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PROGRESSIVE GROCER

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INDIA EDITION



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THE MORE THE MERRIER

To succeed, Indian retailers must cater to the uniqueness of customers from different regions, languages and socio economic backgrounds

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CEO, Aditya Birla Retail

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Opportunities galore in the Indian market

Rapid urbanization is impacting even the small towns and interior villages in India. A case in point is Kerala, which is fast emerging as a front-running consumer state offering enormous business opportunities for wholesalers as well as retailers of processed foods. The state which has been registering good growth in the GDP, per capita consumption, and capital expenditure, for the last couple of years, has been attracting leading local, national and international brands in retail, food and beverages, jewellery, textiles and automobile sectors, even as home-grown brands, especially food, are making rapid strides. From jackfruit to curry powder, honey to cakes, Kerala is etching a new success story.

Growing aspirations and spending power, especially in the middle class of consumers, is driving the trend towards indulgence in value-added products such as disposable wipes. Though considered luxury items, disposable wipes are seeing increasing demand as awareness of such products, focus on personal hygiene, and the convenience offered by them, is propelling the category.

In such a market scenario, momentum is building up for two mega events: FGFI (Food & Grocery Forum) and the concurrently held IFSF (Food Service Forum) from Jan 14 to 16. The events bring together food service, food processing, food retailing and associated sectors on a common platform to debate and discuss the way forward for greater growth.



Amitabh Taneja
 Editor-in-Chief

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Special Feature



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Kerala is emerging as a front-running consumer state; it offers several advantages for potential investors that include readily available raw materials, skilled and trained manpower, water and power, an active local market, chain of retail stores chains, successful track record of existing players, and a very large expatriate community that ensures a captive market abroad

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Aditya Birla Retail embarked on its retail journey about seven years ago with its 'More' retail chain. Hailed as one of the catalyst to modern trade, ABRL is today among the top three value retail players in India with a strong national presence

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The More, *The Merrier*

Aditya Birla Retail Ltd embarked on its retail journey some seven years ago with 'More' retail chain. Hailed as one of the catalyst to modern trade, ABRL is today among the top three value retail players in India with a strong national presence

By Namita Bhagat




Vishak Kumar
 CEO, Aditya Birla
 Retail

Since its inception, More, the retail chain from Aditya Birla Retail Ltd (ABRL), has risen quickly to become a dominant player in the country's hyper-and super-market space. A part of the \$40 billion diversified conglomerate Aditya Birla Group, ABRL ventured into the retail arena in 2006 by acquiring Hyderabad-based supermarket chain Trinethra. The acquisition gave ABRL a jumpstart to expand its operations all over the country. In May 2007, the rebranding as More had begun, and all Trinethra stores were rebranded. The company stepped

into large format retailing in 2008 by launching their first hypermarket in Vadodara in Gujarat. The business has grown manifold since then. Today, ABRL is among the top three value retail players in India with a strong national presence. Vishak Kumar, CEO, Aditya Birla Retail Ltd, shares the success mantra, "We must understand that there is no clear homogenous entity called the "Indian consumer". Rather, there are consumers from different regions, languages, tastes, socio economic backgrounds. To succeed, Indian retailers must cater to the uniqueness of each of these customers."



Market presence

Possessing a total retail space of 19 lakh sq ft, ABRL currently operates in 505 locations in over 60 cities pan India, with 490 supermarkets and 15 hypermarkets. A large number of More stores are concentrated in small towns. The company has been extremely well received in the small towns of India, particularly in the south.

Business dynamics

More supermarkets cater to everyday shopping by stocking a wide range of products while More megastores are bigger in terms of scale as well as

product basket. Presenting a complete shopping destination for whole family, More Megastores carry a massive range of merchandise – all under one roof. The company deals in the best of products from reputed Indian and foreign brands alongside ABRL's own set of private label brands. The quality of farmfresh produce is ensured via building direct linkages with farmers for daily supplies. In this regard, More Megastores are the first ever food and grocery retailer in India to receive the FSMS certification (ISO 22000:2005), gaining worldwide acceptance for its food safety measures.

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Future **Forward**

Udit Tekriwal, the 22 year-old Founder - Director of Sangam Family Bazaar, a 14,000 sqft hypermarket in Gorakhpur, says it is time FMCG majors personally visited the city to unearth its potential

By Zainab S Kazi

Starting out

“Only a lover of Hindi literature would know the significance of Gorakhpur, which is the birth place of poet Premchand Munshi. But if we talk about the city’s importance as a retail hub, then a lot needs to be done, especially by the FMCG majors who do not seem to consider the city as important in terms of their retail sales,” says Tekriwal.

Speaking further on the step-motherly treatment given to the city, Tekriwal adds, “We faced a lot of problem while enrolling ourselves for the modern trade retail network of distributors, because Gorakhpur is not on the map of major FMCG companies. To share an example; we are still getting Hindustan Unilever stocks from Sultanpur

in Uttar Pradesh, as there is no modern trade network in Gorakhpur. Even as I share this with you, many FMCG companies have not enrolled us inspite of us complying with all the modern trade standards. So we have to travel to other cities to get our stock, which we do as we want to serve our customers with better product offers.”

Citing another challenge that he and his father faced while setting up the store was in selecting the relevant SKUs, and helping them make a wise choice was Chetan Sangoi, owner of Mumbai’s famous supermarket Sarvidaya Stores in Dadar. Along with retail consultant S.C. Misra, Sangoi has taken on the onus of inspiring grocers to upgrade to modern retail across the country,



Tekriwal, in the first month itself, out of the Rs 80 lakh turnover, Rs 35 lakhs came from the food and grocery section. Today, Sangam Family Bazaar is the biggest self-service store in Gorakhpur.

Overcoming challenges

“We have had an overwhelming response from our store, which is reason enough for us to plan for expansion,” says a proud Tekriwal. Launched in March 2014, Sangam Family Bazaar is just a little short of reaching the Rs 2 crore monthly turnover mark. As of date, monthly sales stand at Rs 1.75 crore, out of which Rs 89 lakhs comes from the 4,500 sqft food and grocery supermarket located within the hypermarket. Tekriwal informs that they are planning to expand the supermarket format to other locations. Keeping the sales and revenue at Sangam in mind, it is evident that the potential Gorakhpur holds for a modern retail format is enormous, provided FMCG majors take the city seriously.

Shares Tekriwal, “Our business is essentially of apparels. My father runs a store called Sangam Saree Centre. Opening a hypermarket was entering a new field of business altogether. From narrowing down on the right location to building the store, we had to start from scratch. A major challenge was getting a ramp built in the existing structure so that there would be a smooth transition between the floors. Another challenge was finding the right staff. We began to recruit freshers and we trained and taught them the nuances of customer service within a modern retail format.”



Udit Tekriwal
Founder - Director
Sangam Family
Bazaar

and also help standalone kirana stores convert themselves into the modern retail format.

Tekriwal spent three years in Mumbai studying various retail formats while doing his graduation. This is when he thought of opening a full-fledged hypermarket in Gorakhpur, even though his father who was more keen in expanding their apparel business. S.C Misra gave them the right advice and guidance about a hypermarket, and on having a food and grocery section within it. Misra's suggestion paid off from day one, as according to

Setting the Store

Opened: March 09, 2014

Area: 14,000 sqft

Total Investment: Rs 3.5 crore

Categories: Food, Grocery, Electronics, Luggage, Plastic and Steel Utensils, Textiles, Toys

Aisle Space: 6 feet wide

Layout: Grids with Category Indicators

Rack Height: 5 feet

Total No. of SKUs: 6100 approx

Average Weekday/Weekend Footfall: 2000/3000

Ticket size: Rs 1,150





Basket of **Opportunities**

Kerala is emerging as a front-running consumer state; it offers several advantages for potential investors that include readily available raw materials, skilled and trained manpower, water and power, an active local market, chain of retail stores chains (supermarkets, hypermarkets and malls), successful track record of existing players, and a very large expatriate community that ensures a captive market abroad. K Govindan Nampoothiry meets several enterprising and resourceful businessmen and entrepreneurs engaged in Kerala's thriving food business

The rapid urbanization that is enveloping even the small towns and the interior villages across Kerala, and the heavy inflow of NRI money, are propelling growth of Kerala as a front-running consumer state. Kerala offers enormous business opportunities for wholesalers as well as retailers of processed foods. While the food

basket of developed countries comprises 80 percent of processed foods, in India, it is a meagre 1.3 percent. Hence, there are abundant opportunities for commercial exploitation in this sector.

Kerala has been registering good growth in the Gross Domestic Product (GDP), per capita consumption, and capital expenditure, for the last couple of years. The state has been attracting



leading local, national and international brands in retail, food and beverages, jewellery, textiles and automobile sectors to set up base in Kerala. Home-grown brands, especially food with the local flavor, are making rapid strides. The number of start-up companies specialising in the food processing sector by offering local tastes, habits and preferences are proliferating. From jackfruit to curry powder, honey to cakes, Kerala is etching a new success story.

Change in the lifestyle of Keralites is driving the big push for wholesale and retail outlets offering high quality items in modern, convenient packs. The society is witnessing radical changes due to factors like a growing middle class, increasing urbanization, rise in disposable income, development of nuclear family over the joint family system, working couples, difficulty in availing domestic help, changing preferences of the younger generation aspiring for global and non-traditional foods, preference for healthier foods, growth and penetration of retail chains, globalization, media penetration, etc.

Ready-to-eat and ready-to-cook items are seeing increasing demand. The success of well-furnished and hygienic Eat-N-Pack food joints, which are thriving across Kerala along busy highways, are cashing on the trend and targeting busy people who are on the move even during odd hours of the day or night. High standards in the food service business and diversity in food offerings, point to the expanding tourism sector in Kerala. In fact, the stupendous growth in the tourism sector has directly and indirectly boosted the popularity of ethnic and high quality food, which is attracting both foreigners and the local people.

Kerala's traditional textile items, gold ornaments and local cuisines and food items such as Karimeen Pollichathu of Kuttanad in Alappuzha district and the Kallummakkai of Kozhikode are of great interest to the tourists, and restaurant chains are marketing the ethnic food items to their own advantage.

The Kerala Industrial Infrastructure Development Corporation (KINFRA) is the nodal agency for the promotion of food processing industry in Kerala. In the food and agro-processing sector, opportunities for business are present in seafood, coconut, cashew, pineapples, processed fruits and vegetables, dairy items, processed meat, snacks, ethnic foods, jaggery, confectionery, cocoa products, cereal preparations, bakery products, beverages and milled products.

Kerala has the unique distinction of being the major source of spicing up food menus across the world for the last several centuries, so much so that Kerala spices have gained wide acclaim across the globe for their aromatic smell and flavor. Kerala is considered the hub of spice trade in India for nearly thousands of years, and is famous for the exotic spices grown in the region. These include cardamom, cinnamon, clove, ginger, vanilla, nutmeg, black pepper, leafy oregano, rosemary, curry leaves, thyme, basil (tulsi), mint, bay leaf, coriander and sage. Oils and extracts of these spices such as clove oil, cinnamon and vanilla extracts are also in great demand. Black pepper, the world's most widely used spice is indigenous to Kerala.

Kerala's advantages for potential investors are the readily available raw materials, skilled and trained manpower, water and power, an active local market, retail chains (supermarkets, hypermarkets and malls), successful track record of existing players, and a very large expatriate community, ensuring a captive market abroad.

The three Food Parks in Kozhikode, Kochi and Pathanamthitta, the Seafood Park in Alappuzha district, and the Incubation Centre at Kakkancherry in Kozhikode district are among the developed infrastructure facilities in this area so far. The Kerala government has provided special support to the MSMEs due to their high employment and economic growth potential, and for the contribution towards meeting domestic needs, exports, marketing, and foreign exchange earnings by producing a variety of products.

While the IT sector has boomed and made a great impact in the recent past; and BT (Bio Technology) is being identified as having immense potential, the future potential lies in the FT (Food Technology) sector, with the focus now on processed foods, including Kerala's famous home grown products



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