

PROGRESSIVE GROCER

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ADAPT FOR THE FUTURE

Retailers who want to stay relevant and successful in the future cannot afford to ignore the increasing digitisation of consumer behaviour

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The year of technology

As the year draws to a close, predictably, it's time to take stock of what was achieved and what wasn't in the past 12 months. For Indian democracy, certainly a path-breaking year has been recorded and in more ways than one. Aside from the astonishing numbers of a landslide triumph for our incumbent Prime Minister, to me, the bigger headline was the staggering adoption of technology by his campaign team. Mr. Modi was all over the place. Literally. His use of social media and digital technology underscores the radical change in the Indian consumer landscape. And is a lesson for all of us in the business of retail.

As the youngest nation on the planet with a population that looks to the future rather than reminiscing about the past, businesses need to adapt their gameplans incredibly fast. If anything, this year has shown off the power of technology more emphatically and convincingly than ever before. And in our role as facilitator of best practices in retail, we've moved ahead to ride these strong winds of change. At India Food Forum next month, you will be welcomed to India Food Retail Tech, our market-ready showcase of technology ideas and innovations for the food retail and foodservice businesses.

Many of you are already leveraging some astounding tools of technology to get closer to your customers. But the trouble with technology is that it upgrades faster than you can adopt it. Is there any way your business can stay ahead? Yes. We'll display some really sharp ideas and technology strategies at India Food Forum. Let's make technology work for us, instead of the other way around.


Amitabh Taneja
 Editor-in-Chief

All feedback welcome at editorpgindia@imagesgroup.in

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2014 was a watershed year for Indian politics and for the country’s citizens, marking as it did a stunning landslide for a single party, which had run a smart, youth-friendly, tech-powered campaign. But was it such a game-changing year for the business of food? PG checks back on some big-picture newsmakers



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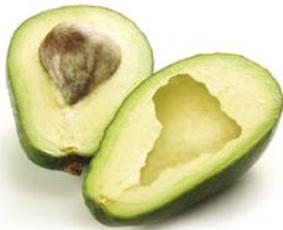
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Report



Biting into the **Indian Snacking Market**

By Dolly Jha

The global recession clearly hasn't had an impact on the average Indian's taste buds. Snacking is on the rise. Increasing disposable incomes, a need for convenience from fast-paced lifestyles and a cultural tradition of snacking between meals have fuelled explosive growth in this sector. From a modest Rs 8,000 crores in 2004, the market today stands at Rs 47,000 crores – more than six times the amount a decade ago!

And it should only continue to grow. Consumers' changing dietary habits and willingness to try new things are pushing these numbers even higher. In addition, children are having more say in buying decisions. As a result, this unexpected growth is not isolated to urban areas. In terms of opportunity, tier I towns, the rest of urban, and rural areas are the ones that offer the most potential for retailers and manufacturers, fostering our belief that marketing focused on these areas will drive growth.

Something to chew on...

The average consumer seldom realises the amount of thought that goes into his bag of chips or box of biscuits. But if you're a player in this sector, you probably know the very real danger of a perfectly good product being rejected by the market. A product being taken off shelves is every manufacturer's nightmare.

Why do some products succeed while others fail? We have studied and analysed more than a hundred snacking initiatives and found that the key lies in building a successful proposition.

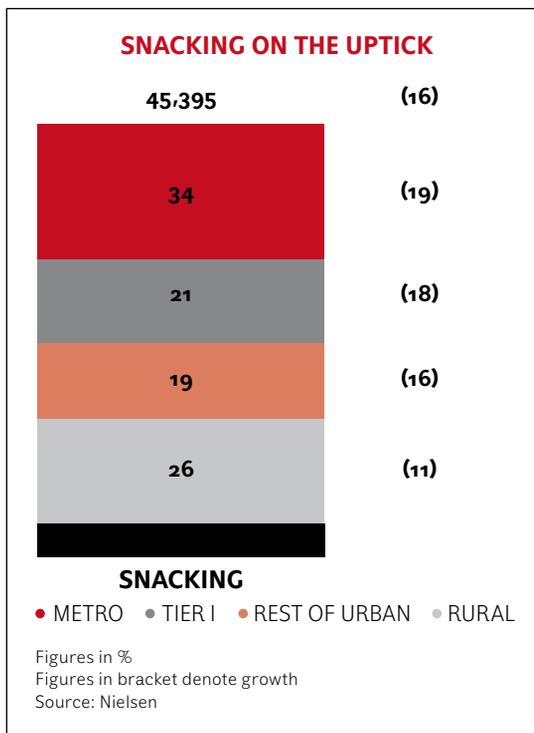
Our studies show that creating a path-breaking concept in snacking is no easy task. As a matter of fact, creating a winning proposition in the snacking space is observed to be more difficult than other foods. So what are the factors that will support and amplify your concept? A concept or proposition is generally made up of the below key factors:

Headline: What is your key differentiator? E.g., "The world's best biscuits now in India!"

Reason to believe: What will build consumer belief in the benefits of your product? E.g., "Crunchy and tasty snacks made from healthy ingredient X."

Insight: This will tie in with benefits to the consumer. What's in it for them? E.g., "I want to stay fit and in shape. And I love having tasty snacks. I wish there was a tasty snack with less fat."

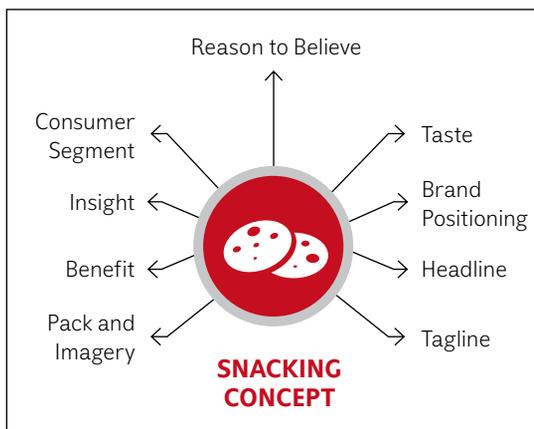
Pack and imagery: The look and feel of your product packaging is what will differentiate it on shelves.



- Sales In The Snacking Category Have Grown More Than Six-Fold From 8,000 Crores In 2004 To 47,000 Crores In 2013

- India's Tier 1 Towns, The Rest Of Urban, And Rural Areas Offer The Most Potential In Terms Of Growth And Opportunity When It Comes To Snacking

- Products That Talk About Strong Taste And Texture Cues And Woven With Appropriate Emotional Insight Do Better Than Those That Don't





The **Organic Age**

Despite the hurdles, organic produce in India has the potential to change farming communities and consumers' lives

By Sunil Kumar

In recent times, organic food has emerged as a predominant trend around the world. Research has proved that organic produce is free from the mix of fertilizers, pesticides, insecticides and other chemicals that go into growing conventional produce. Chemical methods of preservation are also prohibited from organic food production, therefore making it a healthier choice by miles. Awareness about the profits of organic food, ethical and safe produce became a raving trend in the media, alerting consumers to start purchasing differently than they have so far.

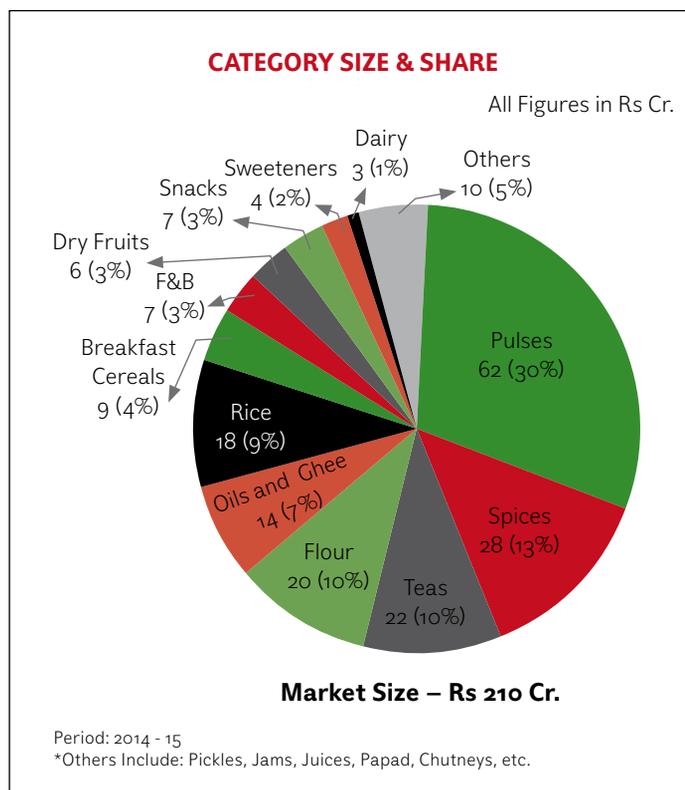
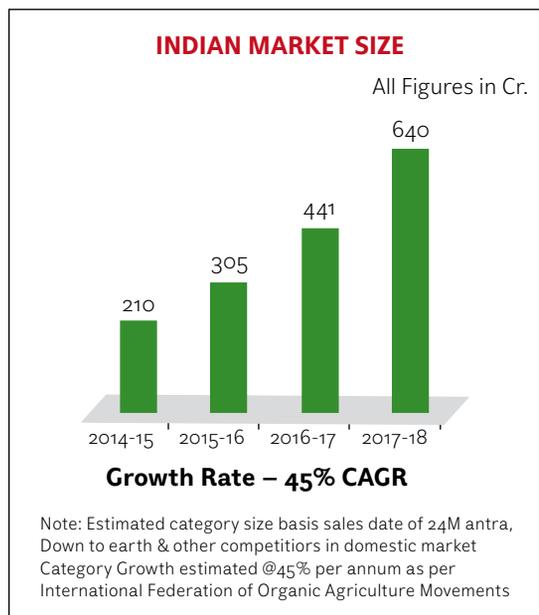
Another reason for the worldwide frenzy about organic food is simply that it tastes better. Farmers use traditional varieties of seed, and organic food is grown in traditionally suitable cultivation areas, delivering the true taste of the product, unlike the synthetic taste of crops grown with artificial inputs. Though organic foods are evidently more expensive than regular variants, synthetic produce, market numbers have shown that consumers do not mind spending the extra buck to better their nutrition.

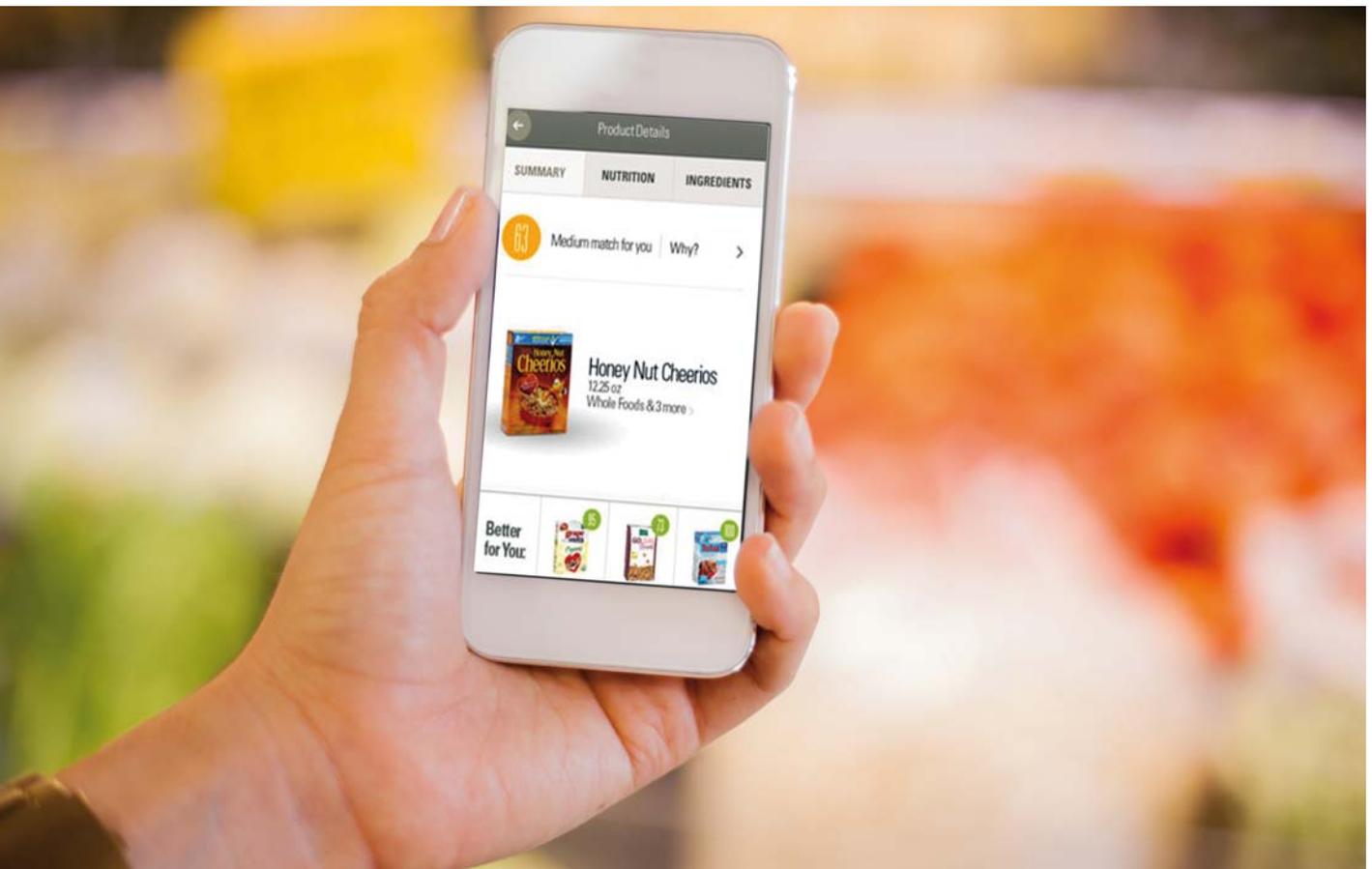
According to the USDA, "Organic agriculture is an ecological production management system that promotes and enhances biodiversity, biological cycle and soil biological activity. It is based on minimal use of off farm inputs and on management particles that restore, maintain and enhance the ecological harmony".

Conventionally, the main concern today is to feed the hungry millions across the world. Agricultural produce is supposed to produce high yields, through technology, innovation and hybrid produce. This quantitative focus often sidelines other concerns. For instance, nutritional equilibrium and other harmful after effects of unrestricted use of pesticides on the crop are ignored. In this way, human health is deterred despite high amounts of produce, and the main aim is not reached.

However, an argument against organic farm produce is often that it is not the sole player in the betterment of the nutritional balance in food, but the way produce is cooked also makes a big difference.

However, in spite of arguments against organic food, its benefits are several and clearly manifest. The average consumer is becoming more and more




HITTING THE MARK

HarvestMark's ShopWell app enables shoppers on restricted diets to find food products that meet their needs

Grocery Apps Gone Wild

Whether retailer-branded or third-party, today's popular grocery apps offer consumers rebates, shopping lists and dietary guidelines.

By Tammy Mastroberte

In mature markets, today's consumers are looking to save money, build lists, search recipes and check the nutritional ingredients in their favourite products, and the latest apps – both grocer-branded and third-party – are allowing them to do this and much more.

“Consumers want apps that help them and make the shopping experience faster and more effective,” Steve Bishop, managing director and co-founder of Brick Meets Click, a consulting firm based in Barington, Ill. “They love deals and digital coupons,

and based on our research, digital coupons and circulars are the No. 1 reason shoppers go to an app or a retailer's website. It's still the first thing that drives consumers to action.”

Price-matching apps not specific to a retailer offer consumers the ability to compare ads, circulars and deals at a variety of retail locations in their area. Some of the most popular include PriceMatcher, Grocery Smarts, Grocery Pal and Favado. Walmart also offers its own version, Savings Catcher. If an app user finds a local competitor offering a lower

price on a product than that offered by Walmart, the Bentonville, Ark.-based company will give her an eGift Card for the difference in price.

“Instead of going through and looking at all the circulars, with these apps, someone else has done it for consumers,” says Mark Heckman, principal at Bradenton, Fla.-based Mark Heckman Consulting, who works with supermarket retailers. “Right now, saving money, comparing circulars and downloading coupons are driving things.”

Also in the savings category is a group of apps providing rebates and cash-back post-purchase. These include Checkout 51, SavingStar and Ibotta, which all allow customers to save money without coupons. Checkout 51 requires customers to take a photo of a receipt to redeem deals, and once an account reaches \$20, the customer will receive a check in the mail, Bishop explains. Ibotta lets consumers transfer the cash earned from rebates to a bank account, using PayPal or Venmo.

Many leading grocers offer digital coupons through their branded apps, including targeted promotions tied to loyalty programs and mobile-exclusive offers. Companies such as Hy-Vee, Safeway, Giant Eagle, United Supermarkets and Kroger either offer digital coupons through their apps or enable customers to load digital coupons onto their loyalty cards.

“Customers are enjoying the many features available with the Giant Eagle apps, including viewing weekly sale items, quickly clipping and storing e-offers to the Giant Eagle Advantage Card, and keeping track of [fuel rewards program] fuelperks!,” notes Daniel Donovan, spokesman for Pittsburgh-based Giant Eagle.

Aside from coupons and rebates, consumers are also using the ability to build a shopping list, whether scanning products at home, pulling from past purchases or adding them from their favorite recipes. This is a staple feature of many of the grocer-branded apps available today, but there are also third-party apps dedicated to creating shopping lists, includ-

ing Grocery IQ, Shopping List, Grocery List and MyShopi. Some also incorporate coupons into the ability to sync and share lists with others.

“After saving money, building a shopping list would be the next requirement consumers are looking for,” Bishop says. “After that, it’s about personalised offers through loyalty programs, recipes and other added content.”

Innovative Grocers

When grocers first began releasing mobile apps a few years ago, the main features included viewing weekly circulars, locating a store and building a shopping list, but today’s apps have gone further, and will need to continue to innovate to stay relevant, says Heckman.

“It’s about going beyond and saving the consumer time,” he notes. “Retailers need an app that breaks through the clutter to help people understand what their needs are, help them pre-shop at home or interface with the store so they can use it to check out. I see apps being used, but it’s amazing to me how few are seen in the hands of customers when actually shopping the store.”

Grand Rapids, Mich.-based Meijer’s mPerks app offers coupons, builds in its loyalty program and allows customers to scan receipts, but it also helps them locate products in the store, and even gives them a heads-up on deals.

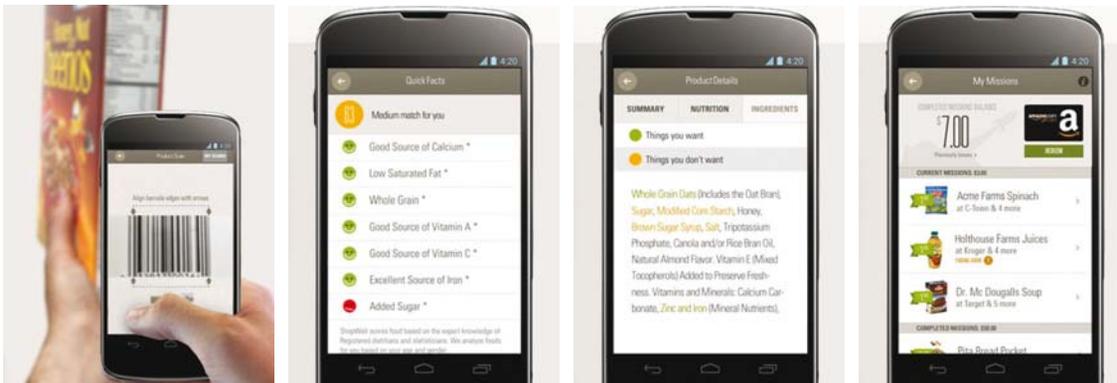
The app “does a nice job, and it will even send a text message to customers letting them know when gas prices are getting ready to go up,” Heckman says.

Publix, based in Lakeland, Fla., also goes the extra mile with its app, allowing customers to preorder lunchmeats and set a pickup time. This fits into the consumer need for saving time and making the shopping trip easier.

“There is a refrigerated basket with the pre-cut items so customers don’t have to wait in line,” Heckman points out. “These are the things that offer time savings to a shopper.”

“After saving money, building a shopping list would be the next requirement consumers are looking for. Then it’s about personalised offers through loyalty programs, recipes and other added content

— Steve Bishop, Brick Meets Click





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