Council
- GLOBALG.A.P : Global Partnership for Good Agricultural Practice
- BAP : Best Aquaculture Practices



Amod Ashok Salgaonkar is ICAR NET qualified and a well-known professional in sustainable Fisheries and Aquaculture of India and Asia.

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INDIA FOOD REPORT 2016

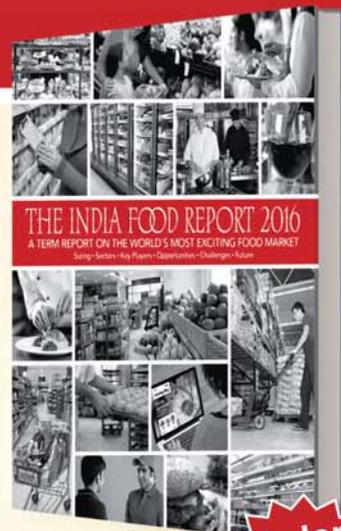
THE MOST AUTHORITATIVE GUIDE TO FOOD RETAIL MARKET IN INDIA

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

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

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

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



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Hooking them on to healthy snacks

Neelam Foodland in Mumbai began as a small shop selling a limited range of snacks and savouries but has today grown into an iconic shop for customers looking for an excellent quality range of healthy snacks and other food products. We take you through its eventful journey of transformation and growth

By Sanjay Kumar

Neelam Foodland, located in Khar (west), Mumbai, has earned an enviable reputation as a store that sells high quality roasted savouries, unique pickles, chutneys, and a variety of lip-smacking snacks. The 2,000 sq.ft. store was founded by Nanji Shah in 1980, when as a young man from Kutch, Gujarat, he came down to Bombay in search of greener pastures. Before setting up Neelam Foodland, Shah spent many years running a small ration shop. “I began with a small shop, with a small space and limited product range. Over time, as I gained experience and learnt the ropes of grocery business, I began looking for options and avenues that would give me the freedom to explore and use my creative spirit in the grocery business,” says Shah, whose hard work and perseverance has today catapulted Neelam Foodland into a one-stop shop for the best collection of snacks, international brands and everything from hummus, lavash, low fat munchies, diet foods and flaxseed chikki.

Started as a labour of love, Neelam Foodland grew from a humble beginning, selling a small assortment but quality-sharp products. The big turn for the store came in 1993, when Shah returned from a visit to some overseas countries, a trip which he describes as a ‘voyage of discovery’. “I returned as an enlightened man, impressed with the standards of cleanliness, hygiene, discipline and practices, and decided on making some changes to my own business,” says Shah. By sheer dint of hard work, Shah succeeded in making his store synonymous with excellent quality and services. “Today, I can proudly say that we have come a long way from being a small ration shop to a truly modern grocery & provisional store,” says Shah, with pride and modesty mixed. “We are known for selling fine Indian food products and food ingredients across categories – sweets, snacks, including healthy snacks, fine staples, bakery items, papads, pickles, masalas and mixes.”



Brand-building strategies

Being passionate about the business, Shah takes special pains in selecting exclusive fine-quality foods for his store. The goods in the shop are personally checked by Shah and his staff to ensure that the freshness, standard and quality of products are consistently maintained. Over the years, the shop has strived to introduce new items on its shelves every now and then so much so that its regular customers in fact look forward to what's coming next! With a SKU count of 3,000, Neelam Foodland has the widest range of product offerings, particularly in the variety of snacks, which are fresh, crisp & crunchy. The quality of pulses, atta, veg products, frozen and gourmet food at the store are also talked of highly. "We always look for the best quality of food products and supplies and stock an extensive assortment of food items. Our regular product range extends across snacks, dairy products, juices, confectionery, healthy alternatives, chocolates, groceries, etc. Moreover, we also deal in specialty products ranging from gourmet, cheese and organic, sourced from leading Indian and International brands," says Shah.

Today, Neelam Foodland has a very loyal and committed customer base with about 250 shoppers visiting the shop on a daily basis. "Our current sales per square feet is Rs. 120 per day, up by 10 per cent from last year and annual sales turnover is Rs. 7 crore, which will likely increase to Rs. 8 crore in the near future," informs Shah. He says that a retailer in his kind of product segment can expect to earn a margin of about 15-18 per cent and can look to break even in 5-6 years on capital investment – which could typically be about Rs. 3-4 crore for setting up a shop the size of Neelam Foodland in a similar locality.



Shah and his team at Neelam Foodland believe that suppliers and vendors play a key role in establishing consistency of product quality in a store. The retailer has a formalised system in place to track and evaluate supplier and vendor performance and for assessing them on parameters such as their values, capabilities, comparative pricing, etc. It has established benchmarks and techniques for rating a supplier's performance on the basis of its evaluation forms, surveys, etc. "We work closely with our suppliers – numbering between 250 and 300 – to establish product and delivery specifications and for ensuring that suppliers stick to quality standards and efficiency norms. We perform necessary audits on the suppliers, and work with them closely to address deficiencies," says Shah.

Besides, his team also implements adequate monitoring to drive improvement in supplier performance. While receiving goods from vendors, the team does proper due diligence for expiry dates, product packaging, purchase orders, manufacturing, etc. The retailer also has a defined criteria for the selection process of new suppliers. "We have a process that involves members from research and development, purchasing, quality assurance, etc, whose approval is required for selecting new suppliers. For identifying new products, we work closely on certain parameters like quality, taste, category, etc. We make sure it falls under our quality management system. Before the new product moves to shelves, we personally taste the product and then provide approval for the same," informs Shah.

In recent years, Neelam Foodland has taken several steps to improve the store's design and ambience — by creating an inviting atmosphere where customers can enjoy their shopping at the store. Recognising that most purchase decisions happen in the store itself, Shah and his team, including 14 employees at the store, have trained their focus on key areas that are pertinent to providing an enriching and enticing shopping

“
We always look for the best quality of food products and supplies and stock an extensive assortment of food items. Our regular product range extends across snacks, dairy products, juices, confectionery, healthy alternatives, chocolates, groceries, etc.

—Nanji Shah
Owner, Neelam
Foodland





Apart from merchandising, the retailer also makes use of other strategies built around a variety of other components – pricing, promotion, product placement, consumer education, etc. – together, these different components have helped the retailer achieve its goal

experience to the customers. “Our merchandising strategy is a valuable component of our store’s success. It has been developed in a way that helps the store attract footfall traffic, induce new customers to try our brand, and build a loyal and committed customer base,” says Shah. The store’s merchandising, display and planogram play a critical role in satisfying a greater number of its customers, in growing the various categories, and increase consumer takeaways, all of which gives Neelam Foodland the necessary mojo for beating the competition.

Engaging with customers

Apart from merchandising, the retailer also makes use of other strategies built around a variety of other components – pricing, promotion, product placement, consumer education, etc. – together, these different components have helped the retailer achieve its goal. Also, its client-centric approach has kept the attention of the retailer focused on achieving customer engagement over the years. “We feel our unwavering approach to ensuring authentic quality of products and their reliability has won us the trust and loyalty of our clients. Customers visiting our store have the basic belief that our product range is unique and best on quality,” says Shah.

Despite, the good fortune of enjoying a large and loyal clientele, the retailer is far from resting on its laurels. It has been nimble in moving swiftly with the times by keeping itself abreast of the changing buying pattern of customers and

meeting the emerging demand for new products and categories. “By staying true to our core belief of delivering an exceptional experience to customers, we keep adapting to changing consumer needs and shifts in consumption of foods products and other categories,” reveals Shah. As a canny retailer, Shah knows that the fuel that drives the store business is persistent demand. As such, Neelam Foodland keeps a close year to the ground for predicting trends and emerging consumer demand for new products. It tries to stock all the best brands in the food category and keeps in constant touch with its customer base to take the pulse of their eating habits and consumption patterns. “We strongly endorse the principle of offering great customer service, which means going over and above just giving the best, and relating with customers on a personal level. As customer tastes are expanding – not just in terms of depth but in width as well, we at Neelam Foodland try to be at the top of this dynamic cultural convergence through our food by constantly promoting new tastes, and pioneering culinary concepts,” states Shah.

With customers graduating in a big way in what they buy and eat, Neelam Foodland – with 35 years of experience to show for – is in a unique position to delve into the consumer psyche and develop a deep understanding of customers. “We are able to understand their needs and that helps us to identify opportunities to sell them new products in our store,” says Shah, whose store’s typical customer profile comprises high net individuals in the age bracket of 20-45 years.

In order to drive greater customer engagement, Shah is also leveraging technology to expand the product range and to roll out attractive marketing initiatives and customer engagement programmes to improving the product offerings and services at the store.

The team at Neelam Foodland has left no stone unturned in making the path-to-purchase simple and in understanding customers’ unique preferences and habits, all of which has helped the retailer build a strong relationship with its customer base. The store has installed customised software for key functions. “We have always attempted to be in step with the times as far as technology absorption is concerned. We emphasise on innovation, and understand that it is an ongoing process. The operations in the store are technology enabled,” says Shah.

With good and quality products in place accompanied by an eye-catching and alluring assortment and with the store taking various initiatives to keep ahead of the curve on consumer preferences, Neelam Foodland is encouraging customers to turn adventurous and try out new flavours of its snacks and other distinguished products in the store. A perfect recipe for making its products fly off the shelves and keep the cash register ringing. **PG**



Chilean Kiwi Committee: India is an important market for our industry

The Chilean kiwi fruit industry sees a great opportunity in India. “India is very interesting for our industry, especially given the scenario of increased global supply and the need for new markets to distribute our fruit,” says Carlos Cruzat, President of the Chilean Kiwi Committee. “India has been a market in which we have been exploring possibilities for many years, but due to inadequate internal logistics, our intentions have been delayed. Today, where there are markets more covered with the Chilean supply, and where there is greater supply for kiwi fruit, it is necessary to visualize alternative destinations for our kiwis, and this is where India plays a relevant role,” he adds.

According to the representative, interest has been shown by various importers in India to establish

trade relations with Chilean fruit exporters. “We have been invited to approach India and learn about their potential”, said Cruzat.

“Today, India represents a significant number of inhabitants and potential consumers of our kiwis, plus there is greater facility for our fruits to be shipped due to better supply routes. All of which increases the interest in India as a destination for our fruit. We are the third-largest supplier of kiwi fruit in the world, and we know we can do a good job in India,” said Cruzat.

As for the expectations of Chilean kiwi fruit industry in India, the President of the Committee commented: “We hope to generate a permanent and stable purchase power, turning it into a strong market for the distribution of kiwis.”

Soaring higher than ever: SIAL CHINA 2016

Asia’s largest food innovation exhibition concluded on May 7, recording a further increase in the level of internationality on both the exhibitor and visitor sides.

Altogether, 2,942 exhibitors (+ 7.6% vs 2015) from 67 countries all over the world and 30 provinces in China presented their latest products and food trends, which attracted over 76,986 visits (+25.6% vs 2015). This year’s SIAL CHINA took place on 126,500 square meters of exhibition space.

Special highlights of the event this year were the presentation of **SIAL Innovation Grand Award**, and unique events like **La Cuisine, RetailRetail & Hospitality Forum, World Tour, Innovation Forum, China Competition, Master Classes, World Tea Brewers Cup, China National Competition, Chocolate World, Seafood Fest**, among others.

With over 20 per cent increase in the number of visitors, SIAL CHINA boomed at Asia’s food and beverage market with a resounding success and



truly lived up to its expectation of Asia’s largest food innovation exhibition that leverages the food trade between Asia and the rest of world. Next year, SIAL CHINA will be held from May 18 to 20 2017. **PG**

what's next

◀ Cremica Fruit Crush



The newly launched Cremica Fruit Crush is made with fresh fruits and can be mixed with milkshakes, mocktails, ice creams, dessert topping, faloodas, and many other sweet delights. Billed as a healthy drink, it has real fruit pulp to give you a wholesome experience. It comes in a variety of flavours – orange, mango, apple butterscotch, strawberry, black currant, Kiwi & pineapple. Prices start at Rs. 100 and the product is available at all the leading departmental stores.

▶ Asbah Platinum basmati rice

ASBAH by DCP India Private Limited has launched its premium basmati rice – Platinum. With elongated aromatic rice grains, 'Platinum' is meant for special occasions. Priced reasonably, the product is available at retail counters and supermarkets like V-Mart, Vishal Mega Mart, Sabka Bazaar and Modern Bazaar. For those buying online, Asbah's Platinum Basmati Rice is available on Amazon, Big basket and Sangam Direct. The product is also available on B2B portal like JustBuyLive.



▼ Manpasand Beverages launches Coco Sip

Leading fruit juice player Manpasand Beverages has come up with its coconut drink segment – Coco Sip. This new product is made with 100 per cent natural packaged tender coconut water. Positioned as a healthy and premium beverage, the product will be available in 200 ml PET bottle. "Coco Sip will be made available through 1,000 modern retail stores and with select retailers having strategic tie-ups with the company. The company also plans to deliver Coco Sip at consumers' doorsteps through the e-commerce route. "With consumers becoming more health conscious, there is a growing demand for healthier alternatives in recent times," said Dharendra Singh, Chairman & MD of Manpasand Beverages Ltd.



▼ Del Monte introduces dried apricots



Adding more goodness to its wide range of products, Del Monte has launched dried apricots, which are naturally fat & cholesterol-free and a rich source of dietary fibre. A premium healthy snack, this dry fruit is indeed a guilt-free option to munch upon. Priced at Rs. 175 for a 130 gm packet, Del Monte dried apricots is available in all superstores and retail outlets.

◀ Emami Navratna Almond oil



Emami's Navratna oil has added a new variant to its portfolio by introducing Navratna Almond Cool oil. The oil is supposed to have therapeutical benefits as it comes enriched with natural ingredients like amla, bhringaraj, pudina ka phul and almonds in a fragrant, non-sticky formulation. The brand has recently roped in Bollywood actress Shilpa Shetty to endorse this new variant.



▲ Gadre introduces crab sticks

Gadre Marine has launched tasty crab sticks for the first time in India. Made of a unique paste called Surimi, these sticks are low in calories and fat, which make it ideal for anyone who is on a weight-loss programme. Crab sticks are used all over the world in sushi, salads and other dishes. The product is priced at Rs. 150 for 250 gm. It is available at Nature's Basket, Food Hall & other leading retail stores. across India.

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Distribution Redefined



Call out 'good source of protein' at the shelf and on qualifying dairy packages. Use store tours and events to identify milk as a go-to choice for natural protein.

All's Wellness

By Karen Buch

Harness the Power of Protein

This key wellness trend can help grocers boost historically lagging milk sales

Cow's milk has earned its reputation as a nutritious beverage because it delivers nine essential nutrients, including 8 grams of high-quality protein. In fact, milk is the leading food source of three out of the four "nutrients of concern" (calcium, vitamin D, potassium and fiber) identified by the Dietary Guidelines for Americans as lacking in the typical American diet.

Why, then, are sales of this nutritional powerhouse falling, and what can retail dietitians do to help?

Convenient and flavorful

Sales of white milk gallons, while still the most popular, are declining overall. One key reason for this may be that the gallon jug may just be too large for many Baby Boomer and Millennial households.

Sales of flavored milk, however, are on the rise. It retains all of the nutrient benefits of milk and may represent the best opportunity to drive consumer interest in the category. The milk industry is responding by introducing smaller, portable containers of milk in unique and seasonal flavors beyond the traditional chocolate and strawberry.

Innovations that meet consumer demand for convenience, flavor appeal and "clean" natural ingredients appear best able to compete in the flooded beverage market.

Protein-packed and satisfying

Nutrition experts encourage consumption of 20 to 30 grams of protein per meal to curb hunger and preserve lean muscle. Despite this, just 29 percent of consumers know that protein is naturally found in milk, and only 25 percent are familiar with whey protein.

This is a major consumer education opportunity. Research shows that when targeted

consumers receive a protein message, demand for milk at breakfast increases by up to 25 percent.

Making an impact

There are a number of ways retail dietitians can make an impact.

First, call out "good source of protein" at the shelf and on qualifying dairy packages. Next, use store tours, in-store and community events, and broader consumer communications to identify milk as a go-to choice for natural protein, and suggest healthful food pairings. Highlight available research supporting chocolate milk as a recovery drink for athletes and avid exercisers.

Finally, customize various industry campaigns to boost consumer awareness and drive milk sales at your retail location(s). Here are two examples:

Milk Life, a national initiative launched in 2014 by the Washington, D.C.-based Milk Processor Education Program (MilkPEP) and funded by America's milk processors, spotlights everyday moments of accomplishment, achievement and enjoyment to reinforce milk's many nutritional benefits. A campaign guide is available to help retailers customize the program and extend its impact. See social media #MilkLife, and watch for info on a new 2016 initiative, My Morning Protein.

Realizing that milk is desperately needed but seldom donated to food banks, the National Dairy Council partnered with the Academy of Nutrition and Dietetics and Feeding America on the nationwide, multiyear Great American Milk Drive to inspire people to donate milk to hungry families. It provides an opportunity for retailers to address the epidemic of food insecurity while spotlighting milk's vital nutrient contributions. Shoppers can buy milk at their local stores and donate it to an area food pantry. Resources are available to assist with customized checkout programs. The movement is also active on social media, via #MilkDrive. **PG**



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