

Retail Sustainability

Brands can create sustainable markets by offering solutions for better production

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Navjeevan – a supermarket pioneer in north Maharashtra

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Omni-channel

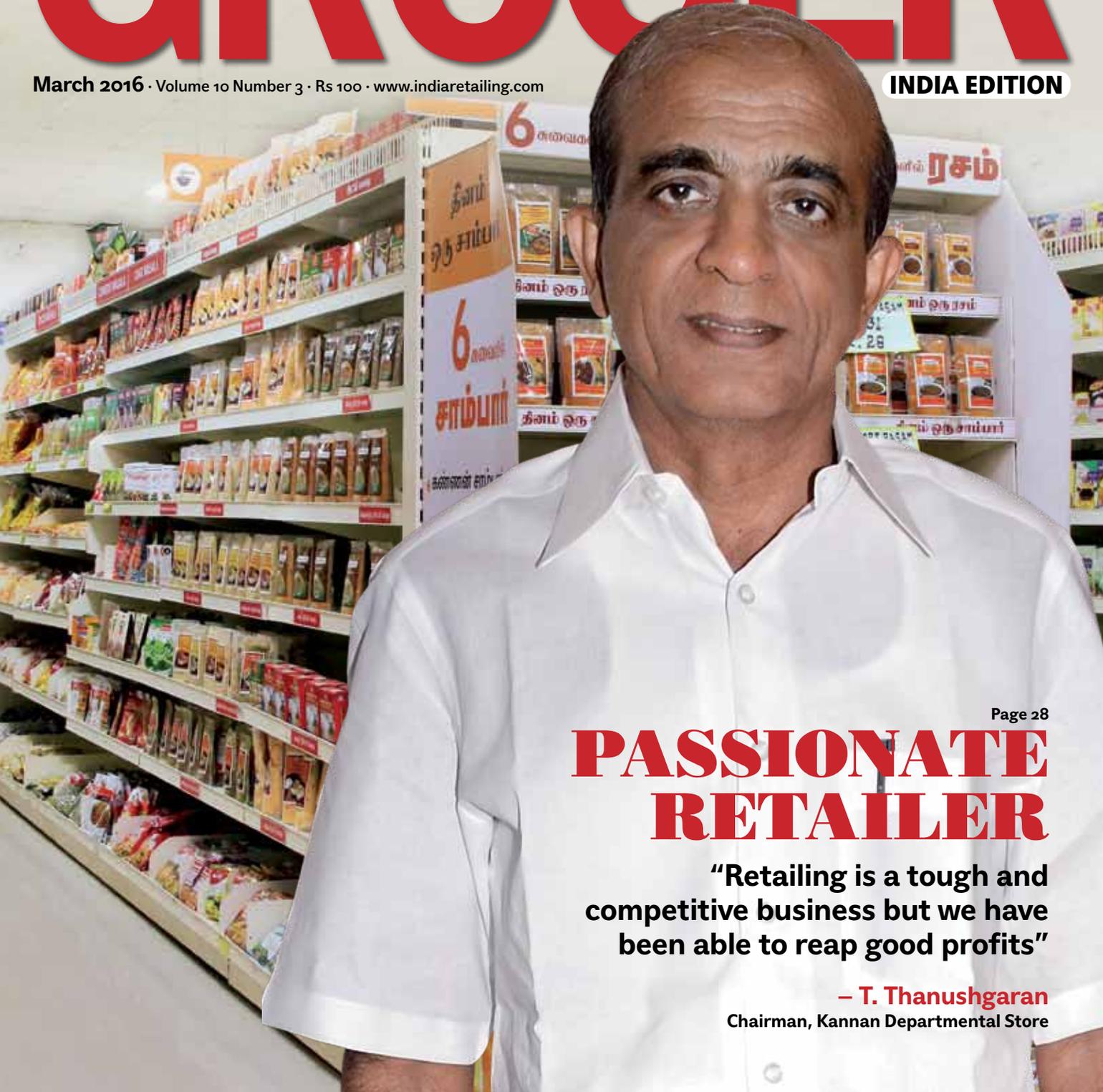
Iksula offers integrated e-commerce solutions for brands and retailers

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PROGRESSIVE GROCER

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INDIA EDITION



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PASSIONATE RETAILER

“Retailing is a tough and competitive business but we have been able to reap good profits”

– T. Thanushgaran

Chairman, Kannan Departmental Store

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Is foreign direct investment in multi-brand food retail the bugbear it is made out to be? Experience suggests otherwise. The opposition and resistance to 100 per cent FDI in multi-brand retail – as compared to the 51 per cent cap currently – is mostly exaggerated and founded on misconceptions. The fear that owners of small kiranas will bear the brunt of loss of business and livelihood is not rooted in ground reality. “Walmart has 20 of its 25 outlets in Punjab and no kirana shop has been driven out of business there,” points out Harsimrat Kaur Badal, Union minister for food processing, whose efforts have nudged the government into allowing 100 per cent FDI through FIPB route in marketing of food produced in India. The policy, announced in the Budget, has been hailed as a very progressive decision.

At a time, when agrarian stress is very pronounced and the rural economy is reeling, the announcement is expected to promote farmers' interest and welfare, encourage farm diversification and boost food processing. Whether it will prompt more international retailers to set up shop in India is something we will see in the fullness of time.

All the same, the announcement has sent very positive vibes for the industry, which has now set its sights on further reforms in the food sector. Many in the industry are hoping that this decision will eventually act as a proxy for allowing full FDI in multi-brand retail. If and when such a decision comes, it will be for the good and betterment of the industry as a whole.



Amitabh Taneja
 Editor-in-Chief

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Sanjeev Gupta
President, Sales &
Marketing, DRRK Foods

“Marketing Basmati rice has always been a complex game”

Pure Basmati rice is referred to as the ‘champagne of rice’. Like a fine wine, Basmati rice keeps improving with age. The demand for good quality Basmati rice has many takers prompting many food companies to enter this segment in recent years. Punjab-based DRRK Foods, a leading basmati rice exporter, is one such recent entrant in the domestic market, with its flagship brand Crown Basmati.

Progressive Grocer speaks to Sanjeev Gupta, President, Sales & Marketing of DRRK Foods, about the intrinsic values of Basmati rice, its benefits, and how competition in the Basmati rice market has been ratcheting up in recent years. Gupta is an industry veteran of over 20 years, and is recognised as a pioneer in establishing Basmati rice brands in the cut-throat Indian market and, like a bottle of aged wine, is one of the most sought after professionals in the industry





Anil Kankariya
MD, Navjeevan Super shop

“We are the pioneers of supermarket shops in north Maharashtra”

Modern grocery retail is going great guns even in the smaller towns of India. One such example comes from Jalgaon in Maharashtra, where the supermarket culture has been warmly embraced by the people. “Jalgaon is considered a rural town, but people here have similar aspirations as those who live in the big metros. So it is only fair that we have retail formats to meet people’s expectations,” says Anil Kankariya, Managing Director of Navjeevan Super shop, which does the kind of roaring business that would bring blushes to many retailers in the prime towns of India. Monark Barot of Progressive Grocer spoke to Kankariya about Navjeevan’s inspiring and exhilarating journey from a small kirana outfit to becoming the biggest brand in Jalgaon today

Tell us about your association with Food and Grocery retail and your business journey so far.

Our association with food and grocery dates back to the time when my family opened a small kirana store measuring 44 sq. ft. in mid 1964 at Jalgaon, Maharashtra. Since then the Kankariya family has been carrying forward the family kirana business and it has over time successfully expanded into modern trade in food and grocery.

We are the pioneers of supermarket shops in north Maharashtra, predominantly Jalgaon. Our Navjeevan Super Shop stores, of which six exist today, belong to the supermarket format. The first Navjeevan self-service store opened in Jalgaon on 13th August, 1993.

What is the total retail area in operation?

The total retail space at Navjeevan stores currently under operation is 17,000 sq. ft., which is spread over six supermarket stores, all of which, except one, are self-owned.



Navjeevan Super Shop: Vital stats at a glance

Date of opening of first supermarket store: 13th August, 1993

Number of stores in operation: Six

Location of store (s): One in heart of the Jalgaon market, four around Jalgaon, and one at a taluka, 50 km from Jalgaon

Total retail space under operation: 17,000 sq.ft.

Rentals / Monthly Revenue share: All owned stores. Store at Taluka on revenue sharing basis – 2% of sales

Average monthly sales: Approx. Rs 4 crore

Average bill size: Rs. 500

Average footfalls per month: 75,000

Sales per sq.ft.: Rs 2,500

Sales growth y-o-y: 20%

SKU count: 6,800 approx.

Catchment areas: Jalgaon district plus Khandesh region

Average same store sales growth: 12% y-o-y

Our private label strategy is mainly focused on food categories. We have private labels across groceries, spices, festival offerings, and cereals. The margins range from 30% to 70% and are definitely more than the national brands in similar categories. We try to match the prices of national brand but at the same time our products offer better quality

Which are the main product categories at your stores?
 We offer customers a complete range of groceries and FMCG products, a wide range of utensils, a select choice of plastic goods, ladies and gents' apparel, fruits and vegetables. In all, we have 30 supermarket product categories. In recent years, we have added new categories like garments, household steel goods, toys and crockery.

Can you share some numbers about your average monthly sales / footfall / bill size at your stores?
 The average monthly sales is approximately Rs. 4 crore. The average bill size is Rs. 500 and our stores attract 75,000 footfalls per month on an average.

What are the sales and SKU numbers for your stores?
 Our stores do sales of approximately Rs. 2,500 per sq. ft. and same store sales growth has been 12% annually. The SKU count in our stores is about 6,800.

What is your marketing positioning of your store?
 Our USP is to keep the prices of our products low and offer attractive schemes. We also focus to keep the product quality premium for all our customers.

What kind of people frequent your stores and in which age group?
 The customer profile is quite variegated and is spread across our catchment areas comprising the Jalgaon district and the Khandesh region of north Maharashtra. We have customers mainly from the middle-income groups as well as those who are



*“Retailing is a tough and competitive business but **we have been able to reap good profits**”*



T. Thanushgaran

Chairman, Kannan Departmental Store

Shri Kannan Departmental Store (P) Ltd. operates 27 stores across various sizes and formats in the State of Tamil Nadu. Progressive Grocer brings you the inside story of the company's growth journey, its fastest-selling product categories, the new and emerging categories at its stores that will propel the company into becoming a major regional retailer in south India.

We bring you an exclusive interview with T. Thanushgaran, Chairman, Kannan Departmental Store, in which he reveals intimate details about the company's business model, its merchandising and supply-chain strategy, and how it is looking to ramp up its retail footprint further in the days ahead

Which are the retail formats under which Kannan stores operate?

We have 27 stores across convenience, supermarket, hypermarket and wholesale formats, which range from 3,500 sq.ft to 100,000 sq.ft..

What kind of people frequent your stores and in which age group? Has the customer profile been changing in any way over the years?

It is the middle class and upper middle class shoppers who frequent our stores. Though we have not experienced a vast change in our customer profile, the customer segments have definitely evolved over the years. Customer segments today are evolving based on the huge change in the consumption patterns by different demographics, their usage pattern, and the desired benefits they seek from the products.

What is the range of merchandise available at your stores?

We deal with different types of business format in our superstores. We have groceries, pharmaceuticals, fruits and vegetables in the food category. In non-food category, we have stationery, electronics, electricals, imitation jewellery, homecare, beauty care, books, CDs, child-care products and toys.

What is the location strategy for your stores?

A lot of factors need to be checked when a location has to be zeroed in. The size of the store is a major factor in deciding on its location. Over the years we have understood that each store's consumption is different and they should be sized accordingly. The next major factor in deciding on the location is the rent and labour cost. We have continuously avoided high rental locations so as to bring down the operational cost. The other important considerations are traffic, feasibility and logistics.

What is your private label strategy? In which categories do you have private labels?

We have private labels across categories like home care, beauty care, packaged, processed foods and pooja products. It is only in private labels that we can bring down cost of the product without disturbing the quality and pass on the benefits to both customers and ourselves. We are also very particular about the quality of the private labels. We push our suppliers to watch the quality of the products in comparison to the national brands.





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9TH ANNUAL COCA-COLA GOLDEN SPOON AWARDS

The second day of the 9th annual mega congregation of the India Food Forum held in Mumbai from 19-21 January culminated in the Annual Coca-Cola Golden Spoon Awards. The ninth edition of the Award felicitated outstanding achievements of food service operators and food & grocery retailers for the calendar year 2015.

The nation's foodservice and food and grocery retailers had submitted nominations for multiple award categories. The selection process included analysing key performance metrics such as growth in top line sales and retail presence, sales per square foot, same store sales growth, among others. The Jury, comprising eminent personalities from the fields of business, media, and research and consulting, also studied the impact of IT application, innovation, marketing, supplier relations and employee practices.

We bring you the pictures of winners receiving the award from industry stalwarts at a glittering ceremony attended by the who's who of foodservice and food retail sectors in India.



what's next

► **Non-fizzy fruit water with aloe vera**

Mumbai-based Pristine Food & Beverages, a leading non-alcoholic beverage company, has recently augmented its Fruit Aqua collection of non-fizzy fruit water infused with the goodness of aloe vera. Available in orange lime, guava peach and strawberry black currant, the Fruit Aqua is a pure blend of natural fruits & aloe vera, which helps in digestion, improves immunity, is low on calories and is good for the skin. The range is available at selected retail outlets.



► **New range of ginger, garlic pastes**

Neo Foods has recently added a whole new range of pastes to its existing repertoire. The company, which specialises in pickled and preserved vegetables and fruits grown under contract farming, has come up with a new range of ginger, garlic and ginger-garlic pastes.

Neo Paste range is available in 200 gm, 1 kg pouches and 5 kg pouches to cater to the demands of various segments. They are available at Amazon, Bigbasket, Snapdeal and select retailers nationwide and will also be available at additional retailers very soon. With its focus on purity and flavour, the products are manufactured under the supervision of skilled workers as per the defined food industry guidelines. Neo products are known for their hygienic and leak-proof packaging, and long shelf life.



▲ **Single-serve honey packs**

Honey Twigs reimagines the way honey is consumed in India. The innovative single-serve packaging makes these Twigs portable and mess-free. What's more, the company ensures that the honey is pure and 100% antibiotic-free. You can purchase Honey Twigs at honeytwigs.in

▼ **Ready-to-cook recipe kits for noodles**

Mumbai-based Fizzy Foodlabs, a leading importer, manufacturer & supplier of food products, has launched noodles recipe kits. The company says the product has crossed 300,000 kits in monthly sales. After a successful run of its Italian dinner kits, Fizzy FoodLabs has launched its Oriental series under its brand Chef's Basket. The new line includes ready-to-cook recipe kits for noodles in Kung Pao, Tsing Hoi, Khow Suey and Tangy Sichuan sauces. The start-up is aiming to sell one million kits from the range by Summer 2016.

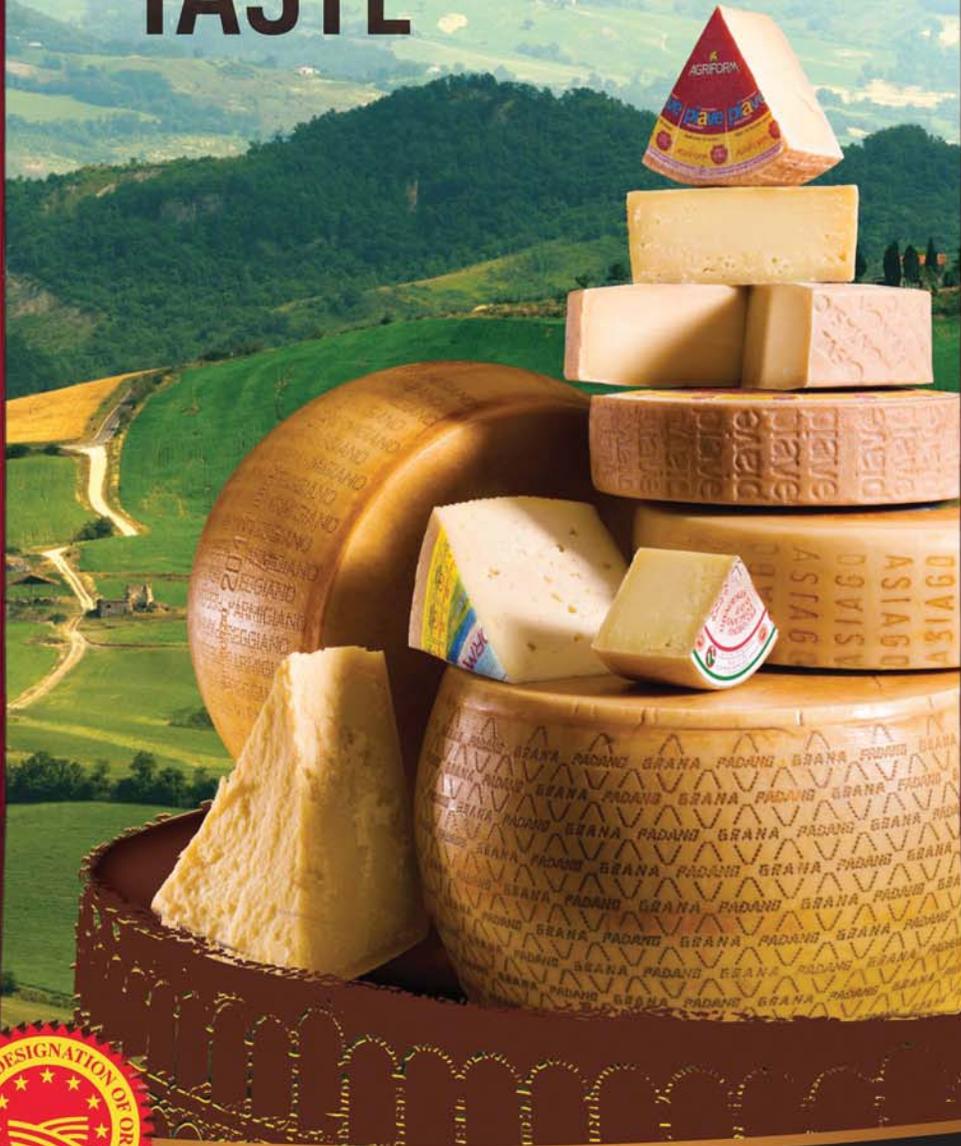


► **Toffee with pan and mukhwas ingredients**

With the aim of making quality toffees with natural taste and in line with the Indian tradition, Global Industries have come out with a new product called No Spit. The novelty of the product is that it contains delectable ingredients of meetha pan & mukhwas. The ingredients boost mouth freshness and can be consumed by people of any age group as it is tobacco- and -supari-free, besides having a shelf life of nine months. No Spit is packed in a rich container pack, which is designed to enrich the look of your office table, dining table and car deck. The product also makes for an ideal corporate gift pack. By inventing this toffee, Global Industries has kept in mind the PM's mission of Swachh Bharat and has made its small effort to the success of the cause.



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