

PROGRESSIVE GROCER

JUNE 2012

AHEAD OF WHAT'S NEXT

VOLUME 6 NUMBER 6 Rs 100

INDIA EDITION

PROGRESSIVE VIEWS • 14

Guiding the
'Looking but Lost'

INTERFACE • 16

Cakewalk to Success



RETAILING • 26

The Two P's in Deli

CATEGORY WATCH • 56

More Power to Dairy



EQUIPMENT & DESIGN • 69

Over and Under



Are You Mall Ready?

Grocers deliberate

Page 32

EDITOR'S NOTE

Grocers who have truly arrived or are getting there

Malls have become the ultimate shopping destination in India. With large food and grocery chains such as Big Bazaar, HyperCity, Spar, Spencer's, More, Reliance Mart, SRS Value Bazaar, etc, having set a precedent, mall owners are now keen to woo small yet well-known independent grocers who have carved a niche in their respective catchment areas. In fact, these grocers are also being viewed as potential anchors considering the large base of loyal customers they have set up over the years.

For a grocer, a mall would have a distinct advantage with its clean, hygienic environs, round-the-clock-maintenance, security, car parking, etc. A mall presence would also enhance the grocer's brand image, as it would convey the message that the brand has truly arrived.

In view of the fact that grocers have begun to modernise and upgrade their stores in earnest, it is somewhat surprising that very few are actually considering moving into a mall. We spoke with several independent grocers on the viability of opening a store in a mall. While they agreed that a store in a mall would get higher footfalls, and would give them the added advantage of catering to a good catchment area, they all said that high rentals would make it difficult for them to be profitable since they work on very thin margins. They also felt that in order to give

people a reason to buy their groceries in a mall, they would have to lure them with freebies, promotional schemes, discounts, or exclusive products, which would add to their overheads.

Mall developers have begun to understand the constraint felt by independent grocers, and are open to suggestions and negotiations. Grocers, on their part, are asking for concessional rates from the mall developers on the premise that they can be strong crowd pullers. There is no denying that customers visiting a mall would surely add grocery to their shopping basket, especially if the grocer offers niche products that are not available on the high street.

So, I think, a mutually beneficial arrangement, such as revenue sharing, can be worked out between the mall owner and a grocer.

In this issue, we present retailers both from India and the US who have made progressive strides in their business. We also took a look at how the dairy products segment is gaining power with value additions across all the product categories, and with big brands eyeing this lucrative industry.



Amitabh Taneja
Editor-in-Chief

All feedback welcome at editorpgindia@imagesgroup.in

IMAGES MULTIMEDIA PVT. LTD.

Delhi: S-21, Okhla Industrial Area, Phase II,
New Delhi 110020, India
Ph: +91-11-40525000, Fax: +91-11-40525001,
email: info@imagesgroup.in

Mumbai: 1st Floor, Bharat Tin Works Opp. Borosil Glass Works,
Off Military Road Marol Maroshi, Andheri (E), Mumbai - 400 059
Ph: +91-22-42567000/29200043/46, Fax: +91-22-42567022,
email: santoshmenezes@imagesgroup.in

Kolkata: 30-B, Anil Roy Road, Ground Floor, Kolkata - 700 029
Ph: + 91-33-40080480, Fax: +91-33-40080440,
email: piyalioberoi@imagesgroup.in

Bangalore: 523, 7th Cross, 10th Main
(Jeevanbhima Nagar Main Road),
H.A.L. 3rd Stage, Bangalore - 560075
Ph: +91-80-41255172, 41750595/96, Fax: +91-80-41255182
email: suvirjaggi@imagesgroup.in

Business Development Associates:

Ludhiana: Hemant Gupta: +91 9814019745
Chennai: S. Venkataaraman: +91 9444021128

All material printed in this publication is the sole property of Stagnito Media, 111 Town Square Place, Suite 400 Jersey City, or Images Multimedia Pvt. Ltd. or both, and each of them have copyrights on their respective materials. All printed matter contained in the magazine is based on the information from those featured in it. The views, ideas, comments and opinions expressed are solely of those featured and the Editor and Printer & Publisher do not necessarily subscribe to the same.

Printed & published by S P Taneja on behalf of Images Multimedia Pvt. Ltd. Printed at Aravee Printers Pvt. Ltd., B-235, Naraina Industrial Area, Phase -1, New Delhi 110028 and published by S P Taneja from S-21 Okhla Industrial Area Phase - 2, New Delhi 110020 Editor : Amitabh Taneja

In relation to any advertisements appearing in this publication, readers are recommended to make appropriate enquiries before entering into any commitments. Images Multimedia Pvt. Ltd. does not vouch for any claims made by the advertisers of products and services. The Printer, Publisher and Editor-in-Chief of the publication shall not be held for any consequences in the event of such claims not being honored by the advertisers.

All rights reserved. Reproduction in any manner is prohibited. All disputes are subject to the jurisdiction of competent courts and forums in Delhi/New Delhi only. Progressive Grocer does not accept responsibility for returning unsolicited manuscripts and photographs.

PROGRESSIVE GROCER INDIA

Editor in Chief	Amitabh Taneja
Editorial Director	R S Roy
Publisher.....	S P Taneja
Editor in charge.....	Sanjay Choudhry (Deputy Editor)
Chief of Bureau (Mumbai)	Nivedita J Pawar (Sr. Assoc. Editor)
Assoc. Editor.....	Seema Gupta
Copy Editor.....	Shipra Sehgal
Correspondents (Delhi).....	Juhi Sharma, Annie Johnny
Correspondent (Kolkata)	Shubhra Saini
Correspondent (Bangalore).....	Roshna Chandran

Business Development

Sr. Vice President (Sales & Marketing)	Rajeev Chawla
Assoc. Vice President (West)	Santosh Menezes
Assoc. Vice President (East)	Piyali Roy Oberoi
Assoc. Vice President (South)	Suvir Jaggi
Manager (North)	Karun Saluja
Deputy Manager (West)	Kishore Gachi
Assistant Manager (South)	Ashraf Alom
Manager (East)	Anirban Sarkar

Circulation & Support

Assoc. VP - Circulation & Subscription	Anil Nagar
General Manager - Administration	Hemant Wadhawan
Sr. Manager - Circulation	R P Singh
Dy. Manager - Operations	Rajesh Kumar
Sr. Executive - Subscriptions	Kiran Rawat

Creatives

Art Director	Pawan Kumar Verma
Asst. Art Director	Mohd. Shakeel
Sr. Photographer	Vipin Kardam
Photo Coordinator	Kamal Kumar

Production

General Manager	Manish Kadam
Sr. Executive	Ramesh Gupta

PROGRESSIVE GROCER

AHEAD OF WHAT'S NEXT

VP/Group Publisher	Jeffrey Friedman
Editor-in-Chief	Meg Major
Senior Editor	James Dudicek
Managing Editor Bridget	Goldschmidt
Director of Integrated Content/Technology Editor	Joseph Tarnowski
Creative Director	Theodore Hahn
Contributing Editors	David Diamond, Bob Gatty, Bob Ingram, David Litwak, Tammy Mastroberte and Jennifer Strailey

Stagnito MEDIA

President & CEO	Harry Stagnito
Chief Operating Officer	Kollin Stagnito
Vice President & CFO	Kyle Stagnito
Senior Vice President, Partner	Ned Bardic
Vice President/Custom Media Division	Pierce Hollingsworth
HR/Production Manager	Anngail Norris
Corporate Marketing Director	Robert Kuwada
Promotion and Marketing Manager	Ashley Cristman
Director, Conferences & eLearning	Amy Walsh
Manager, eMedia Strategy and Development	Mehgan Recker
Audience Development Director	Cindy Cardinal

PROGRESSIVE GROCER



COVER STORY

32 Are You Mall Ready?

Traditional retailers are gearing up to modernise, and gain an edge over their competitors – with many even looking mall-wards. But how ready are they to make the big leap ahead?

FEATURES

14 Progressive Views

Consumers age 50-plus represent a significant growth opportunity for food manufacturers and grocers

16 Interface

Tracing the initial years and growth of the Monginis brand

20 Industry Insights

The advent of modern retail has changed the way Indian consumers shop

24 Industry Insights

The biggest challenge facing retailers is to ensure that their private labels meet regulatory requirements

26 The Deli Shopper

 presents the "Future of Food Retail"
Pricing and promotion in supermarket deli operations

28 Industry Report

Enforcing standards in pack sizes is set to become a norm

FOOD & GROCERY BUSINESS

40 Namdhari's Fresh

The company has progressed naturally from seed production to vegetable cultivation to retailing fresh produce

44 JK Lifestore

JK Spices has successfully leveraged their retail stores to promote their in-house brands

48 Bristol Farms

A major change in Bristol Farms' product selection coincides with an overhaul of the store

52 Newton Farms

A peek inside Newton Farm's concept store

54 Standard Market

This fresh-focussed market delivers a celebration of food

SUPERMARKET NON-FOOD BUSINESS

61 Scratching the Surface

Proven strategies can help grocers take a bigger bite of anti-itch product sales

64 Soapy Sales

Bar soaps struggle to stay afloat, while body washes gain power in the shower

65 Cutting it Close

Shaving segment relies on fancier systems to hone product demand

66 Counting on the Calendar

The feminine care category is adjusting to an aging female population to capture and hold market share

DEPARTMENTS

6 Market Update

What's new in the F&G market

10 Round Up

National and International company updates

56 Category Watch

Dairy products

68 PMA Perspective

When there's values, consumers won't compare price alone

69 Equipment & Design

Supermarket floors and ceilings are becoming more sophisticated and environmentally viable

72 Sales Training

Benefits of instructing store associates on the art of selling

73 What's Next

New products in the market

Size Matters



Companies pass on input cost inflation to consumers by tinkering with grammage without changing the headline price, the reason why enforcing standards in pack sizes is going to become a norm soon

By Amnish Aggarwal

The current guidelines, which gave consumer companies the flexibility to pack and price their products on certain popular denominations, were started in 2004. Companies typically adjust grammage instead of hiking prices, especially at lower price points (Rs 2, 5, 10 and 20), but over the years, they have used this flexibility to boost realisations by reducing pack sizes. As a result, the consumer often ends up getting a lower quantity than assumed. Unconventional pack sizes also make price comparison difficult as both prices and grammage are tinkered. Brands in the

same segment have different grammage, making it difficult for the consumer to arrive at actual product price. Products like biscuits, soaps and detergents are most prone to tinkering. Over a two-year period, some popular brands have reduced pack sizes to the tune of 20 percent. For example, the quantity in a Wheel detergent pack priced at Rs 20 has been reduced by 36 percent over the last four years.

Unconventional pack sizes create confusion

Unconventional pack sizes create confusion in the minds of consumer regarding prices. This is higher for products with low price points like Rs 2, 5 and 10, though for some products, it also extends for price points up to Rs 20 and Rs 30.

P&G withdrew its Rs 20-off offer on 200-ml Head & Shoulders shampoo which had an MRP of Rs 139. It introduced a new pack with an MRP of Rs 129, indicating that it has reduced prices by Rs 10; however the company also reduced grammage by 10 percent from 200ml to 180ml. Thus, the consumer ends up paying 20 percent more. Even when calculated on MRP (Rs 129), prices are still

higher by 3 percent as the company has priced the product at a lower price point to make it more attractive for the consumer.

Cadbury launched its Oreo brand of biscuits at price points of Rs 5, 10 and 20. Less than six months later, it increased prices from Rs 10 to 12 and from Rs 20 to 40. It also launched a new pack at Rs 4 in place of the earlier Rs 5, and reduced the number of biscuits from 3 to 2 in the packet, enabling a 20 percent price increase, but maintaining a lower price point.

The standard pack sizes are very category-specific. Products like milk powder and detergents, which are packed in small sachets, have been allowed to have any grammage below 50gm. The smallest permissible pack size for tea, coffee, biscuits and toilet soaps is 25gm. The upper limits for baby foods and mineral water are 10kg and 5kg, respectively.

Impact on volumes, packaging costs

We believe the new norms would impact volume growth of several segments in the medium term as companies modify pack sizes and shift towards the closest allowed pack size. In cases where the pack size has to be increased, there is also a high probability of prices rising, which could result in lower volumes. This could impact volume growth, especially for products driven by low price



In the toilet soaps segment, low-priced small packs are used by major companies to offer a branded product at competitive prices, and thus undercut the unorganised sector and increase purchase frequency

points as even a small change in quantity can alter the consumer economics significantly.

Currently, Britannia's popular Marie Gold biscuit is priced at Rs 5 for a 64-gm pack. Under the new norms, the company will either have to increase the size to 75gm or 50gm, which will result in the price rising to Rs 6 (Rs 5.85) or declining to Rs 4 (Rs 3.85), respectively. In both cases, the consumer would be the loser, and the company would have to vacate the popular price point of Rs 5. A biscuit packet priced at Rs 6 would have lower volumes than one priced at Rs 5.

A 580-gm Wheel detergent pack is currently priced at Rs 20. Under the new regulation, the standard pack sizes are 500gm and 700gm, which could be priced at Rs 17.25 and Rs 24.25, respectively. For detergents, the family's requirement is the key deciding factor and pack sizes that don't fit would be impacted. For example, a four-member family with a monthly requirement of 600gm would either have to buy a 700-gm pack and spend Rs 4 more, or buy a 500-gm pack (80gm less) for Rs 20. There is an equal probability that the family would reduce the quantity to 500gm, which will impact volume growth in the near-term.

Margin management to become difficult

Under the new regulations, while the initial adjustment might not be much of a problem, barring a few skus, changing prices will become increasingly difficult as coinage issues arise (coins less than Rs 0.5 would be phased out from June 2012).

Companies may increase grammage and charge the larger skus more, or opt for subsidising extremely small skus (increasing prices by 10-20 percent at one go would be very tricky for skus having price points of Rs 2 and 5). This would result in delayed price increases and companies would try to compensate by hiking prices in larger skus. This could have margin implications till prices are rationalised. Currently, it takes consumer companies up to three months to pass on the impact of input cost inflation, which would now increase further.

Temporary supply disruptions

Changes in pack sizes would require companies to modify their packaging, which will result in modifications of packaging lines and changes in size of moulds for which they will have to incur one-time costs. Supply of certain skus would be affected as companies would have to phase out existing inventories. This will lead to an interim phase of product availability issues. As consumers take time to get accustomed to new pack sizes and adapt their shopping behaviour accordingly, volume growth would suffer.

Biscuits will be worst hit

The Indian biscuit market is the largest processed food segment in the country with a market size of Rs 120 bn and growing at 12-14 percent CAGR. Britannia and Parle have 33 percent market share each, while ITC has 11 percent. The industry is characterised by high volumes and low margins (5-7 percent EBIDTA

margin), with high consumer awareness and low advertising.

Major companies like Britannia, Parle, ITC and Kraft have used the Rs 5 price point as an effective tool for enabling consumer uptrading. Most brands have their priced entry level packs at Rs 2, 4 and 5, and used the flexibility to alter grammage to hold on to the effective consumer outlay.



Britannia's Rs 5 Tiger Glucose has seen a 16.5 percent increase in prices in the past two years through a combination of grammage and price reduction. Brands like Good Day and Nice Time have increased by 7-11 percent during the same period. The effective prices of Parle's brands have increased by 14-28 percent across various popular price points like Rs 2 and Rs 5 through grammage reduction. While the consumer's outlay has remained intact, the number of biscuits in the packet has declined or their size has been reduced.

However, we expect companies to face problems in maintaining price points. Further, coinage issue would result in sharp price increases or companies would have to maintain price points and sacrifice margins. For example, Britannia's Good Day Butter, Sunfeast's Special Butter and Parle's 20-20 Butter are priced at Rs 5 for 50gm. As companies cannot reduce grammage to below 50gm, they will have to increase prices. But this move will result in coinage issues as the price increase has to be at least 10 percent to take it to Rs 5.50. Similarly, the price of Parle-G has to be lowered from the current Rs 2 to 1.50 and weight also reduced from 32.9gm to 25gm. The company will have to



Uniform packaging to become a norm

The Ministry of Consumer Affairs has issued a notification to enforce uniform packaging for 19 product categories. The new regulation, which will come into effect from July 1, 2012, would initially cover biscuits, toilet soaps and detergents. It would also cover paints, baby food, milk powder, tea, coffee and edible oils. There would be flexibility for detergent powder and milk powder as pack sizes below 50gm have been allowed. The smallest permissible pack sizes in tea and coffee is 25gm, which will impact sale of small sachets, more so in coffee. Baby food packs would have to be multiples of 100gm, and biscuits in multiples of 25gm upto 100gm. The new norms could include almost the entire gamut of consumer products in due course. The industry is in discussion with the government for relaxing norms for small packs due to affordability issue.

Are You Mall Ready?

Traditional grocers are gearing up to modernise, and gain an edge over their competitors – a common sentiment expressed by grocers who are being impacted by the changing retail landscape – with many even looking mall-wards

By Annie Johnny



In India, traditional and modern retail outlets will continue to co-exist. But there is a noticeable change of late as the former are beginning to upgrade. They are gradually redefining themselves by increasing floor space and introducing self-service format, and extending the range of their product offerings. In fact, this phenomenon is already visible across the country, with some independent family run stores even looking at malls for a possible shift/expansion. Some have already taken the great leap forward by opening a store in a mall, others are weighing the pros and cons of such a move, while there are a few who took the plunge but have retracted.

Lure of the mall

Observes Pragya Singh, Associate Director, Retail and Consumer Products, Technopak, "In most cases, traditional grocers open stores in malls to get access to more footfalls, cater to a good catchment, and build brand image to compete with modern retailers as well as leverage existing loyalty and popularity to increase sales."

As retail in India becomes more organised, retailers are also having to deal with increasing internationalisation of products, with suppliers and manufacturers adding pressure for

upgradation and modernisation of stores. For such grocers, who want to modernise and upgrade their services, a store within a mall can be the right platform to connect with customers used to a modern retail environment.

Not surprising then that many food and grocery retailers are considering opening a store in a mall which comes complete with air conditioning, clean surroundings, modern fixtures and display shelves, maintenance, round-the-clock security, car parking, and the greatest attraction of all – increased footfalls. And with space for expansion becoming a constraint on high streets, the mall does appear an attractive option.

Delhi-based Morning Store, with a history that dates back to 1965, is one such retailer which has, over the years, imbibed modern retail practices. The store in an up-scale market has computerised billing, a software that enables owner Agosh Malik to view activities on his shop floors on his computer, while cctv cameras capture and record the day's happenings. The store stocks niche, imported products, and has expanded to include a wine section and a frozen food section in the basement. It has now grown to three stores, of which, one is located at the Living Style mall in Jasola, New Delhi, where it opened in 2009.

Says proprietor Agosh Malik on his decision to open in a mall, "Our store in Sarita Vihar was not meeting our expectations so we decided to look for another location. When we got an invitation from the Living Style mall developer, we decided to go for it, as malls present freedom from bills for air-conditioning, maintenance and generators, besides a good shopping environment."

At 2,000 sq ft, Malik's store in the mall is smaller compared to his other two in Delhi's Greater Kailash and Vasant Kunj markets, which measure between 4,000 and 6,000 sq ft. Even though the rent is very high, Malik is happy with his decision. "I do not pay any rentals for my flagship store in Greater Kailash, yet sometimes, even the cost of air-conditioning can eat up our margins. I feel relieved that I do not have to worry about any of this in my mall store," says Malik, who is satisfied with the store's performance.

When Kunaal Kumar of Modern Bazaar decided to open a store in a mall in 2009, he wanted to cash in on the growing mall culture, and leverage the brand value of his 42-year-old retail outlet in Delhi's Basant Lok, and create more visibility and interest around it. The family-owned Modern Bazaar has, over the years, become synonymous with the quality and width and variety of its imported food

items. The store also draws a loyal band of customers for its in-house bakery that offers fresh products daily, and its exclusive seafood and cold cuts' section.

While the flagship store spans two floors measuring 4,000 sq ft area, the store at Select Citywalk mall in Saket is around 1,000 sq ft. Says Kumar, "When I decided to launch a new store, I decided would be in a mall, for which I chose Select Citywalk even though several other malls were offering me a better deal, because it is the most popular in South Delhi." Kumar, along with some partners, has opened another store cum cafe called Dolce Vita in Mumbai's Phoenix Palladium mall. "Modern Bazaar is a brand now and can pull in a lot of customers," says Kumar.

Location

A mall's location can also determine the success rate of a grocery store located in it. As most malls are built far away from the main town, customers used to the easy access of kirana shops and stand alone retail stores near their residences, would not opt for grocery shopping at these malls. Retailers who are operating in malls also observe a difference in the frequency of the customers coming to their stores, where sales peak during the evening instead of in the morning, and weekends are their busiest days.

Comments Kumar, "Mall visits are basically weekend trips. Unlike in the high streets, people do not make a special effort just to come to our store. A visit would be part of their larger itinerary, like clubbing entertainment with shopping for grocery. This is because entering a mall can be somewhat tedious – from queuing up in the car parking line, to walking the long distance to the entrance, to the security check, to going up the escalator."

Both Morning Store and Modern Bazaar are located in malls that are situated in high footfall areas – which is a definite advantage. While the Living Style mall is close to a bustling residential area, Select Citywalk is in a busy part of South Delhi and well connected with the Metro and other public transport services. To make it more convenient for the shoppers, the mall provides a shuttle service to the metro station.

"A retailer should definitely give importance to the location of the mall when planning to set up a store. What worked for us was that the mall is in the middle of a high-density residential area, which has a mix of both middle and upper class people. Such a mix is important, because if the area has extremes like only upper class, the store will not work," says Malik.



● Modern Bazaar is strategically located at Select City Walk Mall in Saket, New Delhi

While the mall stores seem to be positioned for doing brisk business, both Malik and Kumar admit that high streets are still their most profitable ventures. "So far, the store at Selectcity has not been profitable. The sales from our high street stores are much higher. Even though a lot of people are roaming around in the mall, very few are actually buying. People find it more convenient to shop from the high streets, you just have to hop in, buy your stuff and hop out of the store," says Kumar." But calculating the square feet sales for both the stores, he informs that the sales figures average out, but the high expenses and overheads of the mall store make it unprofitable.

Malik informs that at the flagship Morning Store in Greater Kailash market, on an average, 900 bills of Rs 200-300 are generated in a day, while the mall store

generates 100-150 bills of approximately Rs 250 per day.

According to Manoj Satia, Managing Director, MMF Direct2U retail in Mumbai, the format best suited for malls are large hypermarkets. "When it comes to 5,000 sq ft neighbourhood stores, the catchment area would be residences within the radius of 1½ - 3 km. Malls are usually located in city suburbs, and the only advantage a retailer will have is when he has supermarket stores of about 25,000 sq ft - then the radius would extend to 5-9 km."

Most malls anchor on a supermarket store, for instance, AlphaOne malls in Amritsar and Ahmedabad have HyperCity as their anchor store. Says Dr Prodipta Sen, Executive Director, Alpha G Corp, - the mall developer, "Unlike locality shops that are frequented by customers for daily top-ups, supermarkets



Why malls?

- The mall is becoming a place for commerce and convenience
- Grocery stores can fill vacant spaces left by closed department stores or other large tenants
- Since a mall pulls people from a greater distance, it can be good place for food stores to locate
- Grocery stores are appealing because shoppers typically visit malls once a week, and can have a complete entertainment and shopping experience, including grocery
- It is a growth opportunity for grocers if a mall gives them exposure to geographic market segments which they cannot reach any other way
- Adding food choices in a shopping environment will help extend the time shoppers spend in a mall
- Grocers can generate more traffic, and create better sales.



More Power to Dairy

Fuelled by modern trade and changing consumer preferences, the dairy category in India has evolved into a dynamic space where an onslaught of brands, private players and new categories are leading growth and innovation

By Annie Johnny

The current size of India's dairy market is around 21 million metric tonnes and it is growing at 4 percent CAGR (thrice that of the global average), and is estimated to reach Rs 5 lakh crore by 2015. The country is also the largest producer of dairy products by volume, constituting 15 percent of the world's and 40 percent of Asia's output. Liquid milk production touched 116 million metric tonnes in 2010 -11 up from 17 million in 1951.

While 'Operation Flood' spurred growth by increasing India's milk production and making the distribution system more efficient, the entry of private players, modernisation of retail outlets, value additions, and expansions in the dairy products are giving a fresh impetus to the dairy segment.

Observes Devendra Shah, Chairman and Managing Director of Gowardhan, "Although the organised dairy market is growing by 20 percent, I feel there is no significant impact of modern retail on dairy category. Only new products like yoghurt and cheese growth can be attributed to modern retail. This is primarily because of the easy availability of such products for trial and visibility".

Says Anil Jindal, Chairman, SRS Value Bazaar, "Dairy has recorded a steady growth through the years. Key triggers include rising consumer affluence, experimentation with food and increased consumption of non-traditional foods such as shakes, smoothies, probiotics, etc, more confidence in packaged products given their ease of use, availability of value-added and a diverse range of products. We

have definitely read this demand well in time and managed our space and inventory levels accordingly."

Packaged milk

The need for hygiene and convenience is changing consumer preference for packaged milk from loose liquid milk provided by the milkman. According to Dr R S Khanna, Director of Kwality Dairy, under the pasteurised milk pouches segment, full cream milk is growing at 55 percent, and is more strong in north India, especially Delhi, while toned milk is growing more in the southern market at a rate of 45-50 percent. This variation is because of preference for cow milk over buffalo in the south.

Although pouched milk still dominates the Indian market compared to the tetra-packed

UHT (ultra heat treated) milk, demand for UHT, which is growing at a rate of 15-20 percent is on the rise. Its relatively longer shelf-life, convenient packaging, and ready-to-drink convenience are driving demand. There is no need for boiling or refrigeration which makes UHT milk attractive to both retailers and customers. But unlike countries like Italy, Spain, and France where UHT milk is very popular, it has still to garner a loyal customer base in India.

"In our store, UHT milk comprises about 4-5 percent of the total milk sales. But sales primarily depend upon store location, broad geography and consumer profile of the area. For example, levels of consumption are higher in Gurgaon than in Faridabad. In India, the consumption is largely among people who have lived abroad or travel a lot to foreign countries and are therefore exposed to that lifestyle and are aware of its benefits (it is free from preservatives)," says Jindal.

However, he also feels that it is a trend that will pick up very soon as the adoption rate is improving. "It has become important to stock UHT milk because there are several casual consumers of UHT apart from a small/niche loyal base. Secondly, it helps to complete the shopping basket of the discerning consumer who demands such products," he says.

Elaborating on the benefits for retailers in stocking UHT milk, he adds, "It certainly helps retail outlets which are located in places that are mostly warm during the year, since it is convenient to store UHT tetra packs without having to worry about refrigeration. Also, because of the flat shape of the milk packet, it occupies lesser space in a store, which can then be utilised for other items."

According to Khanna, UHT milk works better in remote areas where it is difficult to get fresh milk. "Though UHT milk is mostly bought by modern working couples because of its longer shelf life, it also works well for remote areas or in places where it is difficult to get fresh milk like the north-east or mountain regions. Even the army has stopped using milk powder and is preferring UHT milk."

Value additions

Rising disposable incomes has led to the diversification of the dairy category as consumers are looking beyond pouched

Today, almost 30 percent of dairy products and milk is being retailed through modern store formats, an increase from 18 percent in 2007-2009

milk and the occasional butter and cheese spreads. This is giving rise to value additions such as flavoured milk, vitamin enriched yoghurt, flavoured yoghurts, etc. Categories like probiotic-enriched milk and yoghurt are the rising new stars of the dairy category. According to dairy consultant company Dairy India, the market for butter, cheese, ice cream, dairy whiteners and cheese spreads is increasing by 8-10 percent per year.



UHT milk on display at SRS Value Bazaar, Gurgaon

"As the Indian consumer's tastes evolve, so does the need for more flavours and variety and hence the need for wider range of choices. Also, with the advent of strong brands in the Indian marketplace, with companies launching new products followed by in-store promotions

and advertisements, there is greater communication with the end-consumer. So, increased awareness has resulted in an increase in the basket of products that the consumer now buys. For example, cheese slices are now more commonly bought as compared to ten years ago when it was a rare purchase item. Even traditional products like dahi has got a new avatar in the packaged variety; in fact, the advent of packaged yoghurt has been relatively spectacular with all the major brands claiming a stake in the market," says Ram Nair, Director, Aligned Business Partners, a retail consultancy firm.

Comments Shah, "In the case of yoghurt and lassi, value additions have been helpful. But I think the most important factors are the growth in income, up gradation and affluence."

"Value additions have definitely had a positive impact on the dairy category. People started buying more cheese spreads because of relevant range and variations. In certain cases, a family's share of dairy spends went up because it found probiotic drinks useful for the children. In other cases, a family discovered the goodness and convenience of western styled tetra packed milk cartons. Apart from this, the availability of various skus at multiple price points also helps in trials, and eventually regular consumption," says Jindal.

Packaged Dahi

Today, both regional and national dairy players are vying for shelf space with their dahi brands such as Nestle's A+, Mother Dairy, Amul, Gowardhan, Britannia, and Metro Dairy, etc, leaving the consumer spoilt for choice.

"For a country which has a culture of making curd at home, packaged dahi's growth has been phenomenal; and the segment is growing at the rate of 20 percent. It is one of those sub-categories that has directly emerged from the chillers of modern trade outlets to become a regular, even at small kirana stores,

What's Next

New products in the market



► Easy-to-cook cake

General Mills India has enlarged Pillsbury's product portfolio with the launch of cooker cake mix and ready-to-use cake icing. One just needs to follow three simple steps – add milk and oil to the mix, blend the mix to make a smooth batter, steam it in the cooker for half an hour and the cake is ready to serve. With ready-to-use icing customers can make the cake even more delectable. Pillsbury's Cooker Cake mix is a pure vegetarian product available in chocolate and vanilla flavours, priced at Rs 65 for a

175 gm pack. The cake icing is also available in the same flavours, that is, chocolate and vanilla in 250 gm pack for Rs 80. Both the products are available at grocery stores across all major metros.

► For a perfect cuppa

Boutique tea company, Basilur Tea India has expanded its distribution from Mumbai to pan-India with a wide range of finest quality green, black and oolong Sri Lankan teas. From jasmine and mint teas to strawberry & cream, and melon & cantaloupe green teas, Basilur offers over 75 different flavours. The company claims to be using only full-length tea leaves. Basilur teas are packaged in zip-lock bags and then in airtight containers to preserve the freshness. The teas are available at all gourmet food stores and can be ordered online as well with free shipping/delivery across the country. Basilur's premium tea range is packed in a tin caddy and priced Rs 699 upwards for a 100 gm pack.



► Beat the heat

Bharti Walmart has launched a range of ready-to-drink beverages under Walmart's international private label brand, Great Value. The range includes healthy fruit-based drinks, flavoured cola, jaljeera and milk-based beverages to help customers beat the heat. Great Value's fruit-based mango drink is available in a 2 litre pack for Rs 75; litchi and guava in 2 litre for Rs 81 each; and aloe vera pineapple drink in 1 litre bottle for Rs 55. Great Value's masala flavoured cola and pudina flavoured jaljeera come in 500 ml bottles for Rs 25 each.

These beverages are available at all Easyday stores.

► Crispy and healthy

Good Food Agro, a leading manufacturer of healthy snacks and breakfast cereals, has re-launched its Khoob Khao brand of Crispies. The Crispies range has been revamped with international seasonings, and is now available in three variants: Soya - Hot & Sweet Thai, Rice - Spanish Tangy Tomato, and Jawar - Desi Chatpata.

According to the company, these snacks are high in dietary fibre, a good source of protein, and are low in saturated fat, making them a healthy snacking option. The Khoob Khao Crispies in their new avatar are available in 100 gm pouches, in prices ranging from Rs 30 to 34, at food and grocery stores across the country.



► Ferns and petals

Newby, the internationally acclaimed premium tea brand, has launched yet another range of flowering teas. This new range of fine teas has been custom-made for the company by tea masters in China, and are a bundle of

carefully chosen green tea leaves and exotic flowers. They are available in flavours like rose, jasmine, blueberry, lychee, and milky flower. A pale green box of approximately 250 gm containing 20 small ball-like boxes (four balls of each variant) is being retailed for Rs 3,600. The company has also introduced a natural flowering tea range such as harmony, union, midnight, passion, and love. The natural flowering range is available in a white box containing 20 balls (four balls of each variant) of approximately 250 gm for Rs 3,400. The complete flowering tea range with all 10 variants is also available in a big box with 20 compartments containing two balls of each variant. This big box is of approximately 700 gm and includes two flowering tea glasses as well, and is priced at Rs 4,500. Newby flowering tea packs are being retailed at high-end tea stores and gourmet stores across metros.

► Caked beauties

Leading bakery chain Monginis has come out with a summer special range of freshly baked cakes in mouth-watering flavours including, mango kesar, peach apricot, fig and honey, jelly bean and grape orange, all of which are topped with fresh fruits and vibrant colour icing. Available at all Monginis outlets in Mumbai, these season special offerings are priced from Rs 750 onwards for a weight of 1.5 kg. Customers can also order cakes online by logging on to www.monginis.net.



DISCOVER YOUR CUP OF TEA



Leaf tea or CTC, blended teas or dust.
Darjeeling tea, Green tea or tea from the gardens of Assam.
Tea that is full-bodied or tea that is light.
Whatever your preference in tea, you're sure to find it with AMEZ.
So, go ahead and discover your cup of tea.



CALL FOR DISTRIBUTORSHIP

Jammu - +91-9796662340 / +91-9540560790 • Kashmir - +91-9419855397 / +91-9540560790 • Punjab - +91-9815561234 / +91-9540560790 • Delhi+NCR - +91-9540560790 / +91-9555779225 / +91-8800835730 • Haryana - +91-9541831421 / +91-9540560790 • Uttar Pradesh - +91-8800835730 / +91-9540560790 • Uttarakhand - +91-8800835730 / +91-9540560790 • Rajasthan - +91-9828393381 / +91-9540560790 • Madhya Pradesh - +91-9826583814 / +91-9540560790 • Maharashtra - +91-8600040436 / +91-8898111048 • Andhra Pradesh - +91-9866618039 • Kerala - +91-9447391476 • Bihar - +91-9007412494 / +91-9835457633 • Jharkhand - +91-9007412494 / +91-9835457633 • Odisha - +91-9007412494 • West Bengal - +91-8017358048 / +91-9007081932 • Assam - +91-8017358048 / +91-9007412494 • Andaman - +91-8017358048 / +91-9007081932



ASPEN PROJECTS INDIA LTD

(AN ISO 9001:2008 & ISO 22000:2005 CERTIFIED COMPANY)

16/7/2B, KEYATALA ROAD, KOLKATA 700 029 | PHONE: 033-2461 2733 / 033-2419 8002 | FAX: 033-2419 8003 | EMAIL: admin@aspenprojects.com

SAFEXPRESS IS

READY. ARE YOU ???

GST is all set to happen very soon. It will be one of the world's biggest tax reforms in one of the world's largest economies. Once implemented, GST will have a deep impact on our economy. New business models & supply chain models will emerge. Companies prepared for GST will reap profits.

Safexpress offers cutting-edge strategies for streamlining your existing supply chain. You can consolidate your supply chain by utilizing our ultra-modern Logistics Parks, spread over 7 million sq ft across India. Furthermore, our average transit time of 1.8 days by surface across India can help reduce your inventory to minimal levels.

Unlock the capital tied-up in warehousing and inventories by outsourcing to Safexpress. Time to get GST ready!

Call: 1800 113 113 | info@safexpress.com | www.safexpress.com

Safexpress Pvt Ltd, NH 8, Mahipalpur Extension, New Delhi - 110 037, India.
Tel: 91 11 26783281. Fax: 91 11 26781481/82

