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# PROGRESSIVE GROCCER

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INDIA EDITION



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## REVVING UP!

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Come October and the retail industry in India goes into a celebratory overdrive. Starting with the festival of Dussehra and Diwali and through New Year, it is the time when maximum purchasing and gifting takes place by consumers and corporates. There is higher footfall in stores and thus more sales opportunity, which revs up almost 20-40 per cent during the festival season. It is the reason why retailers, manufacturers and brands consider this period to be the best time to go in for new launches and offerings.

This strategy of launching new products pays as even consumers expect something new to come up and are searching for newer and more innovative options. Brands and manufacturers launch attractive gift packs especially designed to appeal to the festive mood of consumers. More often than not the payback proves beneficial for both the producer and consumer. Consumers get more options and choices and the manufacturer gets the benefit of placement of the product.

Brands utilize this opportunity for making inroads into the customer's heart through effective messaging, new products and innovative packaging. This approach not only allows companies to boost their sales, but it also helps brands to maximize visibility. The gift packs are a great way to increase sales and packaging bumps the offtake of FMCG products.

In this special 9th Anniversary issue of the magazine, we have put together the distilled essence of targeted product packaging, advertising and instore promotions across food, grocery and FMCG categories this festive season. Read and enjoy!



Amitabh Taneja  
 Editor-in-Chief

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AND TECHNOLOGISTS (INDIA)  
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# Market Update

## HyperCITY celebrates Ganesh Chaturthi in a creative and eco-friendly way

This Ganesh Chaturthi, the HyperCITY family welcomed 'City Cha Raja' in an all new avatar made of Britannia Good Day Biscuits. This is the 7th consecutive year for HyperCITY to host Lord Ganesha in their 16 stores in India across Maharashtra, Gujarat, Madhya Pradesh, Hyderabad and Karnataka. HyperCITY celebrated Ganesh Chaturthi festival and set up statues of Lord Ganesha at its stores from 5th September till 15th September, 2016. HyperCITY created five feet Good Day Biscuit Ganapati idols in two variants – Butter Cashew & Choco-Chip. The idols were crafted aesthetically from Good Day Biscuits. The ambiance at the stores came alive with aartis, bhajans, modaks and other festive preparations. In celebrating Ganesh Chaturthi in this fashion, HyperCITY sent out a



strong message to celebrate the festival in an environment friendly manner.

Standing by its promise of 'Something Fresh Everyday', HyperCITY also hosted competitions

at their stores to enhance the unique festive experience. It took up decoration competition in the societies in the vicinity of the stores and the competing societies were judged based on the theme, social message, size of the idol, etc. Another was the modak making competition, also held in the neighborhood societies. Modaks were made using Britannia Good Day Choco-Chip as one of the ingredients. HyperCITY also invited its Discovery Club customers and their family members for daily-aarti on all the 11 days it celebrated the festival. The hypermarket hopes that its unique mode of celebration will encourage Ganesha devotees to celebrate the auspicious festival of Ganesh Chaturthi by bring home creative and eco-friendly idols into their homes.

## Chile looking to step up export of its olive oil in India

Chile, which has been bestowed with a varied geographical feature, is also a food powerhouse. With the Pacific ocean in the west, Andes mountains in the east, Atacama Desert in the north and Antarctica in the south, the country is a provide a pest free phytosanitary island harbouring some of the best varieties of food crops. ProChile, the Chilean Export Promotion Agency, has been actively involved in promoting Chilean products in India. Among the food items, Chilean apples, cherries, kiwis



and frozen fruits have already hit the markets and are gaining in popularity day by day.

Chilean wines have also created a space for them in the Indian market.

Recently, an event was held at the Embassy of Chile in New Delhi to mark the presence of Chilean olive oil in India. Chile has rich variety of extra virgin olive oil and it exports around USD 60 million worth of it every year. The concept of the evening was to familiarize the Indian importers and the Indian consumers about olive oil from Chile as it hopes to enter the Indian market very soon. Iزارo, a well know Chilean brand supported the event and also had its samples made available, which were presented to key people of the industry.

The evening was also marked by olive oil tasting along with a presentation about



the olive oil industry in Chile and the company Iزارo. The key attraction was the food prepared using this olive oil. Chilean and Indian dishes, perfectly made, highlighted how well the olive oil can blend into Indian cuisine. "India is an important market for us. It has a rising trend among the consumers of high quality food products, which is our target market. Chile's high quality Extra Virgin olive oil would surely gain an acceptance among these consumers who are looking for niche products," said Carolina Vásquez, the Trade Commissioner of Chile and Head of ProChile India.



## TUV India project to help SMEs meet food safety requirements

TUV India Pvt Ltd, in collaboration with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, has been prosecuting an important project to assist SMEs meet the food safety requirements.

The execution of the programme was under the PPP framework and was being co-funded by the German Federal Ministry for Economic Cooperation and Development (BMZ). The main objective of the project was to improve food safety hygiene and product quality in the Indian food processing sector. The project will help to improve awareness, knowledge and training opportunities regarding food safety standards and provide tools for the implementation of food safety management systems among Indian food processing SMEs, industrial associations and regulatory bodies. To mark the conclusion of the project, TUV has organised a Best Practices Forum, which would take place on 27th September. For more project details, visit the website <https://www.tuv-nord.com/in/news-events-projects/1743.htm> or <https://www.tuv-nord.com/in/press-273-2057.htm>



role in creating good quality jobs. Retailers are part of a very beautiful nation building exercise. There are over 500 towns with a lakh population that need retailers to go there and set up shop. We will do all we can to facilitate retailers so they can increase employment in these hinterlands.”

## Delhi Retail Summit 2016: Anytime, Anywhere Retail

Retailers' Association of India (RAI) organised The Delhi Retail Summit 2016 recently. Themed 'Anytime, Anywhere Retail', the summit brought together decision makers from across Indian retail industry to deliberate upon ways to delight the new-age 24/7, digital-savvy customers. 'Anytime, Anywhere Retail' is clearly the need of the hour and DRS 2016 facilitated an exchange of ideas and insights to help retailers in their journey towards achieving it," said Kumar Rajagopalan, CEO, RAI.

Delivering the inaugural address, Shankar Aggarwal, Secretary, Ministry of Labour & Employment, Govt. of India said, "Retail plays an important

The big discussion on GST was one of the most-sought after sections of the Summit with two notable experts on the topic sharing their views with the audience. While Harishanker Subramaniam, Tax Partner & National Leader – Indirect Tax Services, EY India spoke about 'GST: The next steps and what business needs to do', Udayan Choksi, Managing Partner, VoxLaw, discussed how GST will ensure a complete, comprehensive and continuous mechanism of tax credits. Together, they cleared the air around various aspects of GST and updated the audience on its impact on retail.



## Aakkamani Academy for the oils and fats industry players

Over the years Aak Kamani Pvt Ltd has come to be recognised as a leading processor of high quality specialty oils and fats for the food industry. As a research oriented organisation, its prime focus is on health, nutrition and innovation. To maintain this leadership position in the industry, it has constantly been working towards acquiring a deeper knowledge of the oil molecule by researching their processes and studying the chemistry of the oil molecule in a quest to understand its wonders and possibilities. The knowledge of oils and fats has helped the company to extend their customer base to other industrial sectors as well – pharmaceuticals, nutraceuticals, personal care and oleo chemicals.



It has recently launched the Aakkamani Academy to share the knowledge of oils and fats with its business partners, which will help to build the awareness about the subject and give the best possible results. The Academy will serve as a training centre to understand customer needs and offer personalised solutions and services. It will also enable better customer-interaction and engagement thus helping Aakkamani to create a good knowledge base. The academy will also support and train the sales and marketing team to understand their products and applications better. The training at the academy would be undertaken by the experts in the field of lipid and food technology and will offer definite and detailed courses.

The Academy has various segments specialising in specified theories and practical applications. The curriculum is flexible and has been planned in such way that Aakkamani can have custom-made courses for the clients as well as for the sales and marketing group. It would also invite students from the academia and universities to take advantage of the courses being offered. The participants would be given notes/hand-outs on courses offered at the end of the sessions and a certificate as an acknowledgement of participation.

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# WORLD FORUM



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

# OF FOOD & WINE



Instituted with the objective of promoting trade in Food & Wine Industry. World forum of food & Wine (WFFW) is a Trade Promotion that looks set to drive long term consumer demand in the domestic and global market. Food & Wine Industry appears to have reached a decisive juncture where it needs to adopt effective avenues of harnessing the commercial potential in wine and food World Forum of food & Wine aims to lay out a strategic platform for the promotion of Wine and Food in India and abroad.

WFFW will promote trade in Food & Wine industry by bringing together A to Z concerned companies and prestigious business associations. In addition to providing a shared arena for associate companies from India and abroad to showcase a wide range of products. WFFW will make a concerted effort to diversify and expand the scope of entrepreneurial endeavors in Food & Wine Industry. The

overriding concern of this enterprise will be to effectively harness the true business potential in Food & Wine Industry by paving way for the next advanced phase in the development sector.

WFFW will be organizing and taking part in numerous events from B2B Meetings, to Conferences and Trade Shows. WFFW is keen to handling delegations from India and abroad and send its own representatives abroad to participate in international conferences. WFFW has set its sight on identifying Key domestic and international areas where Food & Wine industry can flourish immensely. In addition to joining as a B2B contact to various trade associations around the world. WFFW will also appear on common platform alongside other companies and associations in order to work towards the development of Food & Wine industry.



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# The retail cart and the planet

What we consume and how we produce goods has a direct impact on our planet. As the planet marked Earth Overshoot Day on 8th August, we examine how the retail sector can play an important role in minimizing not just the direct impact of their stores, but also the impacts arising from the vast production, manufacture and transportation infrastructure that supports it.



**L**ast month, 8th August marked the day when humanity's annual demand on nature exceeded what our planet can regenerate this year. Our footprint has already exceeded the biocapacity of the planet for 2016. This situation arises because we emit more carbon dioxide into the atmosphere than our oceans and forests can absorb, deplete fisheries and harvest forests more quickly than they can reproduce and regrow.

Earth Overshoot Day has been arriving earlier each year. It fell in October in 2000. By 2030, we will mark Earth Overshoot Day in June if current trends don't change. This is a symbolic day but one that speaks for an urgent need to radically reconfigure the workings of the economy which underpins our lifestyle.

As a resource-dependent business, one that draws on energy, water and natural reserves, the

retail sector should reflect on the implications of Earth Overshoot Day. There is a fundamental link between everyday products and planetary resources. Over time, resource scarcity can lead to real business risks: increasing costs, disruption in supply and potentially reputational and regulatory risks.

In this context, natural resource management and footprint reduction emerge as key business strategies – not just in relation to emissions linked to direct operations, but also the carbon, water and agricultural footprint of resource dependent products that appear on shelves. Transportation of goods is also another significant source of carbon emissions linked to retailing.

Critical to managing this scenario, retailers need to look beyond their shop front and into their supply chain. Understanding the carbon, water and natural resource footprint embedded within the core of their business is a significant first step. Procurement



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policies which support better production and responsible procurement can ensure that the journey of a product, from its manufacture to the point of sale, is traceable to responsibly managed and verified sources, with reduced negative environmental and social impacts.

Already leading companies around the world are working on ways to reduce the material impact of their supply chains and embedding circular economy thinking as part of core sustainability strategies.

- Since 2014, Tesco has been working with a number of suppliers to collect emissions data about their supply chain and to identify hotspots



- Wal-Mart integrated the concept of sustainability into its strategy in 2005. Its sustainability goals were to be supplied 100 per cent renewable energy, to create zero waste and to sell sustainable products. Its suppliers are also encouraged to produce sustainable products, by having to go through Walmart’s self-developed sustainability index.<sup>ii</sup>
- M&S covers most of the sustainability aspects through its ‘Plan A’, which focuses on high-impact, immediate targets such as, reduction in energy consumption, improved packaging and more sustainable sourcing.<sup>iii</sup>



in key categories. They found that agriculture accounts for approximately 60 per cent of their supply chain carbon footprint, 97 per cent of their water footprint and a majority of their impact on biodiversity. To address this, they set a 2025 target for a 30 per cent reduction in GHG emissions, reduction in water use, including local reduction targets for water-stressed areas and improvement in farmland biodiversity. They joined the Sustainable Agriculture Initiative (SAI) Platform in April 2016, to partner and implement environmental best practice in agricultural supply chains, both through growing standards / guidance and on-the-ground collaboration.<sup>i</sup>

IKEA has been trialing strategies around circular economy and sustainability integration to reduce consumption of its products, such as pledging to stock only extended lifespan LED light bulbs in stores by 2016, reducing the number of bulbs required by past and present lighting products. Some of their stores in Denmark allow consumers to earn store credit by bringing back old IKEA furnishings, which are then resold within the store for the price they were purchased from the consumer.<sup>iv</sup> As an intermediary between manufacturers and consumers, retailers are uniquely placed to mainstream sustainability and manage footprint at the same time. They can influence consumer behaviour through in-store education and direct marketing. Their close relationship with suppliers also means that retailers’ purchasing power can be harnessed to move supply chains to more resource-efficient practices. And perhaps start to push back the date of Earth Overshoot Day. **PG**

**Philip Tapsall, Director - Sustainable Business at WWF-India, ptapsall@wwfindia.net**

<sup>1</sup><https://www.tescopl.com/tesco-and-society/sourcing-great-products/reducing-our-impact-on-the-environment/>  
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# Female power in F&G retail

A cursory look at any modern food and grocery retail store across formats and cities reveals a far greater percentage of men in the workforce than women. In most such stores and formats, women don't seem to comprise more than 10-15 per cent of the workforce when their number should be at least three times higher, if not more!

By Mohit Khattar



**T**he scenario in the retail industry where men far outnumber women in the workforce may have to do with some of the policies that have shaped modern retail in India. Add to it the prevailing environment of perceived security threats to women's safety and security. But to my mind it also has to do equally with historical perceptions carried by decision makers who in most cases happen to be men on what women staff can or can't do.

It will suffice to say that for every perceived drawback and perception, there is a robust rationale on why participation of women in food and grocery retail must be encouraged for this sector to move forward.

The following three points need to be borne in mind to better understand my recommendations.

**The end user:** Most food and grocery formats stock a multitude of brands and SKUs – sometimes over 5,000 to 7,000 SKUs – in a single supermarket store and more than 20,000 SKUs (food n grocery) in a hyper! While most of such products are consumed by the household in general, there is a greater connect that the products have with women – than with men. Think fruits and vegetables, daals and spices, attas, rice, sauces, cooking masalas and pastes, cosmetics, household cleaners, detergents,

shampoos and skin creams and so on. For most such products, the key end user is a woman.

**The decision maker:** More than 75 per cent of the shoppers in most such stores happen to be women on a consistent and ongoing basis. They come in, browse, engage, make their choices and then take the final call based on their past experience, recommendation from friends or store staff or basis shelf displays, POS material or by advertising that they may have seen.

**Intuitive knowledge:** Most employees (including men and women) that work in the front end as contract staff in retail stores come in from relatively weaker socio-economic segments. So their own first-hand experience with many of the products is likely to be low. In such cases, their intuitive knowledge on such products or their usage is always beneficial.

### The rationale


My view about encouraging women participation in F&G is built around three pegs – intuitive knowledge, inherent skills and attitude.

**Knowledge:** In a scenario where most users and most shoppers who engage with food and other








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FMCG products are women, as retailers, if we are serious about influencing choices, then one of the first questions that we must ask is whether the predominant male staff – is aiding or actually becoming a hindrance to achieving the said objective.

How can someone with his own limited experience and intuitiveness (shaped by his gender and past experiences) and perfunctory knowledge of these products suddenly become effective in influencing the choice of consumers who in almost all cases are likely to know more about the product than him. In most such cases, experience shows that women staff members are able to bring their



**Experience shows that women staff members are able to bring their superior innate knowledge (shaped by their gender and experiences) to the fore more effectively and help increase store and format productivity.**

superior innate knowledge (shaped by their gender and experiences) to the fore more effectively and help increase store and format productivity.

**Skill:** Many of the front end roles in retail stores involve merchandising, maintaining cleanliness and hygiene, cashiering, etc. Again from a larger and maybe traditional perspective, these are roles that have been the domain of women for years. The fact that they seem to enjoy these tasks better than men do, makes it easier for them to appreciate the rigour and importance of the jobs and to excel in them. Ask a guy to spot dust and grime in the store and ask a woman employee to now do the same thing. The difference would be apparent when you notice the half a dozen areas highlighted by women employees that could be maintained better. Ditto for merchandising stuff on shelves. Women, thanks to their inherent skill tend to arrange and organize better as also maintain hygiene and cleanliness better than their male counterparts. They also tend to be more agile, skilled and in general dexterous with their hands. The fastest cashiers at Nature's Basket, for instance, tend to be women. So more women would mean not just better presented stores but operationally more efficient stores as well – something that consumers are likely to notice and talk about as well as make front line managers happy.

**Attitude:** The final point that I make is that of attitude and connect. The way women easily make friends, engage, converse or connect with other women is far superior than the way men connect with women or say even with other men. It is rare to find them coming out of any public place without having conversed with at-least one complete stranger. This is again something so intuitive, and so innate that it doesn't seem to require any extra effort; nor does it seem to be limited to any socio economic class. Unfortunately, for most men, forming such easy connects is going against their grain. This makes the job of front end male store staff who are mostly faced with women shoppers, that much more difficult and stressful. Conversely, more women as front end store staff is likely to have longer term benefits in terms of improved productivity as well as improved customer loyalty for the business.

None of the above is to suggest that men can't do some of the things detailed above as good as women staff members can or that women are good only in the roles described above, or that external training inputs can't change any of the above. It is just to point out that in certain areas, women are naturally more gifted and all things being equal, better equipped to perform and contribute to the business better.

Arguments from front line managers ranging from perceived instability in the business due to attrition caused by marriage or pregnancy, in the case of female staff must be challenged with hard data. Surprisingly, attrition – which is in general high across retail businesses – tends to be lower for women than men!!

As retailers and marketers, we need to be cognizant of this reality. The perceptions that our operations staff may be carrying about the alleged capability of women staff must be challenged by making them understand and appreciate the above. To begin with food retailers could experiment in catchments that are perceived to be safer. The argument to have an open mind and a willingness to experiment to make our retail workplaces more gender diverse stems from the understanding that no one gender can completely understand or appreciate the mindset and behavior of every consumer. By giving women an equal opportunity to showcase their natural skills, we as retailers would go a long way in improving consumer connect and make our stores more productive than what they are today. **PG**



The writer is Head of Retail Strategy & Branding with Godrej Industries Ltd. The views expressed in this article are personal. His twitter handle is @mohitkhattar and he could be reached at mohitkhattar7@gmail.com



Mexican Jalapeño Cheese Sauce



Spicy Spanish Omelette



Chicken Rolls with Red Paprika



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What would Eastern food be without the hero ingredient – chilly. Thank god there's plenty of it around.



# The retail gravy train rolls and rumbles!

It's that time of year again, when the festive season is in the air with all its exuberance. Rakhi and Janmashtami celebrations in the later half of August act as the perfect harbingers to the festive months ahead, culminating with Christmas and New Year. As the festive mood and fever looks set to catch on and spread in the days to come, it is time for businesses to set their house in order, get their act together and brace up for the shopping frenzy ahead.

By Sanjay Kumar

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**F**estivals in India have always meant joy, happiness, celebration and gifting. And true to the festive mood and spark, this season is expected to bring in all the jollies. The customer enjoys going out in the market and looking for different buying options and is in the mood to spend. Naturally, the festive season brings in higher footfall in retail stores. So a thumbs up for the demand, and the ensuing sales. In general, the volume of all products increase during the festive season. Overall, F&G business zooms, lead by chocolates, dry fruits, juices, sweets, biscuits, staples, oils, spices, namkeens, etc.

Gifting is a characteristic feature of the festive season. In fact, gifts have come to occupy an important part and place in our lives, especially during the festive season. The outpouring of love and sublime emotions finds ready expression during the festive months. And could there be a better way to show love to our near and dear ones than to shower and pamper them with gifts? “Gifting builds human relationship. In this fast-paced life we occasionally get time to meet and greet our friends, relatives or business associates. Festive season, through the medium of gifting, establishes connect and this is a theme present across all product categories. This trend helps brands to create buzz by launching new products in the market,” says Vikram Agarwal, Director, Green Dot Health Foods. According to Madhulika Tiwary of Technopak, the gifting industry in India has registered a strong growth over the past decade thanks to the rising income levels and aspirations. Also, aiding this growth are such factors as (on the demand side) the widening of the customer base, and (on the supply side) the offering of innovative products at attractive prices. The gifting market’s size is estimated at close to USD 44 billion, with many industry players reporting annual growth in the range of 20-40 per cent during the festive months.

In the past, the focus for gifting was predominantly on traditional Indian sweets. Mithai gift packs still rule close to 65 per cent of the gifting market and sales are close to 40 per cent during festivities. It is still an auspicious gesture for many Indians to carry a mithai/nuts gift pack on every celebrated occasion. Leaders in the mithai and namkeen category like Haldiram’s deliver a range of ready-to-eat snacks, sweets and also have fast food outlets in different states. From namkeen products like chanachur, mixtures and dalmukh to sweets like kaju barfi, rasgulla, gulabjamun, Haldiram’s plays on both its widespread brand recognition and strong association with traditional Indian foods and mithai. “We are the preferred brand for gifting products like burfi, sohan papdi and rasmalai among others. We are known for our unique innovations, quality and value for money products and are recognised for our



“  
For mithai, namkeen and snacks, we remain the best choice for family gifting, corporate gifting and for our unique packaging.”

—Sharad Agarwal  
Director & CEO,  
Haldiram’s outlets  
(Kolkata, Nagpur  
and Delhi)

variety and product range, valued package products, custom made packaging as per the requirements and remain the best choice for family gifting, corporate gifting and for our unique packaging,” says Sharad Agarwal, Director & CEO, Haldiram’s (Kolkata, Nagpur and in Delhi).

“In general, the volume of all products increase during the festive season, however, our signature products such as kaju katli, motichur laddoo, kalakand, rosagullas and rasmalai bring in good numbers. In traditional Indian sweets, it’s usually our sugarfree range of sweets and Bengali sweets, such as Rosagullas, Sandesh and Rasmalai. This tends to extend a little into the dry fruits category as well with figs, dates, prunes and apricot, says Anuj Goyal, Head - Business Development, Brijwasi Sweets (India) Pvt. Ltd, one of Mumbai’s oldest Indian confectioners and retailers. “The sales go up almost by three times during October and November. The target range starts from corporates to households – everyone from LIG to HIG,” says Sharad Agarwal.

However, over the years the trend of gifting mithai has spread to categories such as dry fruits, western desserts, silverware and now into electronics and gold and silver. Brands and manufacturers are able to get significantly higher volumes during the



festive season and are able to roll through their inventories and bring out new launches. It is a great time for them to showcase their signature products and bring out products with higher ticket sizes. Though the margins are lower it helps brands connect with a bigger audience and build a rapport for the long run. Also, the scope for gifting has increased hugely. This has led to new categories of gifts, which are being added on a regular basis. Though, the value of gifts has gone lower, they have become more and more affordable, allowing to open up the entire population as a market for gifts. “We expect more brands and new categories to join the gifting categories like olive oils, cookies, sweets, fruits, apart from the regular confectionery, namkeen and dry fruits categories. In major



**We expect more brands and new categories to join the gifting categories like olive oils, cookies, sweets, fruits, apart from the regular confectionery, namkeen and dry fruits categories.**

—Ashik Hamid  
Sr Vice President  
- Merchandising,  
HyperCITY Retail

categories like chocolates, we also see category leaders coming out with new, interesting options and variants to enhance sales. Don't be surprised if a lot of non-food FMCG categories like skin care, cosmetics and personal care also come out with gifting options,” says Ashik Hamid, Senior Vice President - Merchandising, HyperCITY Retail.

Says Amit Lohani, MD, Max Foods, “We see a huge surge in demand for international food products as they present a mark of exclusivity and uniqueness, when it comes to gifting. In fact, we foresee a good jump over last year as there is a more pronounced good feel factor in the market. Most Indian companies ape international product categories and envisage them in their product range. As importers, we try to understand international trends, and bring in new categories to tantalize the tastebuds of the aspirational Indian consumer.” Neha Manekia, Director of Mumbai based Silverspoon Gourmet (which is positioned as an experiential gourmet experience), is expecting a great season, and is gearing up with a new assortment of gift items with a focused menu of 15-20 items, which will include cheddar cheese cakes, Dutch cocoa brownies, oat and sesame cigars, fudge brownie bites, almonds in cajun, barbeque chilli and



Cinnamon flavours, choco chip cookies, etc, in the price range of Rs. 800 to Rs 1200 per kg. Manekia is anticipating a better turnover as compared to last year, when business sentiment was less buoyant.. “I think that if anything, Diwali is the one season where people go all out to spend and splurge. They may cut back on other things but from a business and personal standpoint, Diwali gifting is a social norm more than it being a religious festival.” She adds, “People are always looking for something new. For those who like to stay away from ‘safe’ options and try something different and other than fruits and mithai, we have a lot of options, both in terms of packaging and food gifts.”

Beautifully packed and decorated paan gift hampers also find a prominent place as a gifting option during the festive season. Chocolate-covered paans, dry paans, paans with dry fruits, and flavours like pineapple, mango and kesar are very popular. Dry paans sell even through major retailers and online websites. “Flavoured paan is our speciality,” says Prem Paan Bhandar in Jaipur. As the festival season is approaching, we have introduced dry paan sweets in different flavours and with low sugar content, and we also have a paan basket containing a variety of beautifully wrapped paans. A gift pack of paan-ladoo in silver or gold covering costs Rs. 200 and goes up to Rs. 1,000.” In the smaller cities and towns, mithai shops during the festive months witness a shift of 25 to 30 per cent in total sales while traders and retailers of dry fruits assert that the average sale (whether wholesale or retail) increases by 60 per cent during the festive season.

### Gifting trends

Corporate houses and businesses use festivals as a connection moment with consumers to launch new packs. “Diwali is the most important gifting season of the year, but over the years, it has become extremely crucial to focus on a variety of options. So, we offer both pre-packed gift hampers, and





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Gift Packs



customized hampers,” says Laxmichand Gada, Proprietor of Society Stores in Mumbai. “We are seeing the gifting concept spread across categories, and it is now present in every single category. This season also you will see gift packs across various product categories,” says Hamid of HyperCITY. “When customers gift someone, they always want it to be a surprise for the end receiver. They want to see the ‘thrill’ in their eyes when the gift is opened. This is the case always. As gifting has moved from being an ‘occasional’ event to a ‘routine’ one, customers have to gift more often and still be innovative in their approach. Hence, they are searching for newer and newer options. That’s the reason for gifting being spread across categories. Sunrise categories like olive oils, highend gourmet confectionery and beauty products enhance customers’ image when they are given away as gifts and as something really special,” adds Hamid.

“**Products that typically get included in gift hampers are wines, exotic chocolates, dry fruits and nuts, and international cuisine ingredients.**

—Mohit Khattar  
Head-Retail Strategy & Branding, Godrej Industries Ltd.

Yogesh Bellani, CEO, Fieldfresh Foods, which operates the Del Monte brand, says, “An interesting differentiator in the cluttered festive gifting market would be a gift that appeals to the more youthful consumer, has both modern and cultural relevance, is aesthetic, adopts a contemporary approach to its use of traditional festive cues, captures the fun and spirit of the occasion, and reflects the upbeat personality of the brand.” Comments Mohit Khattar, Head-Retail Strategy & Branding, Godrej Industries Ltd., “Products that typically get included in gift hampers are wines, exotic chocolates, dry fruits and nuts, and international cuisine ingredients. But there has to be a surprise element to keep the interest going every festive season, so we have some special products planned, which we would like to surprise our consumers with this season. In fact, we come up with a fresh look every new season wherein we completely revamp the collection and



presentation style. We offer a large collection of themed hampers that can be further customized.”

“Sometimes it seems that giving a trendy gift can offer you more credibility. It seems that if there is a ‘hype’ or ‘buzz’ around your gift by shoppers then it’s likely your gift recipient will be enthused. Marketers are aware of this and conceive the best solutions for their products. The gifting ideas in the festive season revolve around gourmet food and beverages, garments, health and wellness products, home decor, personal care products, etc. Exotic teas and exuberant infusions are also the new trend and the young generations are taking to it,” says Sumit Shah, Executive Director, Madhu Jayanti International Limited, which is one of India’s leading manufacturers of value-added tea products and the makers of TE-A-ME range of differently flavoured tea bags and gift packs. While the festive season is dominated traditionally by sweets, dried fruits and chocolates, the gifting segment is witnessing a growth in sales of fine teas as gifts, which not only promises great taste, but also better health than their traditional counterparts. “The modern age consumers are looking for diverse, trendy yet conventional combinations for their gifting needs. They are now-a-days trying new pairings for their gifting items and tea fits into their requirements. TE-A-ME gift boxes allow you to indulge in a complete range of exotic tea varieties and flavours in a pristine box. We will be offering an exciting and exuberant range of TE-A-ME flavours that will enliven the senses and suit every mood,” adds Shah.

With the festive season just around the corner, flavoured add-ons for food and value-added ingredients are also preferred as ideal gifting products. “We are doing a lot of innovations and creation of combo products as flavoured add-ons for every food, mood and gathering so that they become the perfect gifting choice,” says Akshay Bector, CMD, Cremica Food Industries, which manufactures and retails a range of liquid condiments and speciality snacks. “Our speciality snacks Opera crisps and French Fries, range of dips, flavoured sandwich mayos, speciality sauces



“**We hope that our products are perceived as exquisite gifts as well as a token of good health for gifting.**

—Gunjan Jain  
MD, VKC Nuts







and syrups are ideal for gifting,” says Bector. For the businesses operating in Kerala, Onam is the most important festive season of the year, which falls in August / September every year. The festival is celebrated on a scale that is comparable to Diwali and Dussehra in the north and west. “The highlight of Onam happens to be the traditional onam sadya (feast) and no feast is complete without the onam payasam (sweet kheer mix). We are the leader in that category and that explains its importance,” says Sajive Manjila, Chairman of Thrissur based Manjilas Food Tech Pvt Ltd, leading exporters of rice products, rice powders, palakkadan and kuttanadan rice, brown and red rice and non-basmati rice, which sells under the brand name Double Horse. “We deal in rice, rice flours, pickles, masalas, kheer mixes and other RTE & RTC products, which are in great demand during the festival month,” adds Manjila.

Ravi Foods Pvt. Ltd., which operates the Dukes brand and is present in the biscuit, wafer & chocolate category and enjoys a leadership position in wafers through its brand Waffy will be offering gift packs in all these categories. “Our gift packs are very unique

in the market and sell under the brand names of Utsav, Waffy and Truffel. We have come up with the Waffy gift pack for wafers as well as assorted packs of cream wafers & rolls, Dukes Danish butter cookies in very attractive tin packs, and flavored chocolate balls in tray packs. We offer them at a very affordable price point. All these products have a huge scope and potential as a special gifting category, which is growing every



**An interesting differentiator in the cluttered festive gifting market would be a gift that appeals to the more youthful consumer.**

—Yogesh Bellani  
CEO, Fieldfresh Foods



Namkeen  
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**Haldiram Incorporation Private Limited**

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As importers, we try to understand international trends, and bring in new categories to tantalize the tastebuds of the aspirational Indian consumer.

—Amit Lohani  
MD, Max Foods



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Launching gift packs is always beneficial for both the producer and consumer. Consumers get more choices and the manufacturer gets the benefit of placement of the product.

—Vipin Aggarwal  
COO - India, Antonio  
Pina Diaz SL

year,” says Ravinder Kumar Agarwal, MD, who is planning to target sales figure of Rs. 10 crore during this season through its gift packs. Another player, Fizzy Food Labs, which operates the Chef’s Basket brand, is coming out with a gifting range that brings in the choice ingredients from across the world to recreate a gourmet experience from the confines of one’s own kitchen. “Be it a Tiramisu or a Bologna inspired thin crust Pizza, Chef’s Basket products are made to give the customers a experience of the culinary delights from across the world with meticulously designed, easy to cook recipe kits,” says Varun Jhawar, Co-Founder, Fizzy Food Labs.

Cookies gift packs are always a popular choice during the festive season. Lovely Bake Studio, an European inspired bakery that offers its guests a range of 100 per cent eggless delicacies will be offering a wide variety of cookies, biscuits, chocolates, baklava, dry cakes. “Our guests can now enjoy flavours, dishes, delicacies that previously were not available in the eggless variety. The little that was available till now, the quality was always doubtful and there was a question mark over their genuineness. But now, anyone can enjoy our wide variety of eggless products without any hesitation,” says Shaishav Mittal, Founder & CEO, Lovely Bake Studio. On its part, Del Monte is coming up with a variety of attractive retail Diwali gift packs branded Del Monte Delightful Moments. These gift packs consists of primarily fruit drinks such as Four Seasons mixed fruit, peach, pink guava, green apple, pineapple, peach coolada to name a few, and the company is hoping that they will go well with the feel of the festival. “At Del Monte, we have a range of premium products ranging from fruit drinks, packaged fruits, condiments like mayo and ketchup, olive oil, table olives, pasta and pasta sauces, which are all ideal for gifting during any festival,” says Bellani.

There is also an overall increase in juice consumption during the festive season. Food and beverage companies, cashing in on the gift pack marketing strategy during the festive season, register robust sales through special gift packs and hampers placed strategically in hotels. Companies like Dabur, Hector Beverages (Paper Boat brand) and others come out with special festive packs that enable juices to reach those households where new trials take place. Dabur, for instance, offers multiple customised gift packs under the label of Real Greetings, which come with a price range wide enough to suit different budgets and the gifting needs of customers. Fresca Juices, a manufacturer of juices with diverse flavours and present in six states – Delhi, Punjab, Haryana, UP, J & K and Rajasthan – will be offering a range of 10 exciting variants in the fruit juices category such as litchi, mango, aam panna, tangy shikanji, lime, mix fruit, apple, guava, pomegranate and pineapple. “Our products make

for a good gifting choice due to the health benefits attached to it and what else is better than gifting health to your loved ones. There is a vast scope in this product category as now more and more people are switching to the fruit juices category. The market size for our product category is Rs. 25,000 crore and our products account for 5 per cent by way of sales during the festive season,” says Akhil Gupta, MD, Fresca Juices.

As the ideal time for consumers to experience something new and explore options, the festive season has dry fruits and nuts companies come out with new kinds of products with the focus on offering a healthy lifestyle. “Beyond our traditional products like nuts and dry fruits that are available in the market, we are expecting our customers to experience the modern and more exotic collection like dried pineapples, kiwis, apples, hazelnuts, pecans, macadamia nuts, etc., which are a treasure trove of nutrition and good health. We hope that our products are perceived as exquisite gifts as well as a token of good health for gifting,” says Gunjan Jain, Managing Director, VKC Nuts, a leader in the nuts and dried fruit segment in India. Diwali alone accounts for nearly 40 per cent of the annual consumption of nuts, which is also used as an ingredient in desserts, namkeen, etc. “We are expecting very good business this season because Indian consumers are taking to healthy foods. Gifting of dry fruits is a very traditional concept in India but we have given a premium corporate look





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**Our speciality snacks Opera crisps and French Fries, range of dips, flavoured sandwich mayos, speciality sauces and syrups are ideal for gifting.**

—Akshay Bector  
CMD, Cremica Food Industries



in packaging. Exotic fruits have been included in the gift boxes to create awareness of these products. This season, we will be offering the widest range of raw and flavoured products across seven gift boxes under our two brands – Tulsi and Gourmia,” says Ritesh Bajaj, Director, KBB Nuts Pvt. Ltd, among the largest dry fruits business groups in India. “The festive season is the ideal time for consumers to experience something new and explore options. We believe that variety is the key to success of dry fruits in corporate gifting. Though there is a huge demand of traditional nuts and dry fruits in the tier-2 and tier-3 cities, the new-age customers from the urban sector are looking at experiencing new products, splurging and exploring varieties on offer. For the festive season, we have combined our premium roasted nuts with sweeter exotic fruits to suit the festive mood besides also making the designs and assortments of our gift packs more attractive and contemporary,” he adds.

#### What's new?

The festive season is certainly the best time to do new launches and offerings. There is a higher footfall in the stores, thus, more sales opportunity. This strategy of launching new products pays as even consumers expect something new to come up and are looking for deeper and different discounts during the festivals. “Launching gift packs is always beneficial for both the producer and consumer. Consumers get more options and choices and the manufacturer gets the benefit of placement of the product. That way, the quality of products get tested and ultimately the good quality product is able to carve its identity in the market. Once the product is accepted, the manufacturer can convert the gift pack into regular business,” says Vipin Aggarwal, COO - India, Antonio Pina Diaz SL, adding that 80 per cent of his saffron business is generated from gifting.

As the consumer mood is high and sales are on an overdrive, “the festive season is indeed a great time to take a leap of faith in terms of new product launches. It's a great indicator of upcoming trends and ideas that are a part of conversations but not yet

in your wardrobe or kitchen. We would surely be all in for bold big innovations during this season,” avers Varun Jhawar of Chef's Basket. In keeping with the trend towards healthier and eco-friendly products, brands and manufacturers are readying to unveil gift-ready packs that are high on hygiene and variety, and which can successfully engage the consumers. For instance, TE-A-ME has two exciting range of gifting solution ready for this festive season. TE-A-ME assortment gift box is a rare selection of signature black, spice and infusion range, elegantly presented in a premium gift pack. This range has 60 tea bags in a selection of six flavours priced at Rs 650. The other option is TE-A-ME green assortment gift box, which is a collection of an assorted range of green tea variants elegantly packed in superior quality gift packs. This range has 48 teabags in a selection of six exciting flavours, priced at Rs. 425.

With the changing times, the way we celebrate traditional festivals has also undergone a metamorphosis. This has also impacted gifting in the longer run as people are shifting towards premium and unique gifting ideas and simultaneously looking for healthier options as well. “There has been an increasing trend of moving away from the traditional mithais to more novel options. Thus, we have seen an upswing in the sales of our fruit drinks as it is a healthier option compared to the carbonated drinks. They have also found relevance and a place in the assorted gift packs made by individual retailers and bakeries all through the year. Our premium dried fruits have also done well, because of their strong relevance to health and wellness,” says Bellani of FieldFresh Foods. “As part of the corporate gifting programme, we have various interesting options for the corporates to choose from. Taking into account the rising trend of gifting savory goodies, we have crafted a pack which comprises of three lip-smacking Del Monte mayo variants along with a pack of Nachos. On similar lines, we have also introduced a health centric pack for the health conscious consumer which consists of dried fruits,



**Our signature products such as kaju katli, motichur laddoo, kalakand, rosagullas and rasmalai bring in good numbers.**

—Anuj Goyal  
Head - Business Development, Brijwasi Sweets (India) Pvt.



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**The gifting ideas in the festive season revolve around gourmet food and beverages, home decor, personal care products, etc. Exotic teas and exuberant infusions are also new.**

—Sumit Shah  
Executive Director,  
Madhu Jayanti  
International



**We are expecting very good business this season because Indian consumers are taking to healthy foods. Gifting of dry fruits is a very traditional concept in India.**

—Ritesh Bajaj  
Director,  
KBB Nuts Pvt. Ltd



packaged fruits, olives and 100 per cent fruit drinks. We also have a pack for authentic Italian cuisine lovers comprising Del Monte pasta, pasta sauces and olives and many more to choose from,” adds Bellani.

“Being the leader in the kheer mix category, we are very bullish on the festive season. We will offer three variants of paysam instant mixes – palada, rice palada and vermicelli. Also, we have ready-to-eat payasams in three variants, which can be consumed on the go. We even offer diet payasm mix for people with diabetes. Our brand Double Horse is constantly innovating and has been coming out with innovative products. We also make it a point to launch new products during festive season and we are busy launching a new product – Banana chips – a natural product, which packs all the taste and goodness of bananas but with less oil,” says Sajive Manjila of Manjilas Food Tech. Cremica, as a brand, will focus on customer satisfaction through innovative and tasty offerings. “This festive season, Cremica has come up with special festive combos and packs of dips and spreads, which will delight our customers. Currently, we have created a combo of two flavours of Opera crisps, which are salt & pepper and PeriPeri along with the cheese and jalapenos dip. Opera crisps are India’s first cottage style potato crisps which offer a gourmet experience of crisps with its distinct taste of inimitable flavours and added crunchiness. Apart from this, we will be focussing on promoting dips, flavoured sandwich mayos, speciality sauces and syrups are ideal for gifting. Our strategy would be to highlight the gifting options around the points



of purchases, through various branding options,” discloses Bector. “This season is indeed special as we are introducing our new brand identity along with some significant strides towards sourcing from PDO (protected destination of origin) for our recipes and ingredients,” reveals Varun Jhavar of Chef’s Basket.

Shaishav Mittal of Lovely Bake Studios points out that his company will introduce gift packs starting at Rs. 150 and going up to Rs. 1500 per item. “We try to cater to each and every segment of customers. We will launch tin boxes of cookies for the gifting purpose. There are two types of tin sizes – round shape and cylindrical. The round box will have approximately 400 gram of cookies and the cylindrical will have 250 gram of cookies. Each cookie inside the box will be individually packed to improve the presentation and increase the shelf life of the product. There are a total of 10 different tin boxes out of which seven are assorted cookies and three are single cookies boxes. The cookies range includes choco chip, almond roasted, oats & raisins, cornflakes, butter pista, cookies, Australian anzac, and coconut cookies. In addition, we have introduced assorted baklava boxes, French nougat sweets, innovative Indian sweets such as chana barfi, panjeeri, soan papri and much more.”

According to Ravinder Kumar Agarwal of Ravi Foods, which operates the Dukes brand, “We want to extend our range of gift packs beyond the festive season as each one of us have a moment of personal celebration in our lives beyond the festivals. We have launched a new flavour in our popular category Waffly, which will sell under the label of ‘Cheese Waffly’. This has created a lot of excitement among our consumers and it will help in increasing the size of this category. Encouraged with this, we have also launched an ‘assorted gift pack in Waffly’ at a price point that anyone can buy. In the premium range, we will focus on Dukes Danish butter cookies, which is very much in demand.” On its part, Chef’s Basket would be focusing on its Italian range for the festive season, which it believes will go down well with the season and spirit. “We have lined up an interesting collaboration with select gourmet retailers pan India for wine pairings with our gifting range. We are also launching our limited edition dessert range as a festive offering. In fact, we are upgrading our entire portfolio with a more gourmet outlook. We have introduced packs with social gatherings and house parties in mind. Be it the dessert range with Tiramisu and Chocolate Trifle or a Thin Crust Pizza box, or an assortment of all things Italian – pizzazz pastas and some coffee infused tiramisu,” informs Jhavar.

However, not everyone believes in launching new gifts packs for the festive season. “We don’t believe in bringing out new products during the festive season as we feel many people don’t want to try new products for self-consumption or gifting.

However, we do focus on gift trays, dry fruits, baked products and, of course, the packaging to provide a festive look and feel factor,” says Sharad Agarwal of Haldiram’s.

### Packaging punch

Without a doubt, the festive season is the time when maximum purchasing happens in a household, thereby increasing the movement off the shelf. Also, with the trend for gifting undergoing a significant change over the years, brands have come to utilize this opportunity for making inroads into the customer’s heart through effective messaging, new products and innovative packaging. This approach



not only allows companies to boost their sales, but it also helps brands to maximize visibility. The gift packs are therefore a great way to increase sales and packaging plays a strategic role in upping the offtake of FMCG products, whose sales climb to almost 20-40 per cent during the festival season. “We are expecting at least a 50 per cent growth in our Diwali gift packs business this year. Keeping up with the premium nature of our brand, our fruit drinks gift packs come in bright colors with contemporary designs that stand out on the shelf. We make it a point to take a dedicated in-store visibility in key modern trade outlets for these and use the digital medium to generate awareness and interest around the packs, says Bellani of FieldFresh Foods.

Others too are focusing on coming up with attractive gift packs. “As is the case every year, we also expect this year to be a grand success in terms of our festive offerings. We have special celebration packs, combo packs, special discount on certain days, corporate gifting offers, B2C activity and BTL promotions. We concentrate a lot on the packaging, offerings and the quality along with the pricing. Every year our gift packs come in a different shape altogether,” says Sharad Agarwal of Haldiram’s, whose packaged products and snacks are available in supermarkets and hypermarkets.



“  
**We deal in rice, rice flours, pickles, masalas, kheer mixes and other RTE & RTC products, which are in great demand during the festival month.**

—Sajive Manjila  
 Chairman, Manjilas Food Tech Pvt. Ltd.

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“  
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—Shaishav Mittal  
Founder & CEO,  
Lovely Bake Studio

At the same time, brands are also bringing in smaller packs at lower price points to gain volumes and to be able to reach out to the masses. However, the size of operations plays an important role in determining this strategy. “Only brands with high volumes and wide distribution network are able to execute such packaging,” opines Goyal of Brijwasi Sweets. “We believe that packaging has to support our premium positioning, design aesthetics, branding and quality of material are all contributing factors to the overall brand image,” says Shah of Madhu Jayanti International. While visually appealing packaging helps to grab eyeballs resulting in an increased pickup of products, customers have also come to love promotions and are always looking out for something different. Taking this cue, canny retailers have



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Our gift products come in reusable stainless steel boxes alongside designer packs studded with rhinestones, Gujarati handcrafted boxes and acrylic fancy boxes gift boxes.

—Sunil Sanklecha  
Managing Partner,  
Nuts n Spices

stepped up efforts to enter into exclusive tie-ups with different brands. “Apart from our own private label, which offers a wide range at value-for-money prices, we will partner with all the major brands during the season. The intent is to be the best in range in the market we are in. Relevant promotions would also be run at all times,” informs Hamid of HyperCITY.

“During the festive season, generally the sales goes up to 30 per cent on average for any category,” opines Sumit Shah of Madhu Jayanti International. “The consumption of our juices increase by 20-25 per cent and we are able to connect to more consumers,” says Akhil Gupta of Fresca Juices. Chipping in agreement is Dukes Ravinder Kumar Agarwal: “During the festive season, the consumption trends for our products always witness an exponential growth.” According to Bector of Cremica, “The retail side of our business has been growing at the rate of 40-45 per cent annually and given the fact that Cremica brand is today one of the most visible brands in the condiments business, our penetration and increase in retail sales is expected to be phenomenal in the coming times. Customers love to have our products in their festive baskets and we see a huge traction for these products during the festive season.”

“We believe that packaging design and aesthetics play a big role in the choices consumers make when

it comes to festive gifting and that is why we lay a lot of emphasis on premium pack design. While earlier our design emphasis was more on traditional festive motifs in line with the occasion, this year we’ve used fruit motifs along with relevant colours to play up the product aspect of the gift packs,” says Bellani.

In line with the latest packaging trends, now even the pineapple sonpadi comes in an eco-friendly box, and mango Mysorepak in an attractive potli (bag). Some years ago, Bisleri underwent a packaging makeover and introduced a ‘celebration pack’. The visuals were designed to connect it to Christmas, but the central idea was to position it as a brand for all festivals. Companies like Haldiram, ITC and CavinKare have used packaging strategies to woo consumers.



“From assorted fruit drinks to dried fruits and mayonnaise to pasta and olives, we have a range of delectable products that are not only premium but are also very innovative. In the past we have received a tremendous positive response to our fruit drink gift packs. We attribute this to consumer’s growing appetite for good quality products in premium packaging,” says Bellani. “100 per cent eggless cookies in a very innovative packaging is our uniqueness. We feel there is no competition or very limited competition in our category. We have already sent the majority of our gifting range stock at various modern trade stores such as WHSmith, HyperCITY, SPAR, Spencer’s and many more,” informs Shaishav Mittal of Lovely Bake. Says Ravinder Kumar Agarwal: “We are the pioneers in making a gift pack with wafers and cream filled rolls. We feels this can be a very exciting gift for the children and youth. Dukes Danish butter cookies now come in a new design of tin.”

Jatin Shah, owner of Gurukripa, a multi product store in Mumbai, believes that packaging needs to be enticing enough to differentiate amongst the plethora of gift packs on the retail shelf. “Packing innovation is the only way to beat the competition,” he opines. He has introduced eco-friendly gift boxes and metal framed baskets in bright colours for the festive season. Some time ago, PepsiCo laid out a





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- Ravichandran Ashwin  
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Our gift packs are very unique in the market and sell under the brand name of Utsav, Waffy and Truffel. We have come up with the Waffy gift packs, assorted packs of cream wafers & rolls.

—Ravinder Kumar Agarwal  
MD, Ravi Foods Pvt. Ltd.



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We are introducing our new brand identity along with some significant strides towards sourcing from PDO (protected destination of origin) for our recipes and ingredients

—Varun Jhavar  
Co-Founder,  
Fizzy Food Labs

mandate to design clutter breaking package designs for its Kurkure Festive box. The company invited artists to get creative and use bright colours for the packaging signifying modern day celebrations. The contestants were also encouraged to offer ideas on new dishes that could be made from Kurkure during Diwali. Similarly, Dunkin' Donuts introduced gift packs with the look and feel of mithai boxes, and their items like Motichoor Surprise, Petal Jamun and Coconut Burst resembled traditional Diwali sweets. Sunil Sanklecha, Managing Partner at Nuts n Spices says that his company has been offering gift products in reusable stainless steel boxes alongside designer packs studded with rhinestones, Gujarati handcrafted boxes, acrylic fancy boxes, Bandhani gift boxes, wire mesh baskets and the store's inhouse designed Gift of Good Health boxes. Their gourmet gift hampers are priced between Rs. 3,500 and Rs. 5,100; and chocolate trays range – starting from Rs. 490, and at Rs. 1,700 and Rs. 3,350.

#### Retail channels

Online is the new trend of delivering and buying gifts. Another trend, which largely mirrors other categories, is the rising importance of e-commerce in the gifting space. Large e-commerce companies like Amazon, Flipcart and Snapdeal have specific sections dedicated to gifting. At the same time, most players in the offline space like Nature's Basket, Foodhall, etc, are widening their online presence to capture the online gifting space. New, dedicated gifting portals have been launched to capture this space like giftease.com, giveter.com, indianguiftsportal.com, and wishpicker.com, to name a few. The offerings on these websites include bakery products, assorted chocolates, confectionary, dry fruits, sweets, and other gourmet products, apart from other categories like flowers, jewelry, watches, etc. With rising time paucity and ever-longer distances separating families, the role of e-commerce will only deepen in the future, thanks to the rising penetration of Internet service providers.

The trends highlighted above are only expected to become magnified in the years to come, and can result in radical changes in the gifting space in terms



of product offering, channels, packaging, events and occasions, customer needs, and brand innovations. It is an exciting time to be in the space and enjoy alongside customers who are also rejoicing in their happy occasions, while also innovating with them.

However, though online players have come to play a vital role in today's world for individual gift pack deliveries, but when it comes to corporates, companies still wish to take from the supplier directly and not through online channels. That is because they can get huge discounts and customisation options from offline players. But at the same time, the trend towards buying gift items online is catching fast. “The offline versus online contribution is 80:20 for our gifting SKUs. Online is the new trend of delivering and buying gifts. But while it is true that the traditional way of organised delivery is time taking, the gifting season is more of an organised shopping compared to online shopping. You can touch and feel the product you wish to gift your family and dear ones. TE-A-ME is geared up for both online and offline sales,” says Shah of Madhu Jayanti International. “A huge chunk of our business comes from traditional retail only. We have started our online presence but the volumes are minuscule as of now. With each passing year, the online pie is set to become bigger. We are already listed with Amazon as well as with Bigbasket,” says Manjila of Manjilas Food Tech. Bellani of FiledFresh offers a similar sentiment: “The online channel is currently very small for us though we plan to leverage it for our festive gift packs this year.” Dittoes Mittal of Lovely Bake: “Traditional has been very strong every year but we have also tied up with many online retailers. There has been increase in the sales in online sales.” Bector of Cremica says: “We have today become a significant player in liquid condiments business with a sale of approximately Rs.200 crores. Since last year Cremica has been listed over online portals also and we are getting a good response from the e-commerce industry.” According to Gupta of Fresca Juices, “Sixty-five per cent of our sales will be accounted for by traditional retail and 35 percent through the online channel. For this festive season, we are targeting social media like Facebook & Instagram to promote your products.” Says Ravinder Kumar Agarwal, “festival shopping in our country is no less than a festival

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in itself, a moment of celebration before the main celebration, so people like to visit shops with family, select, touch, feel and then buy gift packs for their loved ones. Online shopping is mainly for corporate gifting and for a few affluent, busy people in our country. But the share of online is slowly increasing and so we have ensured that our products are available at major online sites.”

The festive season is also the time that sees the markets flooded with a lot of premium products, which add to the general air of excitement. During the festive season, the top-end retail sector is driven by celebrations, indulgence and impulse purchases and the spike in consumer confidence drives an

brands, manufacturers and retailers will be promoting the products through print ads, radio, leaflets, in store marketing material, sampling promotions and exhibitions. “We are planning a strategy for celebrating an ‘Economical Diwali’ this year. Under this strategy, we will give unlimited offers, schemes to our customers. The idea is to offer a category of ideal gift choices by providing the customers with quality and quantity at an economical price factor. We will be focussing on our all products for the festive season as gift offerings. This time we will be targeting youth, housewives and kids. Our branding strategy is same as our tagline which says ‘Drink The Fruit’.



**Our products make for a good gifting choice due to the health benefits attached to it and what else is better than gifting health to your loved ones. There is a vast scope in this product category as now more and more people are switching to fruit juices.**

—Akhil Gupta  
MD, Fresca Juices



increasing appetite for premium and new products. “We will be targeting repeat customers who understand the value proposition that Del Monte offers. These are conscious buyers who demand premiumness and quality foremost,” states Bellani. “Premium consumers in India fall into four categories: young corporate males, traditional businessmen, homemaker socialites and young corporate employees. TE-A-ME is eyeing all these consumer segments for its products,” says Shah. “Along with premiumness, a growing category of healthy gifting also plays a major role during the festive season. Players in the baked confectionary segment like Britannia, ITC and Parle have introduced their healthy products like multi-grain biscuits and low fat cakes during the festive season in the past. We also anticipate that e-tailing will emerge as a competing channel for brick and mortar retailers,” says Madhulika of Technopak.

### Branding strategy

In keeping with the spirit of the festive season, which is a very busy and great time for business,

We are the only company in PET segment having 10 flavours. Earlier, we had seven flavours but we added three more flavours, which will make our collection different from the previous years. Also, we will go for digital marketing and for advertising we have chosen social media as the medium to reach out to our consumers and would be consumers. All the updates will be there on our page on Facebook and Instagram about our exciting festive range offers,” says Akhil Gupta of Fresca Juices. “We look forward to coming festive season as a great opportunity of sale. We will give very special offers to consumers and place our promotions in all the participating stores for driving the sales,” points out Ravinder Kumar Agarwal of Dukes. “We would be engaging with our artisans across the formats of print, outdoors and digital across key Tier 1 markets during this gifting period,” informs Varun Jhawar of Fizzy Food Labs’ Chef’s Basket. “Our experience shows that with each festival season, we are able to break into a large number of new customers and non users

of our products and that is very important. Being the No. 1 player in the kheer mix category, it is our responsibility to expand the category. Apart from consumer offers, we do a lot of activations / samplings at the outlets. We have two demo teams doing activations / sampling activity through out the year,” reveals Sajive Manjila of Manjilas Food Tech. “We are planning to launch 2+1 and 1+1 scheme on our cookies in gifting range,” informs Mittal of Lovely Bake Studio.

All said and done, it is worthwhile to note that only those companies that pay attention to their supply chain can reap exponential benefits during the festivity period. The adage ‘supply creates its own demand’ can come true in the festive season with companies whose products are readily available and thus scoring higher in terms of customer preference. The customer is hassled by various commitments during the festive season and the decision to buy a product is generally a quick one. FMCG companies reinforce their supply chains to avoid delay in supplies and to readily occupy shelf space.

In this context, demand planning, inventory management, supply chain responsiveness, manufacturing agility and reliability, and logistics



are some of the enablers on which the success or failure of a company will depend, especially during the festival season. With so much at stake and so much to look forward to during the months ahead, the festive season this year holds lots of promise in stores for all – producers, consumers and retailers. **PG**



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# Learning Curve

Food retailers test new concepts to tackle diabetes

By Christina Veiders

**T**he diabetes landscape – where millions of lives and billions of health care dollars are at stake – is quickly changing. Shifts in diabetes care are driven by:

- Patient-focused consumerism, where the onus for health is on the individual.
- Increased access to health care services through community-based, patient-directed models, including retail pharmacy and health clinics.
- Innovative digital health technologies that broaden access and empower diabetics to take control.
- New insulin drugs, formulations and combination therapies for better glucose control, with advances in delivery and monitoring devices.

All require the need for better education.

Supermarkets, where food is center stage and a critical component to diabetes health, have come to recognize the importance of the diabetic customer both from an economic and a community health perspective.

Food retailers have tackled the disease to various degrees over the past decade. Yet to stay ahead of the diabetes trajectory, they're testing new concepts, including integrating the total store, and employing new technologies while focusing on lowering costs and providing easy access for patients.

“At retail, [where] you've got food and grocery, if you have other assets where you can build comprehensive solutions for the patient and really center those solutions around the patient, it just opens a phenomenal opportunity for innovation



and hopefully bringing down that cost of [health care] GDP,” Alex Hurd, senior director of product development, growth and payer innovation, health and wellness at Bentonville, Ark.-based Walmart Stores Inc., said last year during a webinar produced by dLife.

Walmart is driving health care across its store assortment, focusing on affordability and achieving better outcomes. The Live Well with Diabetes initiative expands into skin care, supplies and low-carb nutritional foods.

Dave Wendland, VP at Hamacher Resource Group, a consumer health care consultancy based in Waukesha, Wis., says getting the assortment right is a best-in-class practice for food retailers targeting diabetes.

“Not only ensure that the correct meters and related strips correspond with the health plans in the area, but look for additional product lines – OTC medications, medical supplies, lotions, food and exercise equipment – all relevant to shoppers with diabetes,” he notes. “Call attention to those products as part of the right mix.”

When it comes to promoting healthy eating habits, Walmart partners with health care plans that incentivize its members with discounts of 5 percent to 10 percent on Walmart’s Good For You nutritional foods.

The mega-retailer and its health care plan partners also discount health-related products for members who complete a health risk assessment at a Walmart Pursuant Health kiosk.

Further, the company is piloting a primary care clinic model that includes management of chronic conditions.

Besides national food retailers like Walmart, smaller regional grocery chains are testing new concepts.

### Total store view

According to Wendland, it’s important “to look at diabetes through the lens of the entire store and across all the aisles.” To that end, he recommends a total store makeover.

“Category managers in nonpharmacy areas of the store need to understand the value of the patient,” Wendland observes. “The story needs to be consistent across the spectrum of categories. Look for ways to create unique product bundles that meet the needs of diabetics.”

Wakefern Food Corp., based in Keasbey, N.J., has done this with the launch of the Diabetes Wellness Center, which features more than 100 items across seven categories, including pharmacy, dedicated to diabetes.

The center, developed in conjunction with New Brunswick, N.J.-based Johnson & Johnson, is strategically located next to in-store dietitians and pharmacists.

According to Chris Skyers, Wakefern’s VP HBC, those centers are being rolled out to stores as a one-stop shop for diabetes customers. The first one debuted last year at a ShopRite store in Flemington, N.J.

It’s been reported that the set has the potential to generate \$1,000 in incremental sales annually for every new diabetes customer visiting ShopRite stores. Those customers are said to have a market basket five times larger than nondiabetic shoppers.

The retailer co-op has been expanding its health-and-wellness platform since 2006, when it began hiring dietitians to work with pharmacists as part of its Live Right program.

“We’ve always been focused on stocking all the [diabetes] products our customers need and want,” notes Skyers. “The difference now is that we are really trying to make it easier for our customers to find what they need and access all the other great services we offer, such as our retail dietitians and our pharmacists.”

### Blend of services

St. Louis-based Schnuck Markets, with nearly 100 stores, has made diabetes a focus for more than a decade. It has also expanded the depth and breadth of services across the entire store experience, says David Chism, Schnucks’ director of pharmacy services.

More than 150 Schnucks pharmacists are American Pharmacists Association-certified diabetes specialists offering patient-centered management services. Pharmacy teams work with



**Every diabetes patient has a unique set of circumstances, and these one-on-one sit-down conversations [with pharmacists] are crucial to helping people, from a holistic perspective**

— Dave Chism  
Schnucks

### Pre-diabetes on the rise

Among generally glum diabetes statistics, a glimmer of hope surfaced late last year when the Centers for Disease Control and Prevention reported the number of new diabetes cases was on the decline for the first time in decades.

Still, the overall numbers – 29.1 million diabetic Americans at present – are expected to climb, along with an aging population, of which 25.9 percent of seniors currently have either diagnosed or undiagnosed diabetes.

Also, 86 million Americans age 20 and older have pre-diabetes. That number rose nearly 9 percent in a two-year period, making pre-diabetes a disease subset that retailers can target.

“The biggest challenge and opportunity is not only keeping pace with the growing incidence of patients diagnosed with diabetes, but I am looking for retailers to step up and provide guidance for those steeply mounting numbers of pre-diabetics,” says Dave Wendland, VP at Waukesha, Wis.-based consumer health care consultancy Hamacher Resource Group. “That’s where I see opportunity.”

Short of a miracle cure or dramatic long-term societal lifestyle changes to help prevent type 2 diabetes, however, the condition is expected to remain a health care burden, having cost the system \$176 billion in 2012 alone.

diabetic patients individually to provide customized medication therapy management (MTM) and comprehensive medication reviews. The program aims to eliminate duplicate therapies, promote medication compliance and lower out-of-pocket costs, adds Chism.

“Every diabetes patient has a unique set of circumstances, and these one-on-one sit-down conversations [with pharmacists] are crucial to helping people, from a holistic perspective,” he says.

As technology continues to evolve, Schnucks will strive to be at the forefront of the curve, according to Chism. As examples, pharmacists have employed a smartphone diabetes monitoring and smart-app system to help patients control their blood sugar levels.

“Enabling diabetic customers to test more conveniently at reduced cost will only drive adherence to medications and awareness of how well they are controlling blood sugar day to day,” Chism points out, adding that the retailer strives for “a unique blend of pharmacy and dietetic services, coupled with access to the newest products, that will allow our patients to achieve the best blood sugar control possible.”



**BEST OF CARE**

**Under Golub Corp.’s Diabetes AdvantEdge program, diabetics have access to knowledgeable pharmacists**



**Team effort**

While the pharmacists’ role is central to diabetes education and management, in-store dietitians play an equally important part on the food side.

Reasor’s, based in Tulsa, Okla., launched its Eat Right, Feel Great program last year in part to give its dietitians a greater presence in disease prevention and management. “We are part of the pharmacy department, and we look to strengthen the connection between pharmacist and dietitian in stores,” says Lindsey Ince, a registered dietitian at Reasor’s.

The retailer is leveraging pharmacy data to increase diabetes patient referrals to Reasor’s dietitians to improve their outcomes and medication compliance. Reasor’s began a partnership last year with IMWell Clinic, a Fort Smith, Ark.-based developer of primary care clinics for multiemployers. It opened a clinic in one of Reasor’s 19 locations and has another clinic off-site.

“We have seen a shift to the patient-centered model, as well as a focus on employee-centered care,” notes Ince.

Through the clinic, employees get medical care and routine checkups with convenience and no out-of-pocket fees. “The coordination of care with an on-site medical facility, registered dietitian and pharmacy in one location puts us in a position to improve health outcomes and patient satisfaction,” explains Ince.

**Complete solution**

Schenectady, N.Y.-based Golub Corp., which operates more than 160 stores under Price Chopper and Market 32 banners, launched Diabetes AdvantEdge in 2010 to serve as a platform for a comprehensive diabetes program.

“This program is a complete diabetes care solution that helps patients confidently manage their diabetes while providing access to free diabetes medications and supplies,” observes Kathleen Bryant, VP of pharmacy.

Under the program, which is free, patients receive diabetes medications, supplies, a blood glucose meter and discounted test strips with a prescription. Some of the most common oral medications for diabetes are included. In addition, patients have access to knowledgeable pharmacists who advise on blood glucose readings and proper medication administration.

As the retailer transitions its pharmacies into the Market 32 brand, Bryant says design changes are planned. “They will include changes that create a warm and welcoming atmosphere that is ideal for patient-centered care,” she notes. “This includes professional, private patient consultation offices and a convenient separate store entrance directly to the pharmacy and wellness area.”

Supporting the AdvantEdge platform are the NuVal Nutritional Scoring System for informed food choices; immunization checkups, which are important to maintain the health of diabetics; MTM services; and promotions at the pharmacy that include coupons on produce, seafood and lean meats, and blood pressure screenings.

New services include a specialty pharmacy program with Pittsburgh-based Aureus Health Services and the testing of Doctor on Demand telemedicine services at five Price Chopper locations. **PG**



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# “Stagnant margin structure is one of the biggest problems of F&G retail”



  
**Manan Gada**  
 Society Stores, Mumbai

Running a successful supermarket operations these days is not easy. Especially when competition from big national chains and online players is intensifying every day. So with the going getting tough, how do supermarkets keep their business from falling away?

Progressive Grocer speaks to Manan Gada of Society Stores, Mumbai, about a failsafe strategy for supermarkets to grow both their top line and bottomline at a decent clip. “Retail supermarkets have paper-thin 16-18 per cent gross margins and these are becoming even more razor-thin as the cost of operations are rising every year. So we have to play the turnover game – the faster the stock rotates, faster the store is able to make money,” says Gada who discusses, among other things, his sourcing and vendor strategy, focus on in-store brands and his expansion game plan via the brick-and-click online model

## How would you describe the growth journey of your stores over the years and its course of trajectory going forward?

Society Stores was started by my grandfather Ratanshi Gada in 1969 in Santacruz West, Mumbai. My father, Laxmichand Gada soon took over the management of the store in 1975 at a very young

age. We continued serving best quality groceries and supplies as a traditional “kirana” store till 1997. That’s when we took the first leap towards technology and modern supermarket format. The whole store underwent a complete renovation to become a modern, self-serving supermarket – a concept that was quite new at that time. *We were*

*probably amongst the first in the supermarket category in Mumbai to go fully computerised and install barcode systems.* The store got revamped again in 2004 and 2010 as we believe in providing best shopping experience to our customers. In October 2014, our second store was inaugurated in Lokhandwala, Andheri West, Mumbai, and are now planning more physical stores in the future to take the business ahead.

### **Which retail format do your stores come under?**

Society Stores is a supermarket, which offers a plethora of products and convenience to the customers and where consumers can find all their daily needs' products under one roof. Thus, we can also categorise our stores under the Convenience Mart format.

### **What is the location strategy for your stores?**

Location for any retail supermarket is of utmost importance. *Marketing costs reduce drastically for a store at a prime location. Residential areas with multi-storey towers and societies make good locations for convenience stores.*

### **What is the average size of your stores?**

Average store size is 1,500 square feet. The Santacruz store is a little smaller at 1,200 square feet while the Lokhandwala store is 1,800 square feet.

### **How much investment is required for setting up such stores?**

Well, to give customers a warm ambience and an excellent shopping experience, investing in good interiors and maintaining a proper inventory is vital. Therefore, the total investment that goes into setting up a new store ranges between Rs. 1.00 - 1.25 crore depending on the size of the store. The bigger the size, bigger the investment.

### **Tell us about the product range available at your stores.**

Almost all the brands and their SKUs that are available in the market – Indian & imported – are available with us. Apart from all the different specialty and gourmet food products that we specialise in, we also make sure to stock various products in the personal and household care categories. Basically, we try and cater to everything a person needs after s/he wakes up in the morning to the time s/he goes to bed at night. For example: if you are planning pasta for dinner, our staff will assist you in shopping for different types of pasta, sauces, basil leaves, cheese, bell peppers and some Italian seasoning as well!

### **What is the SKU count in your stores?**

We have about 9,000 SKUs in each store.

### **What is the price range for products at your stores? Which price band is the most popular with customers?**

At Society Stores, customers can choose from products like Parle-G biscuits, which start at a price point of INR 5 to expensive protein supplements that may cost around INR 10,000. We stock an interesting mix of product categories, but it is difficult to comment on the product price band that is popular with customers.

### **What is the sales velocity (sales per square feet) for your stores?**

Our current sales per square feet is INR 125 per day, up by 12 per cent from last year.

### **Which are the new and emerging categories at your stores?**

Health and organic food is one of the fastest growing categories today. *People have already started consumption of different super-foods like quinoa, chia*

**Typically, supermarkets operate at about 16-18 per cent gross margins. Finally it is a turnover game – the faster the stock rotates, faster will the store break-even. After huge investments into setting up the supermarket and big marketing budgets, a store should typically start making profits in 3-4 years even as the cost of operations keeps rising every year.**





**I believe health and organic food is one of the fastest growing categories today. People have already started consumption of different super-foods like quinoa, chia seeds, flax seeds, pumpkin seeds, sunflower seeds, gluten-free, lactose-free products and a lot more. All these were unheard of a couple of years back.**

*seeds, flax seeds, pumpkin seeds, sunflower seeds, gluten-free, lactose-free products and a lot more.* All these were unheard of a couple of years back. This means that the consumers have started investing in their health so that they can enjoy the returns in the future.

#### **What are your processes and criteria for identifying new products?**

Before approving a product and placing it on the shelves, we sample it along with our staff. We together take a judgment call on how the product fits in with the market trend and whether it adds value to our customers' lifestyle.

#### **How liberal are you in trying out new offerings in your stores and in encouraging new brands?**

Young brands developed by entrepreneurs are always welcome! We encourage them to promote their products at our stores and make sure that customers are educated about the product. We have always believed that every time a customer enters our stores, he/she must be able to find some new product. This not only engages the customer with our store but also creates curiosity in the customers' mind as to what new product will they find this time!

#### **What are your plans for category expansion and introducing new products?**

New products are launched into the market almost every day. Therefore, *it is important for us to keep track of what's new and what value can they add to our customer's lifestyle.* If it is something important, we make sure we have it on our shelves! For example, specialty foods such as organic, gluten-free, lactose-free and sugar-free products. Although these are a little expensive, customers have now started to prefer organic groceries. With organic fruits and vegetables also gaining popularity, we are planning to introduce them too. Similarly, customers who are allergic to

gluten, lactose-intolerant or have diabetes, have no choice but to consume gluten-free, lactose-free or sugar-free products respectively.

#### **Are you also looking at shop-in-shop too?**

Convenience stores, being small in area, always have to deal with the space constraint, and more so with new products hitting the market every day. Taking into account these considerations, setting up a shop-in-shop is a little difficult. However, if there is space and introducing a product category adds to the value of a store, one must never rule out the shop-in-shop concept.

#### **What is your strategy for merchandise display and category management?**

"Jo dikhta hai wo bikta hai". What the customer sees, the customer buys! We give maximum front-end displays to products on our shelves. When a customer strolls through the store, most of his/her shopping list is checked by just picking up from the shelf. Most of the impulse purchases happen this way too! Finally, *retail is all about rotation of stock inventory. Faster stock rotation means fresher products for your customers and higher returns on investment!* Therefore, we make sure that slow moving products are continuously monitored and replaced with new products that can promise quick rotation.

#### **What is your brand positioning across your customer base? What is the typical customer profile of your stores and has it been changing over the years?**

Our brand positioning is of a premium convenience store where one can shop for all the daily needs' products under one roof. A major chunk of our clientele is HNI customers ranging from kids to senior citizens. There are many customers whom we have been serving since three generations! Over the years, a lot has changed. *Earlier, customers used to buy their complete household needs at the beginning of the month.*





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*Today, the modern-day-customer prefers convenience over everything else. They prefer refilling their needs from time to time rather than stock up for the whole month.*

**Private label brands are extremely vital for any supermarket for mainly two reasons. Primarily, they serve as bond of faith and trust between the consumer and the supermarket. Second, they are margin boosters for the retail industry, which otherwise has paper-thin margins.**

**Tell us about the customer feedback loop at your stores and if it has helped to improve various facets of store operations.**

Customer feedback is always vital for any retail store. We see negative feedbacks as stepping stones for offering even better services. We mostly engage with our customers for feedback at the point of sale because that's when they have a few seconds to spare while checkout. In case a customer gives us a negative feedback, we personally make sure that the issue is resolved immediately and later follow-up with the customer if he/she is satisfied with our services. This restores the customer's faith and trust in the brand!

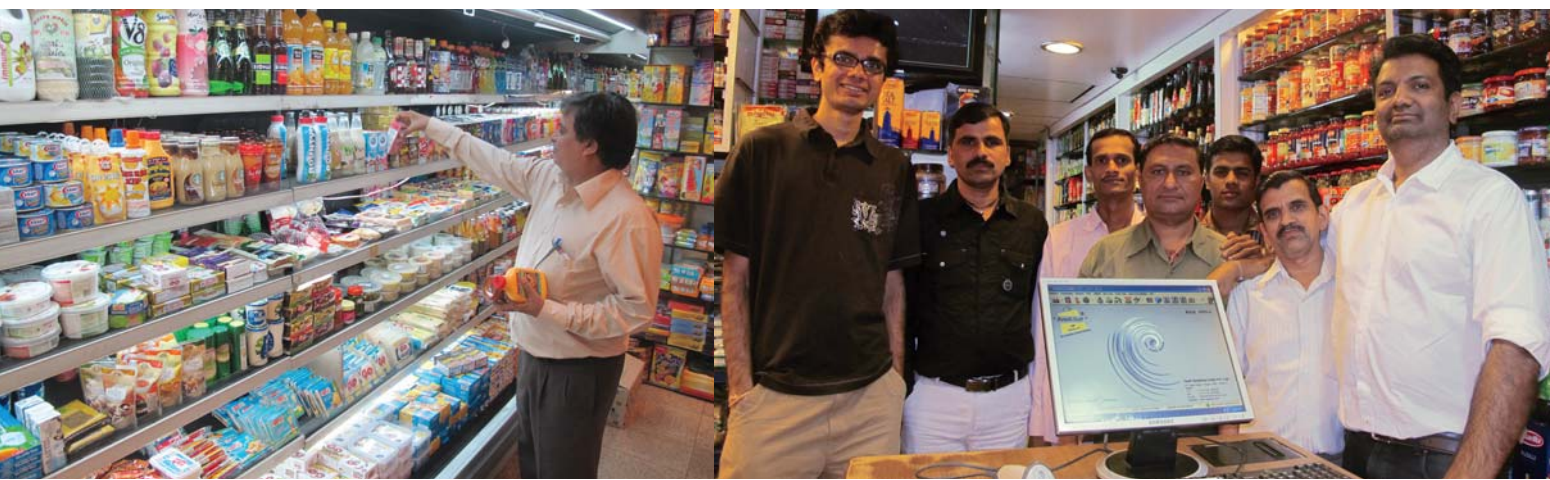
**Which are the elements that have become the hallmark of your stores?**

At Society Stores, we provide all the daily needs of our customers under one roof at their convenience. We like to add value to our customers' lifestyle by saving their precious time so they do not have to frequent other stores to complete their shopping list! Secondly, the personal touch that we share with our

revenue and profit from it! We have interactions with many brands where we discuss different strategies for different product categories. For example, we support them by placing their products at prime spots while they support us with various offers and schemes. In the end, everybody wins!

**Which have been the instances where you have partnered with brands to build new categories and what has been the outcome?**

We have partnered with brands multiple times, resulting in fantastic sales and repeat customer purchases! We provide brands with maximum footfalls, giving them a chance to woo the customers with their products through sampling and promotional activities. A few months back, promotional activity for Puck cheese spreads was being carried out at our stores and the results were brilliant for both of us. Similarly, currently we are carrying out sampling activities for Go Almette; customer response has again been phenomenal and sales have gone through the roof. Judging from the success of such activities, we believe that despite crores spent by brands on ATL activities, small BTL activities such as in-store promotion and sampling can provide far greater returns on investment!



customers works wonders. Being in business for 47 years, we have been serving many families for over three generations now. I believe the warmth and the comfort level our customers share with us is a huge asset to the organisation.

**Do you have tie-ups or collaborations with brands for category insights and better category management?**

Supermarkets and brands are the two most important pillars of the retail industry. Brands cannot work without retailers and vice-versa. Thus, collaborations between retailers and brands are necessary as both have the same goal: to generate

**What is the typical return for retailers in this business? How much time does it take for a store to break even?**

Retail supermarkets have paper-thin margins. And now, with the increase in competition from the big national chains and online players, the margins are now becoming razor-thin. *Typically, supermarkets operate at about 16-18 per cent gross margins. Finally it is a turnover game – the faster the stock rotates, faster will the store break-even.* After huge investments into setting up the supermarket and big marketing budgets, a store should typically start making profits in 3-4 years as the cost of operations keeps rising every year.



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**What are your expectations from food producers and brands and how can they become true category partners with retailers?**

To be honest, there are very few FMCG brands that retailers are happy doing business with. These are the ones who offer handsome margins and believe in a win-win situation by helping the retailer grow too. And then there are most of MNC consumer companies which offer razor-sharp gross margins of 8-9 per cent and additional schemes of 2-3 per cent (the calculation of which is never transparent). In a city like Mumbai, where rentals, electricity expenses and labour is sky high, the cost of store operation itself is about 10-12 per cent. All MNCs spend crores in television, newspaper and mass radio advertisements but have extremely tight budgets for retailer margins, in-store promotion and other BTL activities. Eventually, it is the retailer who will be selling their products and it is the retailer's compulsion to do business at such low margins because customers will always demand FMCG products! The cost of operations has gone up; even the cost of FMCG products are not the same as they used to be 10 years back; however for some reason, the margin structure still remains the same! This is one of the biggest problems of

**I believe there's no better strategy than in-store sampling! When we carry out these promotional drives, we make sure that the customer is educated about the ingredients and tries a sample. This initial one-on-one engagement with the customer is extremely crucial because it then leads to the most powerful marketing strategy: word-of-mouth.**



our Indian Retail Industry and will continue to hamper its growth if not solved. *The Retail Industry in the United States, UK, Germany, France and other developed nations have become organised and matured over the years because they enjoy handsome margins, which enable them to invest in technology and systems that ultimately ensure smooth operations.* To enable healthy development of the Indian Supermarket Retail Industry, it is essential for brands to partner with retailers in a win-win situation.

**What is the sales split between private labels and national brands? What is your pricing strategy for private labels?**

If I compare the private label brands and national brands head-on in the same category, our customers prefer private brands because of the warm bonding they share with the store. Customers are assured products of the finest quality at reasonable prices because of which the sale of private brands is higher.

**What is your private label strategy? In which categories do you have private labels? What kind of margins do they give compared to national brands?**

Private label brands are extremely vital for any supermarket for mainly two reasons. Primarily, they serve as bond of faith and trust between the consumer and the supermarket. Second, they are margin boosters for the retail industry, which otherwise has paper-thin margins. We believe that private labels are a retail store's identity. Every supermarket stocks merchandise from the same national brands; private labels make the stores stand out! Currently, we have private label brands in groceries, spices, dry fruits, fruits & vegetables, Indian snacks, breads, biscuits and cookies. The margins are definitely higher as compared to their national counterparts.

**What are you doing to promote your private label brands?**

Currently, our private label brands mainly cover food categories, which I have mentioned earlier. To increase the revenues of private brands, we make sure that the products are not lost in the large number of SKUs that we stock. Thus, we have come up with attractive packaging that screams out to the customer to be picked. Moreover, we carry out various in-store sampling activities, which bring the customers closer to the brand and convert him/her into a consumer.

**How much of sales turnover do they contribute?**

Well, since our private label brands are introduced only across food products currently, they contribute about 18 per cent of our sales.



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### Society Stores: Fast Facts

**Location of store(s):** Santacruz (west) and Lokhandwala, Andheri (west)

**Catchment of customers:** SEC A and B

**Start of Operation:** Santacruz (west) store in 1969 and Lokhandwala store in 2014

**Total retail area:** 1,200 sq. ft. for Santacruz store and 1,800 sq. ft. for Lokhandwala

**Average monthly sales:** INR 11 million (for both stores)

**Average bill size:** INR 450

**Average footfalls per day:** 900

**Sales growth y-o-y:** 12 per cent

**Brand building is a never ending process! A successful brand is a byproduct of customer satisfaction and visibility. We have run quite a few campaigns through mass media such as newspaper and different social networking websites.**

**What has been the growth in this category? Which new products would you like to introduce in this category?**

By introducing new categories in our private brands, sales have scaled new heights year-on-year. Therefore, now we are planning to introduce our private brands in the household care section too.

**Have you developed your own loyalty programme or planning to introduce any scheme for pushing your private label sales?**

We are in the process of developing a CRM system wherein we can go an extra mile to produce customer delight. We are expecting fantastic results once the programme is in place.

**Which are the promotional activities at your stores and how successful have they been?**

*Being in the supermarket category with international, Indian and gourmet food products as our specialty, I believe there's no better strategy than in-store sampling!* When we carry out these promotional drives, we make sure that the customer is educated about the ingredients and tries a sample. This initial one-on-one engagement with the customer is extremely crucial because it then leads to the most powerful marketing strategy: word-of-mouth. We have also designed many strategies based on cross-selling of different products and brands but nothing works as well as in-store sampling! Promotions are carried out based on different seasons. For instance, different sorbet and juices are promoted in the summers while biscuits, cookies, dips, sweets and fresh Indian snacks can be promoted throughout the year.

**Apart from in-store promotions, any other brand-building ATL activities?**

Brand building is a never ending process! A successful brand is a byproduct of customer satisfaction and visibility. We have run quite a few campaigns through mass media such as newspaper and different social networking websites. However, we have experienced that in-store activities and promotions work wonders and has a higher return on investment.

**Having a broad and diverse supplier base is critical these days given the fact that consumers are looking for products that offer higher levels of satisfaction. What are you doing to rope in more quality suppliers for different categories?**

Having a quality supplier base is an asset for any retailer, big or small. Good business relations take time to build; they cannot be forged overnight! We understand that our vendors too, work on paper thin margins and rely solely on quick rotation of stocks. Therefore, unlike many modern retailers, we always make payments to our suppliers against delivery, long before the due date. This helps develop a feel-good-factor between both the parties and marks the beginning of an ever-lasting relationship.

**What is your current supplier base and at what rate is it growing?**

Currently, we have about 450 vendors serving our stores and this base is increasing year-on-year by about 9 per cent.

**How do you ensure that suppliers stick to quality standards and efficiency norms?**

We are quite vigilant when it comes to receiving goods from our vendors. Product packaging and all manufacturing/expiry dates are checked thoroughly before receiving the products. Being a modern store with all the systems in place, we are always able to track different inventories and replenish our stocks before they run out! Purchase orders with all product details are raised to all vendors so that there is no room for misunderstandings.

**What is the extent of your direct sourcing and how do you do it? Are there specific product categories where direct form of sourcing is a better approach? Financially, which is a better approach – direct sourcing or sourcing through suppliers?**

Most of our Indian food specialties are sourced directly from the manufacturers, where we can

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collaborate with them and fine tune their recipes according to our standards, which our customers actually prefer. *For small and medium scale businesses, we believe sourcing through vendors works best for most products. Only after reaching a certain scale, direct sourcing from manufacturers becomes practically feasible.* We however have a soft corner for sourcing from our vendors for two major reasons. Primarily, we are both helping each other to grow our businesses. Secondly, we would rather focus on our strength – maximise sales and revenues, leaving supply chain and logistics to our vendors, which is their strength.



**Retail is all about rotation of stock inventory. Faster stock rotation means fresher products for your customers and higher returns on investment! Therefore, we make sure that slow moving products are continuously monitored and replaced with new products that can promise quick rotation.**

**Are there any interesting concepts or innovations you have introduced at your stores?**

*We have a bell at our checkout counters which every happy and satisfied customer rings after billing. The ringing of the bell not only brings positivity in the entire store but also encourages and motivates the staff, which is an added benefit.* Moreover, recently we have also started our new category of hot-n-fresh food and Indian snacks. Coupled with sampling and in-store promotion, the response in this category has been fantastic and has also become a footfall driver!

**With e-commerce and m-commerce pulling ahead as more convenient mediums of shopping, are you doing anything special to beef up your presence on these channels? How do you see these channels evolving and how will they impact modern retailers?**

The e-commerce market in India is booming and providing a great platform for customers where products meet convenience. To offer an added convenience to our customers, we too are working on a brick-n-click model where a customer can place an order with us online, through our helpline or simply

WhatsApp their shopping list to us! *If the basket is small, ordering on an app or a website makes sense. But if one has to order groceries in bulk worth INR 8,000-10,000, a helpline order or a WhatsApp order would be much quicker, convenient and efficient.*

The e-commerce industry in India will take time before it matures the way it has in the Western markets. This industry right now is at a very nascent stage and is completely dependent on cash flows from investors and VC funding. Businesses (although they take time to break even) are designed and built to generate revenues and profits, not for booking losses and gaining valuations! E-commerce companies booking losses worth hundreds of crores today and gaining valuations worth billions of dollars, is something that defies the very definition of business profits. Thus, the e-commerce industry is in a dire need of a model that does not depend on price wars and at the same time it is sustainable too!

However big the online retail industry becomes, the bricks-and-mortar stores are here to stay! India is home to a large population and not all prefer to shop online. Even though the e-commerce industry is growing at a rapid rate as compared to the offline stores, it still forms a small percentage of the total supermarket industry! Statistics confirm that even in the Western countries like the United Kingdom, where internet penetration is quite high as compared to India, the supermarket e-commerce industry is still just 6-7 per cent of the total food and grocery retail! Similarly, online food and beverage sales in the United States for the year 2018 is estimated at about USD 18 billion, whereas the sales offline is expected to hit more than USD 750 billion (online share is not even 3 per cent of the whole pie). Agreed that the offline retail stores do feel the pinch of the presence of their online counterparts today, but how long will the latter keep burning cash?

**What is your expansion strategy? Are you looking for franchise stores too?**

Having a conservative retail background, we believe in taking one step at a time. Therefore, currently we are looking at expansion only in Mumbai. Currently, we are more focused on reaching out to customers by setting up more physical stores and then slowly expanding online. The last few years have completely revolutionised the way we purchase groceries. In this busy life, everyone prefers convenience. Therefore, we are planning to come up with more physical stores in Mumbai and work on our brick-and-click online model side by side. *Franchising a multi-brand food and grocery store is quite difficult as compared to franchising a fast-food restaurant.* However, if we find a franchisee whose DNA matches ours, we can consider setting up stores in different metros of the country. **PG**



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# Nice and Neat

Convenient, affordable green products can allow grocers to clean up

By Barbara Sax

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Shoppers want a clean house, but they don't want to spend a lot of time cleaning.

“Consumers are more likely to prefer to clean as they go, doing quick cleanups that fit into their schedules, than setting aside time to give the whole house thorough top-to-bottom cleanings,” affirms Todd Elms, VP marketing at Dallas-based Scotch Corp.

Category segments that place extra emphasis on simplicity, convenience, and quick cleanups and disinfection have had the strongest performance in the category, according to a recent report from Chicago-based Mintel, while products associated with more labor-intensive or time-consuming cleaning, such as abrasive cleaners and furniture polish, have experienced declines. Dollar sales in the specialty cleaner segment were down 6 percent in the food channel for the 52-week period ending Oct. 4, 2015, according to data from IRI, also based in Chicago.

## Convenience is key

A shift away from cleaning the whole house at once to quick cleanups has fueled sales of wipes and touch-up products such as SC Johnson's Windex Touch-Up Cleaner, an inventive push-down pump dispenser the company introduced in 2013.

“Windex Touch-Up Cleaner was truly the first product of its kind to hit the market and really change the category,” says Kelly Semrau, SVP of global corporate affairs for communication and sustainability at Racine, Wis.-based SC Johnson. “It was created for consumers who are ‘quick and convenient’ cleaners.”

Semrau adds that the company conducted extensive research that tested a wide range of designs and delivery mechanisms. “The resulting product design was chosen because it was aesthetically pleasing, works well in either their kitchen or bath, and is easy to use, so cleanups can naturally become part of your daily routine and weekly cleaning becomes more manageable,” she explains.

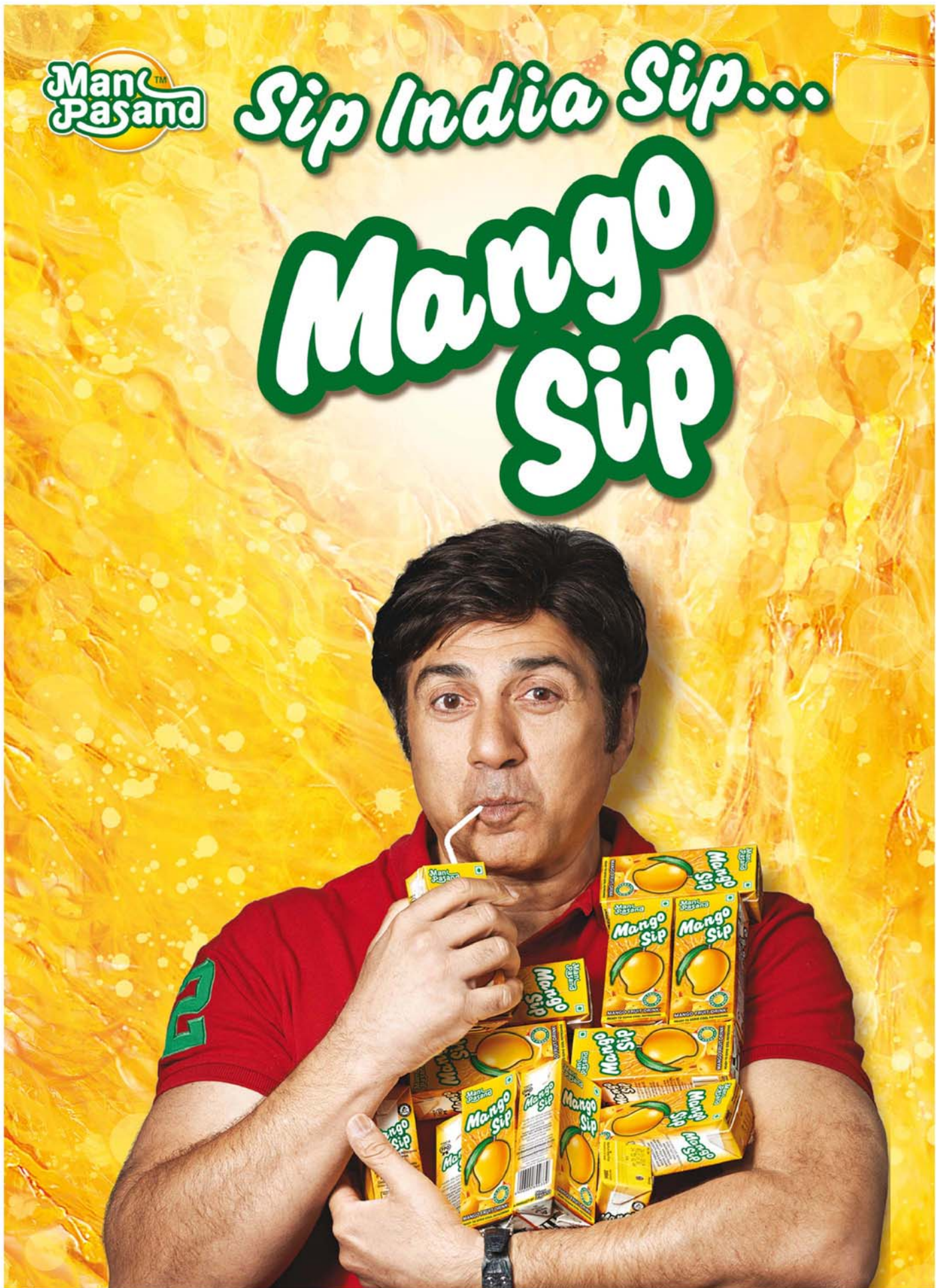
According to Elms, consumers are migrating to products positioned as quick-cleanup solutions. “Our Instant Power Shower Tub & Tile Cleaner is designed to tackle messes quickly and efficiently,” he says. “More cleaning products promote a quicker clean, with less scrubbing time needed.”

Those distinctions are important in a category where purchasers are only moderately loyal to individual brands: Mintel's study shows that roughly one-third of consumers tend to buy the same brand every time in most household cleaning categories.

**Man Pasand**

*Sip India Sip...*

**Mango Sip**





**“In-store and shopper promotions will place all of our products together on the shelves. This will help consumers identify the brands they use on a regular basis, with the trusted notion that comes with our being a family company”**

**—Kelly Semrau**  
SC Johnson

**A push for brand loyalty**

SC Johnson is looking to change that finding with a new program that displays the company’s products, including Glade, Windex, Scrubbing Bubbles, Pledge, Shout and Drano, as a family. “Products will be displayed in end caps and free-standing displays across retailers in classes of trade,” notes Semrau. “We have had significant partnership in grocery retailers, with executions planned with most major retailers.”

The company is teaming on special programs with such companies as Meijer, Albertsons/ Safeway and Dollar General. “In-store and shopper promotions will place all SC Johnson products together on the shelves,” says Semrau. “This will help consumers identify the brands they use on a regular basis, with the trusted notion that comes with SCJ being a family company.”

SC Johnson also launched a FSI and DSI coupon event in November. “We have not offered this type of incentive [on] this scale in the past,” admits Semrau, adding that the company is likely to model future programs on the success of this event. “We coupon occasionally on these products to increase the trial and repeat on our products and brands.”

Price is also important in this category. Recent research from Mintel found that looking for promotions and discounts in the aisle is among the most common household care product shopping behaviors. “Coupons and discounting drive this category,” agrees Shelley Cade, VP of marketing at St. Louis-based Willert Home Products. “The category is very price-sensitive, and customers are not very brand-loyal.”

**Green segment growth**

Natural cleaners are becoming a bigger part of the category. In the all-purpose cleaner segment, where IRI data show a 2 percent overall increase in dollar sales in the food channel for the period cited earlier, the Mrs. Meyer’s Clean Day brand, from SC Johnson, saw dollar sales surge 50 percent. Method brand dollar sales in the segment were up 15 percent for the same period.

Rochester, N.Y.-based Wegmans Food Markets devotes an 8-foot section to environmentally friendly cleaning products, including products from Mrs. Meyer’s Clean Day, Seventh Generation, Earth Friendly Products’ Ecos brand and private label eco-friendly cleaning products.

“Natural cleaners are growing, and will continue to do so, because consumers are looking for alternatives to the classic cleaners that focus on sustainability and child/pet safety,” asserts Eddie Morabito, retail business development manager for Toledo, Ohio-based Canberra. “But they are also not willing to compromise on the efficacy” of such products.

Morabito points to research showing that a majority of consumers want products that work and are green. “A very small percentage of consumers want the product to ‘just work’ and don’t care how, and a very small percentage want the product to be ‘green’ and will sacrifice effectiveness, but an overwhelming majority — over 90 percent — want both,” he says. “They want a clean house, and they want to feel good about what they are using.”

Canberra recently redesigned its Just Add Water System (JAWS) package for national launch. The first bottle of JAWS comes pre-mixed and ready to use. Once the bottle is empty, the consumer refills the JAWS reusable spray bottle with water, and then inserts a concentrated refill pod. JAWS is currently available in four streak-free, nontoxic, biodegradable formulas; the company plans to introduce additional cleaning products in 2016.

Meanwhile, trusted classic brands are also getting in on the natural act. Willert has launched Ty-D-Bol Natural, a line of all-plant-based bathroom cleaning products. All products in the line retail for less than \$5.

Willert plans to expand its natural offerings in the future, as the Ty-D-Bol brand is outpacing growth in the toilet bowl cleaner/deodorizer segment, with double-digit growth, according to IRI.

Natural positioning, combined with a competitive price, should give brands a bigger boost. Notes Willert’s Cade, “We saw a need for natural-based cleaning products at an affordable price point.” **PG**

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# Spicing up the market

The demand is increasing for various spices and seasoning products as consumers have taken to using different spices for making different dishes. This shift in the consumption trend and behaviour has led to the development of new and innovative products. At the same time, the introduction of new and international condiments is helping the traditional Indian spice offerings to evolve innovatively. Looking ahead, providing unadulterated and pure spices offers a big area of opportunity for all spice players.

By Sanjay Kumar

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India is the largest producer, consumer and exporter of spices and spice products in the world. The country has had a reliable history in trading spices since ages. Historically, the Indian sub-continent was well connected with the world's trading powers, which purchased spices in abundance from here. As a consequence, spices have played an important role in inviting various cultures from around the globe and got them converged at a single point. It was a remarkable achievement of the Indian trade to have witnessed all trading powers of the past, and the present era patronising the collection of spices which India could and can still provide them.

As per the Spices Board of India, during 2013, the total spice exports from India has already crossed US\$ 2 billion, which is in tune with the export target of US\$ 3 billion set for the year 2017. Spices exports from India is expected to achieve the target of US\$ 3 billion by 2017, based on the support of creative marketing strategies, innovative packaging, strength in quality and a strong distribution network. India is estimated to consume over 5 MT of spices annually. According to industry experts, this consumption is almost 90 per cent of all spices produced in the country. Ginger-garlic, dry chillies and turmeric together contribute 44 per cent to 48 per cent of total spices in India. This consumption share is not much varied in the rural and urban markets. The southern region of the country plays a significant role in the spices market. It is not only the largest market but also its average monthly per capita consumption is the highest among all regions. Although the region of north India follows next to the southern region in terms of market share, but its monthly per capita consumption is among the lowest at Rs. 92. On the other hand, the western region with a 23 per cent market share has a monthly per capita figure of Rs. 118, which is the second-highest after the southern market. Both regions exhibit higher per capita consumption than the all-India per capita consumption figure of Rs. 103. "As per the 2013 data available with us, the spice market in India is estimated to be around USD 6 billion, of which only 15 per cent is packaged. The supply to the foodservice and B2B segment constitutes almost 70 per cent of the total spice consumption. There is no single brand in the country that uniformly leads the market, as there are several leading regional players in markets across the country," points out Paras Budhiraja, Managing Director, Paras Nutritions Pvt Ltd.

**New offerings and drivers of growth**

Spices are a necessity. So its demand is going to increase in the future. "The demand for spices is becoming more specific. Earlier, a garam masala would also act as a biryani masala. But today, the

world wants to have spices and seasonings for catering to the more specific and niche needs. So we now have different spices for making shahi paneer, kadhai paneer, etc. Innovation is needed for providing the consumers the right product to suit his palate," opines Sudeep Goenka, Director, Goldiee Group, which sells the popular range of Goldiee Spices. Initially, spices meant only traditional spices like haldi, jeera, mirchi, etc. But now the demand from the consumer is increasing for various spices and seasoning products leading to the development of new and innovative products. "Introduction of new and international condiments is surprisingly helping our traditional Indian offerings to also evolve innovatively. Who would have thought of products like peri-peri samosas until five years ago," asks Budhiraja. His company Paras Nutritions operates the Paras Spices brand, which offers a diversified bouquet of offerings that include spices, seasonings, herbs, dehydrated vegetables, dried starches, chicory, pulses, and sugar & salts, among other food products. "Our major markets are Karnataka, AP, Telengana, Tamil Nadu, Kerala and Goa. We aim to become No. 1 in the particular category of masalas we are into in these states," he states.

Conscious Food, which offers a wide range of high quality and differentiated food items across cereals, grains, pulses, flour, spices, oils, beverages, snacks, etc., is India's pioneering organic and natural foods company since 1990 and produces wholesome spices products as well as seasonings. "We have a wide range of spices and mixes for Indian kitchen and a line of herbs for western cooking. Some of our items are turmeric, cumin, fenugreek, coriander, cinnamon, cardamom, Kashmiri red chilli etc. whole and ground and herbs like basil, oregano, parsley, mint, peppermint, thyme and rosemary," says Kingshuk Basu, Chief Executive Officer, Conscious Food Pvt. Ltd, which has been clocking an annual growth rate in the range of 50 per cent owing to an increasing demand for its products. "There has been a surge in global as well as domestic demand for spices and seasonings in the last five years. In the domestic market, factors like people travelling more,



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The demand for spices is becoming more specific. Earlier, a garam masala would also act as a biryani masala. But today, the world wants to have spices and seasonings for catering to the more specific and niche needs.

—Sudeep Goenka  
Director, Goldiee Group



higher exposure to new channels and easy access to the internet are driving people to experiment with different cuisines and seasonings. As a result, the spices segment, which was a small market earlier is now growing at a fast clip,” he adds.

There are other catalysts as well. India is a diverse country, where food patterns change every 50-100 km. As India is a growing nation with billions of mouths to feed, consumption of spices has been increasing day by day. The general consensus among Indian consumers is that most of them are bored of their regular food. They want to make everyday cooking more fun and desirable by transforming their mundane dishes into exciting cuisines and also by creating new dishes altogether. Quite obviously, the Indian consumer’s taste palates and cultural beliefs are evolving. And consumers today are bored of their regular food and want to make everyday cooking more fun and desirable by creating global cuisines like Italian, Continental, American and Mexican, etc., in the convenience of their homes, and also add that extra zing and zest to the mundane food. At the same time, people have very less time for cooking and want everything handy, so ready-to-use spices is growing at a steady pace. “Modern trade and e-commerce channels are helping to make our products available to a larger audience,” says Basu. On the other hand, people are becoming more health conscious and look for pure products. Hence the demand for whole spices is also growing as people tend to grind small quantities of whole spices at home and use it. So it’s a blend of ready-to-use spices as well as whole spices – both growing at a rapid pace.

Paras Spices, which processes spices in whole, powdered, kibbled, and crushed form, has an in-house processing facility for more than 120 different kinds of spices & seasonings. “In seasonings or ‘savory solutions’ as we call it, we have a wide range of offerings, which include dustings, sprinklers, pre-mixes, functional seasonings, etc. We work closely



with our clients, understand their needs and develop customized solution for their end products. In the last two years itself, our ingredients have been a part of almost 50 brand launches,” says Paras Budhiraja of Paras Spices. “Consumption of spices is increasing with urbanisation and less time in the hands of consumers. Also, innovation helps to promote our products, which are developed to provide ease to consumers in their daily needs along with the ease of usage,” says Sudeep Goenka of Goldiee Group. He adds: “Within the spices category, Goldiee is serving its consumers with a big range spanning from basic and whole to a wide range of formulated or mix masalas. Recently, we launched the first of its kind range of specialty items like chaunka/tadka masala, dal makhani masala, pani puri masala, kadhi masala, soyabadi masala. Having an in house RnD and an experience of five generations in the spices industry helps to give an edge in product development.” Says Naresh Pagariya, Managing Director, Pagariya Food Products Pvt. Ltd., one of the leading foods manufacturing company, marketing its products under the brand name Kwalty: “The consumption trends for spice products are certainly increasing. Also, these products are no longer prepared at home. They were till a few decades ago, when our grandmas used to take those efforts and prepare them at home. But now the trend has changed with various brands now offering good quality products at pocket-friendly prices. This is also because we see a shortage of time with both husband and wife working in big cities.” Pagariya Food is based out of Bangalore and has three categories of product- Breakfast Cereals, Masalas and Instant Mixes. “As a manufacturer, we concentrate more on the blended spices than the straight spices like chilli, turmeric or coriander powders. We specialise in blended variants where margins are better than the straight spices,” says Naresh Pagariya.

According to Utpal Kumar Ganguli, Chairman, Surji Agro Foods Pvt. Ltd., which operates the Shelly’s brand and produces and markets four different generic spices – red chilli, coriander, turmeric, cumin as well as six different mixed pickles



**We work closely with our clients, understand their needs and develop customized solution for their end products. In the last two years itself, our ingredients have been a part of almost 50 brand launches.**

—Paras Budhiraja  
MD, Paras  
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**“The most important and notable development in relation to spice has been the advent of blended spices, which help in the preparation of popular dishes in a short time and without much difficulty.”**

—Utpal Kumar Ganguli

Chairman, Surji Agro Foods Pvt. Ltd.

for cooking popular dishes of Bengali cuisine as well as two different blended spices, “There is an increasing shift from loose spices to packaged spices resulting in these products being sold through not only kirana stores but also through modern supermarkets. The most important and notable development in relation to spice has been the advent of blended spices, which help in the preparation of popular dishes in a short time and without much difficulty.” Agrees Saurabh Nowal, Director - Marketing, Prakash Spices, which manufactures the complete set of spices – whole, powder and blended. “In the blended category we have more than 50 variants and we have recently launched piri piri seasoning, and a seasoning for popcorn in two flavours – cheese and tomato chilly. We are planning to launch the herbs based seasonings within the next two months. The trend is positive with more and more customers opting for blended spices. In our opinion ease of use and innovative products is something that is driving this growth.”

This shift in consumption behaviour has resulted in a wide range of spice products being available in the market – whole, powdered and blended. In the whole segment, spices like cumin seeds, poppy seeds, bishops weed, and spices like bay leaf, cinnamon, cardamom, and others are being widely used. In powdered spices, turmeric, chilli, coriander, black pepper powder, etc. are perennial favourites. Over the years, the market has also seen the launch of various blended spices like Badshahi Garam Masala, Chole Masala, Sabzi Masala, Chaat Masala, etc. For instance, Pagariya Foods’ masala product range

includes gobi manchurian masala, noodles masala, pasta masala, chhole masala, biryani pulav masala, pav bhaji masala, pani puri masala and various other spice products. “We are the first company in India to manufacture and market gobi manchurian masala, noodles masala and pasta masala and have been growing in spices and masala category by 40+ per cent year on year and expect to grow at a similar pace,” says Dheeraj Jain, Director, Pagariya Food, which counts Everest, MDH, MTR, and Badshah as its worthy competitors.

### Quality and authenticity of ingredients

With more and more people becoming aware of the benefits of organic and natural food, which are chemical free and whose adoption is increasing significantly among consumers, maintaining both the quality and authenticity of ingredients used in products have come to acquire a critical importance. “The definition of quality has evolved from quality control to quality assurance in the last few years. The concept of quality from gate-in to gate-out has also expanded. Quality assurance is no longer restricted to in-process quality checks and hygiene. Our focus on quality begins from the sourcing of raw material. Our backward integration programme for spices, which is spread over 6,000 acres, ensures strict implementation of GAP and IPM practices. Our field team ensures that farmers are trained and developed in sustainable farming practices and they get a fair value for their produce. As a policy, we also ensure that we procure all our spices in whole form and process them in-house, so that there is no possibility of adulteration. Our QA and in-house lab also ensures that all the ingredients are analysed at different stages to ensure the utmost level of quality and consistency,” says Paras Budhiraja of Paras Spices, which is primarily a B2B company that focuses on the clients with stringent quality specifications. “We are one of the largest companies in India in the premium quality spices segment. We work with almost 60 per cent of the MNCs present in India that have spices as

their ingredients. We intend to increase this to 80 per cent in the next 3-5 years. We are also exporting to more than 12 countries, which we intend to increase per cent in the next three years. Overall, our marketing strategy is to focus first on the existing clients better by continuously improving our level of services and product quality and then expand with the new ones,” he adds.

According to Pratik Jain, Director, DNV Food Products,



“Three key factors will determine the expansion and growth of branded spice players – price, quality and purity. A perfect balance of these will definitely fetch results. The opportunity in the spice industry is huge and unimaginable. With 1.25 billion mouths (and increasing) to feed, we have a vast ocean in front of us. Providing unadulterated and pure spices offers a big area of opportunity for all spice players. But with the influx of innumerable regional players, playing a price war game, quality is being compromised a lot. This is not a healthy sign. Not many products fulfill this requirement.” Top industry players agree that the quality and authenticity of the ingredients have been an issue with the consumers. “We feel that there is still a huge need for creating further awareness among the consumers about the quality and purity of these ingredients. There is a need to educate consumers about first being sure of the purity of the products and not be tempted only by the price advantage. We strongly support all the moves to educate consumers and to ensure strict compliance with quality guidelines for all products,” says Goenka of Goldiee Group.



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**We specialise in blended variants where margins are better than the straight spices.**

—Naresh Pagariya  
MD, Pagariya Food Products Pvt. Ltd.

Maintaining quality and the authenticity of products have become an imperative considering that today buyers have become conscious about what is being offered and customers want value for their money. In the future, this spread of awareness will ensure that only the finest quality product at a competitive price will survive in the market. This principle will hold true even for established brands. “Even though India is the world’s largest grower, producer, consumer, and exporter of spices, sourcing is one of the most challenging tasks in the industry. The challenge lies not in the quantity of ingredient to be sourced, but in finding the right quality. The post-harvest facilities and the storage conditions are so poor in the country that the quality of the products often deteriorates. The quality is further compromised by poor soil, environmental imbalances, poor quality of the water, and excessive use of pesticides. In order to procure the right quality and overcome the above mentioned challenges, we do a lot of contract farming. This year, we’d be doing contract farming to the tune of 6,000 acres and this would increase by 100 per cent in the next two years. We have warehouses at several sourcing destinations for storage, and we also undertake contract farming of certain products, which gives us control of the quality right at the farm level. Our procurement team is always exploring new areas for sourcing, and they also engage with traders and farmer communities for spices that adhere to our stringent specifications,” points out Budhiraja. He adds: “Spices & seasonings are primarily an agricultural produce and as with any agro-commodity, there ought to be a certain level of seasonal variation in the sensory or even physico-chemical parameters. Moreover, the profile of spices changes with time and the storage condition. For instance, in the case of chili powder, the red colour starts turning darker after a certain storage time. To overcome such challenges, we have our own set of specifications and norms for raw material, processing, storage and packaging.”

Industry players opine that the quality and authenticity of spice products can be measured by various methods – through regular testing and in NABL labs at the microbiological level too. But experience still plays a big role in the spices industry. The consumer today is aware that companies running the show for decades would never take a chance with the quality and authenticity of products. It takes years of effort and toil to build a brand and trust in consumers’ hearts and minds. And no business owner would like to lose that. However, many players feel that there is a need for the authorities to define the quality parameters more practically keeping in mind the country’s requirements rather than simply copying them from foreign countries. Also, local manufacturers should

be subject to stricter regulation and their products should be monitored. Overlooking this issue leads to all kinds of malpractices. The check on quality and standardisation of process should be followed ethically. Says Paras Budhiraja of Paras Spices, “Food safety has never been more important for companies as much as it has been today. We take this increased consumer awareness and expectation as an opportunity for us as we see an expanded market for us. The game plan is to shift our clients from unorganized sector to the organized sector by adding better value to products. We are also planning to enter into HORECA space this year and Modern retail early next year with our range of premium quality condiments. This would enable us to channelize our decades of expertise in ingredient manufacturing and offer high quality offerings in the HORECA space.” According to Dheeraj Jain, Director of Pagariya Foods, “We source the raw materials directly from the sources. For example, our chilli Guntur variety of spices comes from Guntur, Byadgi variety of spices comes from Byadgi town in Karnataka, jeera and coriander come from Rajasthan and Gujarat, pepper from Karnataka or Kerala. Firstly, raw materials are sourced exactly as per the specifications set directly from the source. They are then processed after passing through the stringent quality control systems conforming to current international standards. Our company strictly



**We are the first company in India to manufacture and market gobi manchurian masala, noodles masala and pasta masala.**

—Dheeraj Jain  
Director,  
Pagariya Food Products Pvt. Ltd.





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follows and adheres to ISO 22000 HACCP norms. Since we have set parameters or standards for each of the spices, we don't have issues in terms of quality. We also ensure our suppliers adhere to our set norms or they face rejections." According to Goenka of Goldiee Group, "Our core value in innovation is how to provide the consumer a product that solves his daily needs without much impact on the price. During product innovation, the idea is to how to use the best quality ingredients that will give him/her exactly the taste of the dish of a best restaurant or by a chef of choice."



**We have a wide range of spices and mixes and a line of herbs for western cooking. We are able to meet the global standards with regard to pesticide content and traceability of raw materials in spice products.**

—**Kingshuk Basu**  
Chief Executive Officer, Conscious Food Pvt Ltd

For many players though, meeting the global standards with regard to the pesticide content and traceability of raw materials in spice products remains a challenge. "India's spices now have to meet global standards with regard to the pesticide content and traceability of raw materials. Controlling quality at source will be critical for India and for that the industry needs to engage with farmers to ensure safety and quality of produce," says Gaurav Gambhir, owner of Shubh Food Products. "We are able to meet the global standards with regard to pesticide content and traceability of raw materials in spice products. We are certified by EcoCert and procure certified material. As the oldest organic brand, we have a long standing relationship with many farmers who are dedicated to the cause. We buy from certified sources who also have their own quality control processes and we process all our products in certified premises and as per guidelines. We procure the ingredients from certified organic suppliers who are certified on all three standards: NPOP, EU and NOP," informs Kingshuk Basu of Conscious Food.

In recent years, there has been a perceptible trend towards buying of branded spice products over buying spices by weight from the traditional market. The change is primarily because consumers are looking to ensure purity of the products in order to avoid the health hazards. "Consumption is definitely increasing

with more trust coming to the branded spices. There are multiple driving factors driving this trend, and the growing awareness amongst consumers is one of them. They realise that branded national players give them the best possible quality under the stringent norms set by the government," notes Budhiraja of Paras Spices. Currently, the branded market is approximately 15-17 per cent of the spices market in India and so the opportunity is huge for branded players to expand their reach. "The branded spice market in India would be close to 15 per cent and should be growing at about 12-15 per cent annually. We see a lot of people shifting from buying these products in loose packs as people in India have started to become quality conscious," feels Naresh Pagariya.

"There is a wide scope for growth for branded players. But the challenges are equally strong. Branded players need to get together and grow together. Fortunately, the spices industry is one which thrives on trust and ethical way of doing business. Branded players understand this and they have a high regard for matching consumer trust with quality products. The idea is to grow the market by scaling up on the trust factor," avers Ganguli of Surji Agro. According to Pratik Jain of DNV Products, "Going ahead, there will definitely be a demand for organic seasonings and spices. But the hurdle is the price. The price of organic spices is still very high here. So the market is still niche and not very mature. It will take time but it definitely has a very bright future. But for this to become a reality sooner than later, the level of evaluation in the laboratories needs a lot of revamp. With the Food Safety & Standards Act becoming mandatory and the consumer becoming more health and quality conscious, the number of laboratories is increasing and becoming more efficient by the day."

Spices, as a category, is a very personal and emotional product. So top players focus a lot on having products that help to preserve the creativity of housewives and chefs. "Specific to our spices, they are



iron pounded in order to preserve the delicate aromas and oils. Our game plan is to serve the organic and natural food cause. We strive to offer the highest quality products, many of which are differentiated. We want to offer a wide range to provide a one stop shop and a full kitchen solution. The focus is to build a strong and loyal relationship with the end customer and grow it constantly through their endorsement and word of mouth marketing.

**Packaging innovation**

People want wholesome, chemical free and nutritious food for themselves and their families which is exactly what Conscious Food is all about,” points out Kingshuk Basu. In general, spices remain a high volume low profit industry except for some specialty products catering to niche segments. All the same, a lot of innovation is happening in the spices industry, especially in packaging. Gone are the days of dull and cheap packing. With the era of modern trade and organised malls, the launch of foreign brands with good packaging has forced Indian manufacturers to raise their standards to the international level. The Indian consumer today wants only those products that have an international



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feel and look. Packaging also becomes extremely critical as it preserves the nutritious value of the product and makes it available all around the year and across the different geographies. Packaging not only contributes in driving the sales of a particular product but also influences a longer shelf life. Players are therefore ensuring that across their assortments, they offer different packaging (PET, Glass, Pouch, etc) and different sizes. “Packaging, as in any other FMCG category, plays a critical role in the success or failure of a brand. Once exposed to air or moisture, spices tend to change their natural sensory traits. There is also the fear of lump formation. This is the reason for a greater focus on the packaging material. Also, convenient packaging is on the rise. More brands are entering this space with sprinklers and easy to use packs or sachets. The use of minimalist and simpler packaging designs with much bolder labeling is also on the rise, internationally,” observes Budhiraja of Paras Spices. “The packaging needs to keep the product intact, secure and prevent contamination in addition to making the product look appealing. We, at Prakash Spices, have switched to food grade packaging materials with a three layer security to maintain the quality and purity of the products,” says Saurabh Nowal, whose company plans to introduce an entire new range of organic spices under the same brand name in the next fiscal and is currently working on a backward integration model to put in place a contract farming model.

“There are various aspects to packaging. One aspect is the look. To stand out in the crowded spices category, your packaging has to be catchy. The other aspect is the quality. There are different specifications for packing different types of spices. So those have to be adhered to strictly in order to maintain a healthy shelf life of the products. One very crucial point that many companies fail to notice is the quality of raw materials that goes in making the final packaging. For example, in a two layer packaging for whole

spices, people generally tend to forget to check the quality of Poly that is used and the percentage of metlosin that is used. These are very small but extremely crucial points,” observes Pratik Jain of DNV Food Products. Basu of Conscious Food is of the opinion that “good packaging can not only catch the eye of the consumer but can also protect the product from moisture and other pest encroachments effectively. There is a functional aspect to spices packaging and we think sprinklers are a convenience.” “Packaging is something that has been our focus right from the start of the company. The masalas are packed and presented in world class packaging with ‘aroma retention’ technology to deliver the fresh taste and flavour in the kitchen,” says Naresh Pagariya, whose spices are now making their way to the countries in the Middle East. According to Gaurav Gambhir of Shubh Food Products, “Packaging is of great importance as it influences the final buying choice of the consumer. Packaging is directly related to the convenience of buying the product, its consumer appeal as well as other factors such as information about the product and its branding. The food industry is discovering the food service channel as a new distribution alternative. Alliances between food producers and food service operators is an effective way to develop successful solutions on the packaging front.”

Sampling of spices and seasonings also remains a challenge for brands and manufacturers. “Yes, this has been a challenge. We try to overcome this by giving away trial packs with the existing packs, so that customers can try them at home and then pick up the bigger pack the next time they buy,” admits Dheeraj Jain of Pagariya Foods. However, Goenka of Goldiee Group begs to differ. “For us, sampling is not a big concern. Why sample much when you are honest with your quality and communication? Still finding the right channel for your products is the key.” Says Saurabh Nowal of Prakash Spices, a strong player in East India: “We regularly participate in trade shows and do our sampling by offering people dishes made from our spices. That is the best way to reach out to our direct end customers. We also sell our products online and give out free samples with each order and have seen people re-order and also include the product that we had last given as a free sample.” Observes Pratik Jain of DNV Food Products: “Nothing beats sampling when it comes to ensure that consumers get to savour and appreciate the flavours that the spices are supposed to have. Though sampling forms a substantial part of our cost, yet it remains very crucial.”

### Retail reach

Brands and manufacturers are also crafting well thought out retail strategies to scale and expand



**In the blended category we have more than 50 variants and we have recently launched piri piri seasoning, and a seasoning for popcorn in two flavours – cheese and tomato chilly.**

—Saurabh Nowal  
Director - Marketing,  
Prakash Spices





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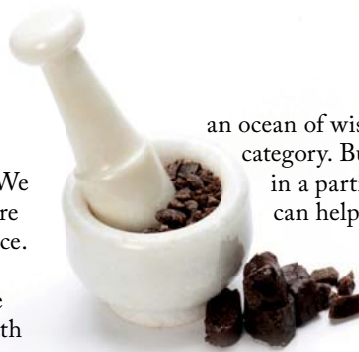
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their footprint. “Our modern trade strategy is essentially a good alignment with the retailer’s strategy and format. We realise that not all formats and chains are the best places to find our target audience. The organic, natural and specialty food stores have done very well for us and we focus on servicing them on time and with perfect fill rates. We also explore loyalty card promotions with our modern trade partners. In general trade, we focus on the numerous high-end, organic, natural and gourmet food stores across the country with whom we strive to build a direct one-to-one relationship, reveals Basu of Conscious Food.

On his take about the willingness of retailers to allocate more shelf-space and give more weight to the spices category, Basu says: “Every retailer has their positioning and format. Unless the retailer is a spice hub, the basic approach of assortment strategy and return on shelf space will apply.” He has a useful suggestion for better category management/merchandising and category innovation by retailers that could help the spices category grow more impressively. “Spice packaging is typically small and packets are hard to merchandise in singles on shelf. So shelf-ready boxes with cutouts or plastic spring loaded holders will be a big help to retailers. Cross merchandising with shelf extenders and basket promotions for meal solutions would also be effective.” Saurabh Nowal of Prakash Spices echoes a similar opinion. “The retailers more or less maintain their balance between spices as a category and the other general categories and will continue to do so. But we have seen an increase in the demand for spices in smaller single-use packs, which also occupy less space by having a hanging option and offer an opportunity to display multiple variants even in a small retail outlet.” Budhiraja of Paras Spices notes: “I feel retailers would be a little less wary of offering shelf space availability for brands with innovative offerings; however shelf space competition in the traditional spices range is expected to stay cut-throat in the medium term.” He feels that retailers’ awareness of the product could play a vital role in the growth of category. “Indian kirana store owners have

an ocean of wisdom when it comes to the spices category. But knowing which dish is prepared in a particular month or a specific period can help the retailer decide on how to give prominence to the specific spice-mix while allocating the shelf space. Secondly, as consumers’ tastes and preferences are also evolving, it has become a challenge for brands as well as retailers to stay relevant. Retailers need to accept the fact that the consumer is willing to try newer things and can even pay more for better quality products. Live tasting and demonstration of products with spices & seasonings application at retail counters can be an effective tool for product awareness.” According to Goenka of Goldiee Group, “Retailers have a big scope in this category only if they stick to their roles as retailers and distributors with a stronger partnership with authentic and ethical manufacturers. We are here to serve and always cherish the honest partnership we share with them.” According to Budhiraja of Paras Spices, “Providing innovative stands, hangers, etc, to store the products in a smaller space is always appreciated and welcomed by retailers and also helps in the branding and thereby increasing the sales of our products.”

Many brands and manufacturers believe that resorting to recipe-driven sales for spices can be a success in the Indian market. “Recipes are a great way for getting new customers switch from using basic spices to using blended spices. Even if the customer knows how to cook a dish, they will look forward to having a recipe to help her,” feels Basu. “Recipe driven spices or spice mixes have a huge potential for Indian as well as the international market. With an increasing number of working females and nuclear families, time has become a scarce commodity and people have less time to make their own spice mixes at home. Spice mixes for products like pav bhaji or chana, for instance, gives a lot of convenience to the user as there is no need for the user to gather 15 or 20 ingredients that get into the spice mix recipe. Even in the case of international cuisines, a lot of ingredients are not even easily available everywhere. Recipe driven spices or spice mixes provide standardisation as well as consistency and there is still room for adding more customisations to the end product,” opines Budhiraja of Paras Spices.

All said and done, the sentiment of industry players is bullish and they see a great and bright future for Indian herbs, spices and seasonings in the years ahead. Even more so because India is one of the most populous nations in the world and every individual needs food. With people’s purchasing power increasing, the expenditure on food products is also increasing. This has led to an explosive growth in the demand for spices and seasonings and



**India’s spices now have to meet global standards with regard to the pesticide content and traceability of raw materials. Controlling quality at source will be critical for India and for that the industry needs to engage with farmers to ensure safety and quality of produce.**

—Gaurav Gambhir  
Owner, Shubh Food Products



explains why in recent years, the growth rate in the spices category has been impressive – part of which could be due to the conversion from the unorganised market to the organised one. “The spice market has grown from 2009 to 2014 by 9 per cent and is projected to grow by 17 per cent between now and till 2019- 2020. The total market size of the spice industry as of today is Rs. 54,958,000 crore. As per our information, by 2019- 20, national sales of spices will be around Rs. 140,000 crore. The demand in the domestic market as well as the export potential of spices provides tremendous opportunity for quality



products like ours and we are quite optimistic about the industry and its growth prospects,” says Utpal Kumar Ganguli of Surji Agro Foods Pvt Ltd.

Going forward, the industry expects there will be more bolder flavours that will arrive in the market. “A lot of work is also happening on developing the local flavours of the unexplored regions like the north-east and East India,” points of Goenka of Goldiee Group. Health-based spice products is another trend that is becoming a way of life for consumers. Buyers now evaluates the product not only on taste or price parameters but also on the basis of convenience, nutritional values, sourcing, origin of the ingredients and other details. Summing up the prospects for the industry, Budhiraja of Paras Spices points out: “The spices & condiments space is all set to expand and grow exponentially in next few years. With increasing awareness and competition, the quality of traditional offerings is likely to improve and the range of offerings available to the consumer would become more diversified. With all the new exotic and premium offerings in the spice and herbs space, I personally see the same trend happening to spices that happened to the tea industry after the advent of green tea.” PG



“  
But with the influx of innumerable regional players, playing a price war game, quality is being compromised a lot.

—Pratik Jain  
Director, DNV Food Products

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# Cold-fashioned

Consumers look for indulgence, nostalgia and simplicity in their ice cream

By Jim Dudlicek

**W**hat do consumers want in a frozen dessert? They want something decadent, yet good for them. They want something new, but that reminds them of the past. They want complex flavors, but simple ingredients.

At least that's one way to sum up the trends that ice cream manufacturers are chasing and the paths down which they're leading their retailer partners.

"Small-batch and craft ice creams are driving innovation in the category. In addition, as we see a return to full-fat products, there is a market for ultra-indulgent varieties," says Julie Henderson, VP of communications for the Harrisburg, Pa.-based National Frozen and Refrigerated Foods Association (NFRA).

More indulgent categories are definitely "getting more traction," concurs Lisa Hutchinson, frozen product manager for Turkey Hill Dairy, in Lancaster County, Pa. "Yesterday's 'healthy alternatives,' like light ice cream and frozen yogurt, are in a downward spiral, giving way to a new definition of healthy alternative, including the dairy alternative category and more natural and simple ice creams."

Consumer demand for transparency continues to be a leading trend in frozen desserts, according to Steve Pratt, VP of category and shopper development at Oakland, Calif.-based Nestlé Dreyer's Ice Cream. "A component of this trend is the move to simpler ingredients that consumers can recognize. Across superpremium and premium ice cream, and other frozen snacks, consumers want to understand the ingredients on the label," Pratt says.

The folks at Unilever Ice Cream, in Englewood Cliffs, N.J., also see a demand for indulgent items, along with more portion-controlled and sugar-free offerings, prompting releases like snack cups and sugar-free Popsicles, notes Nick Soukas, Unilever's director of ice cream.

Nostalgia continues to be a trend for 2016, Soukas observes. "Reminiscing about childhood and memorable moments are two reasons consumers enjoy ice cream. This year, we've reimagined classic flavors and pairings that cultivate great memories, like birthday cake, s'mores, and chocolate and peanut butter, to surprise and delight our ice cream fans," he says.

Kevin Riveroll, VP of sales and marketing at Boston-based Ciao Bella, notes that consumers "are looking for non-GMO Project Verified offerings and



cleaner ingredients, especially as [they] are becoming more knowledgeable about ingredients, reading ingredient labels and the effect of such ingredients on one's health over a period of time."

Additionally, shoppers "are demanding quality ingredients with functional benefits and great taste," asserts Drew Harrington, co-founder of Yasso Frozen Greek Yogurt, in Quincy, Mass.

## Aiming to please

Ice cream and novelties are the second- and third-largest categories in the frozen food department, with \$6.3 billion and \$4.5 billion in sales, respectively, NFRA's Henderson notes. "Retailers should be cognizant that Millennials index low in ice cream and novelties sales," she cautions.

Of course, overall ice cream and novelty sales are highest from Memorial Day to Labor Day, and potentially peak with the National Ice Cream Month sales opportunity that grocers can leverage in July. And there are plenty of new products for retailers to showcase this season that play off the aforementioned trends.

The Healthy Choice brand, from Omaha, Neb.-based ConAgra Foods, offers new fudge and smoothie bars in strawberry, mango peach and raspberry flavors. "The bars are made with natural



## Ice Cream Opportunities

- National Ice Cream Soda Day
- Independence Day
- National Strawberry Sundae Day
- National Peach Ice Cream Day
- National Vanilla Ice Cream Day
- National Cheesecake Day



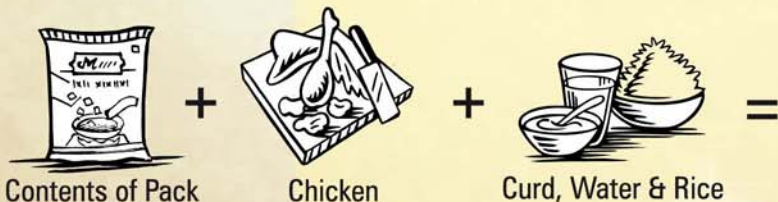
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Small-batch and craft ice creams are driving innovation in the category. In addition, there is a market for ultra-indulgent varieties

— Julie Henderson  
National Frozen and Refrigerated Foods Association

ingredients, nothing artificial and real fruit,” says Alan Brooks, associate brand manager. “They are also low in fat and contain no artificial sweeteners, artificial colors or preservatives. These bars are all 80 calories or less and contain five or seven real ingredients, most of which you have in your kitchen at home: skim milk, cane sugar, cream, natural cocoa and real fruit.”

Nestlé Dreyer’s has also been rolling out products with simplified ingredient lists, including the removal of artificial colors and flavors, high-fructose corn syrup and GMO ingredients. In all, the changes will encompass more than 100 products across the Dreyer’s, Häagen-Dazs, Outshine, Skinny Cow, Nestlé Ice Cream and Drumstick brands.

Unilever is launching 17 frozen treats in 2016 under five of its ice cream brands: Breyers, Good Humor, Klondike, Magnum Ice Cream and Popsicle. “Unilever is continuing to align with trends by expanding its varieties in Breyers Gelato Indulgences and Magnum Doubles, which now feature products like Breyers Gelato Indulgences Salted Caramel and Magnum Double Raspberry,” Soukas says.



Sanders, owned by Clinton Township, Mich.-based Morley Candy Makers Inc., has added six flavors to its “fountain-style” ice cream line introduced a year ago. “Our initial ice cream research and development was mostly focused on reintroducing original recipes and offering a feeling of nostalgia,” says Walter Pilon, director of sales for bakery and frozen goods. The new flavors are Mint Chocolate Chip, Loaded Peanut Butter Cookie, Blueberry Pie, Sea Salt Caramel, Caramel Latte and Lemon Twis-Tea.

Oregon’s Tillamook County Creamery Association has introduced a 14-flavor line of super-premium farmstyle gelatos, extra-creamy ice creams and frozen custards. Flavors feature locally grown hazelnuts, ripe strawberries and marionberries from Oregon, and pistachio butter made with California pistachios. In certain varieties, layers of sauce and toppings deliver incredible visual appeal and a complexity of flavors and textures in each bite.

“The superpremium ice cream segment is booming, and Millennials in particular crave flavor

diversity and dimension,” says Sibel Candemir, Tillamook ice cream category manager.

As part of its “Desserts with Benefits” proposition, Yasso recently launched three additional flavors – Cookies n’ Cream, Chocolate Chip and Cinnamon Bun – made with all-natural flavors, and containing 5 grams of protein and 100 calories per serving. “We work closely with our retail partners to identify purchasing trends that can lead to better allocation of top sellers on shelf and innovative product offerings that tap consumer trends,” Harrington says.

### Working together

NFRA’s Summer Favorites Ice Cream & Novelties promotion extends through June and July.

“The promotion provides retailers and manufacturers with a host of marketing tools and PR opportunities to promote ice cream and novelties and engage consumers in-store and online,” Henderson explains. NFRA members will compete for the New Ice Cream & Novelties Golden Penguin Awards, which recognize excellence in marketing and merchandising the category.

“We’re all fighting for shelf space,” says Ciao Bella’s Riveroll. “By leveraging relationships and using the power of the frozen treats category, we are able to make certain that our core consumers are seeing our product. Gelatos and sorbetto, along with smaller container sizes, continue to expand the category.”

Nestlé is focused on communicating its key ingredient changes to retailer partners, including non-GMO ingredients and a reduction in sugar. “We are also emphasizing the same great taste of our products,” Pratt says. “As the Millennial shopper remains critical, we are partnering with retailers to reach these shoppers through omnichannel tactics.”

Unilever advises retailers to make their ice cream aisle “a fun and easy place to shop during National Ice Cream Month, as well as year-round,” says Soukas, adding that the company “encourages retailers to ensure product assortment and category management is in line with shopper expectations.”

Harrington notes that Yasso is “ramping up marketing to drive buzz” leading into National Ice Cream Month. “As a smaller brand with limited funds, we ... are doing some targeted marketing programs with a few partners to drive trial and brand awareness,” he says. “We also have a mobile marketing truck tour planned to visit markets on the East Coast, which will drive existing and new customers to our retail partners in each market.” PG

What’s the next big thing coming in frozen desserts? Find out at [Progressivegrocer.com/icecream](http://Progressivegrocer.com/icecream).

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# Catching them fresh!

The market for Frozen Foods in India has grown at a double digit rate over the last few years, reaching a size of about INR 19 billion in 2012. Although the growth number looks impressive, it does not truly reflect the potential of the industry.

By Arjun Gadre



**M**ore than 45 per cent of the current Frozen Foods market in India comprises export of minimally processed marine products, meat products, fruits and vegetables. Domestic per-capita consumption of frozen food is close to negligible and is about 50 times less than in China. Though the retail market for frozen food products, compared to its size in 2008, has doubled to INR 3,650 million in 2012, it is still primarily driven by minimally processed vegetables. There is no remarkable growth in the market share of high value products such as ready meals in the consumption basket during the last five years.

However, convenient Indian seafood is the requirement of the customer today. India is a huge market for all types of consumer products. We are expecting India to be one of the most significant markets for seafood in the next 10 years. A lot of people like to eat seafood but are not able to cook it at home owing to time constraints. By offering convenient seafood, we at Gadre Marine are trying to provide what the consumer wants. Gadre had sales of 250 tonne last fiscal, and we are targeting sales of 500 tonne this fiscal. On the export front, we exported 34,000 tonne of fish and produced about 14,000 tonne of value-added products.

Export markets go through their ups and downs. Strategically, it will be important to be a leader in the Indian market and keep doing exports.

The fastest moving product within the seafood category is the ready-to-eat crab stick. Crabsticks were first created in Japan in 1975. Over the last five years, they have gained immense popularity in developed countries and are widely used in sushi, salads and other dishes. It's time for India to stop being left behind when it comes to consumption of premium quality frozen food. Besides that, there are Masala Prawns, Masala Mackerel and Premium Pomfret, to name a few, for which the demand is growing.

Gadre, as a brand, endeavors to cater to the people serving premium hygienic seafood and also a variety of ready-to-eat and ready-to-cook products. Sea food consumptions are constantly increasing in the past few years and we believe it will play an important role in contributing to the overall turnover. As we see it, even the range of packaged food that we have will eventually increase the availability of the seafood product, which was once tough to buy.

There are only a few well-known brands available for premium frozen sea food products in retail. Many regional players are also entering in this segment. But most of them are having only raw



# ONLY OLIVES FROM SPAIN: LEADERS IN FLAVOURS



The leader in olive production and export, Spain has conquered markets worldwide with the fruit that best explains the success of the Mediterranean diet as a healthy lifestyle: table olives.



Photo courtesy: Olives from Spain

The Mediterranean Diet has been a worldwide trend for years. It is no surprise that UNESCO considers the cuisines of the countries surrounding the Mediterranean to be models of health. One of the essential products of this diet, which has been praised by experts and has raised its profile on the international market and in kitchens worldwide, is the table olive. Spain is currently the world's leading producer of olives, averaging 2.5 million tonnes in recent seasons. Olive production is centered in the south of Spain, with Andalusia producing 80%, Extremadura producing 18%, and the remaining 2% produced around the rest of the country. The rich soils in these areas, located in the driest and warmest Mediterranean climate zones, give rise to the abundant production of excellent quality table olives, including Manzanilla, Cacerena, Hojiblanca, and Gordal varieties. The common denominator among these varieties is their low fat content and high flesh to pit ratio, which distinguish olives destined for consumption from those used for oil production.

Spain is not only the leader in production however; the country is also the leading exporter of olives, exporting 201,720 TM, well ahead of the exports of other Mediterranean countries (according to the International Olive Council, IOC). Spanish olives reach more than 120

countries. The United States is the leading consumer of Spanish olives, followed by Italy, Russia, and France. India is currently the 36th leading consumer of Spanish olives, although the increase in consumption in the past five years has transformed the South Asian giant into one of the most attractive and fastest growing markets. Chef Sabyaschi Gorai, awarded with the prize for best chef in India in 2010, has collaborated on successive promotional campaigns in India since 2014. These campaigns aim to integrate olives into the rich local cuisine. Three years of collaboration has led to numerous fusion recipes in which Spanish olives co-star with spices in the most traditional Indian dishes, thus showing that this symbiotic relationship is perfect.

Learn more about Olives  
from Spain's campaign in India at:

[www.olivesfromspain.in](http://www.olivesfromspain.in)



**olivesfromspainindia**



**olivesfromspainindia**





prawns and Basa fish. Only Gadre has a complete range of frozen sea food extending to ready to eat, ready to cook and Kut N Klean raw seafood products, and this will help us to dominate the seafood segment.

We consider our TG to be anywhere between 18–35 years. Consumers today have become more adventurous when it comes to food. They are open to trying our new cuisines and look for quality and convenience cooking at home. In an urban set up where people are travelling for work – students and the young working professionals – our products play a major role in offering them easy and quick food options in the seafood category. Our prices are always in line with the customer’s expectation and we focus on value for money. With the passage of time and increasing popularity of frozen sea food, we can expect new consumer groups taking to the category.

The only gap that we see is the need for educating consumers on using frozen food. Most consumers are only comfortable using frozen peas yet. But we can overcome this smartly by educating the consumer on fresh and packaged seafood and assuring them that it works in a similar way like frozen peas and tastes as great as fresh fish or any other sea food which they buy from the market. Creating awareness through education will help to change long held attitudes and lead consumers to believe in the product.

On the other hand, retailers need to increase shelf space for the products. It is also imperative to maintain an optimum temperature for the frozen category and to give the right information while selling or handing over the product to the first time user. The shelf space for the category is certainly increasing with the education and exposure of the consumer. Gadre Premium Sea Food has 28 per cent contribution towards the frozen sea food category.

We are increasing our basket with some premium quality raw & cleaned prawns & breaded Tilapia fish products considering the rise in the market demand. We are also coming with new packaging, which is more handy and attractive for the shelf as well as the

consumers. We believe that more shelf space with appropriately maintained temperature will just be the right thing for both better merchandising and cross merchandising.

Gadre Marine entered in Indian market in 2008 and since the last seven years the company has clocked 50 per cent yearly growth in Indian retail industry. The brand has a presence in all the regions of India. It is associated with all players in modern trade – Walmart, Metro Cash N Carry, ABRL, HyperCity, Tesco, etc. We are available in more than 20 cities and 500 stores across India and more than 25 countries internationally. We are certain that growth in modern trade will eventually help grow this category and it will stand as it own in the market.

The tastes and habits of the consumers in India are changing. Especially in seafood, customers have started accepting frozen fish due to its good quality and availability throughout the year. In addition to that, the young generation prefers ready to cook and ready to eat seafood due to its cooking convenience. Fish has been eaten mainly in the coastal regions in our country. But now, the scenario is changing and seafood is becoming very popular all across the region, even in the interiors. There is a growing demand for good quality frozen seafood.

But there’s a lot that still needs to be discovered within the category as it’s not limited to crabsticks only. There are other forms as well which need to be tried and tested by consumers on a larger scale. As far as exploring the markets are concerned, we are planning to tap Telangana State along with East India as people are really fond of sea food in these regions. Unfortunately, in some places they don’t even get it. We would want to fill that gap and increase our reach.

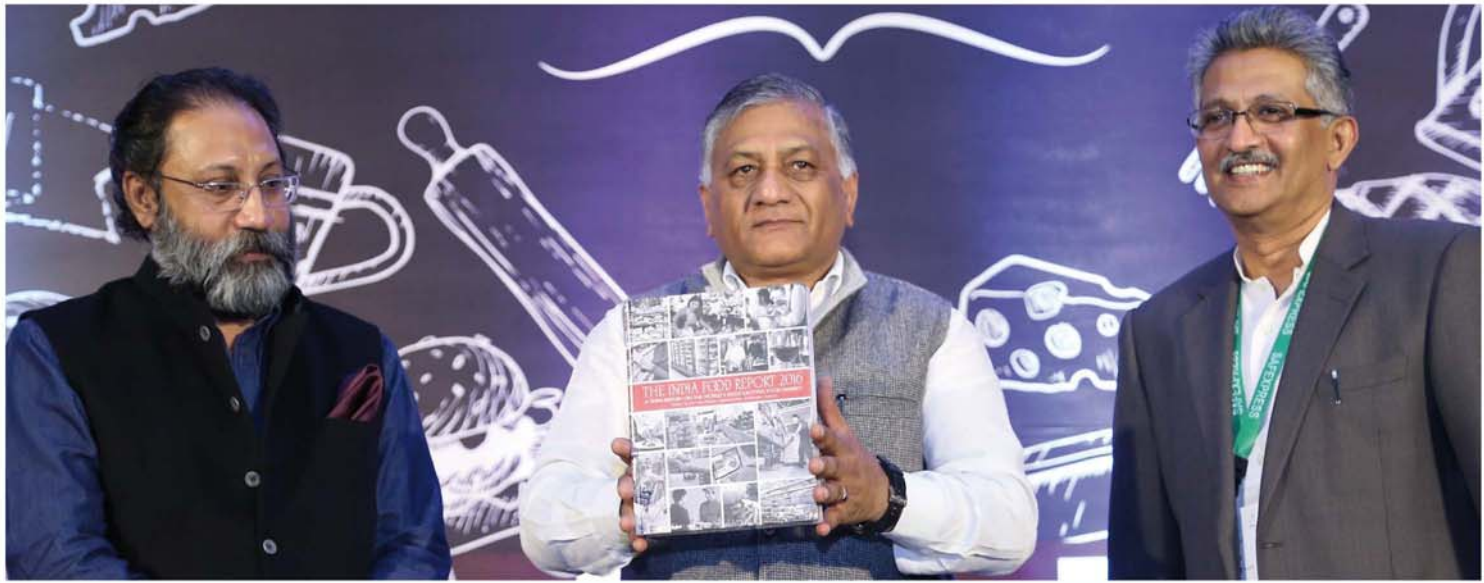
Frozen food brands should focus on innovation and offering good quality product to the consumers. Both play a crucial role in garnering the end user’s attention. And innovation should not be happening in terms of product only but also figuring out new ways to reach the end consumer rather than relying on the traditional approach.

Considering how India is growing in terms of its purchasing power, unlimited exposure and increasing curiosity about food among people, especially the younger generations, we are very confident about the growth and development of the frozen foods category. **PG**

The writer is owner of Gadre Marine Export Pvt. Ltd, one of the largest producers, manufacturers and exporters of packaged seafood in India and the third largest in the world. The company has three plants across India one each in Maharashtra, Gujarat and Karnataka and visions to become a global leading brand in the Surimi analogue products business, through world-class infrastructure, industry best practices, global quality standards and stringent safety policies.

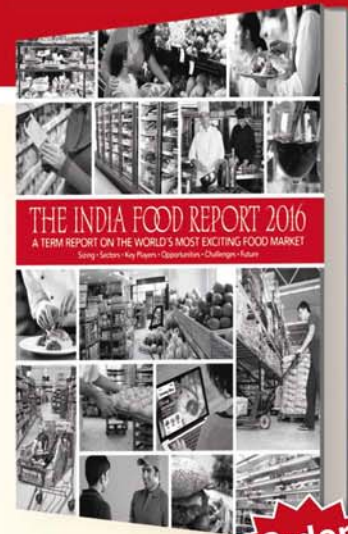
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There are only a few well-known brands available for premium frozen sea food products in retail. Many regional players are also entering this segment. But most of them have only raw prawns and Basa fish.

—Arjun Gadre  
Owner, Gadre  
Marine Export



# 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.

## THE INDIA FOOD REPORT 2016 - HIGHLIGHTS

- |   |   |                                       |
|---|---|---------------------------------------|
| ▶ Food & Grocery Sector-Market Sizing, Overview, Trends, Opportunities, Profiling Key Players | ▶ Fresh Produce                               | ▶ Key Regulatory Issues               |
| ▶ Food Service Sector- Market Sizing, Overview, Trends, Opportunities, Profiling Key Players  | ▶ Processed Foods                             | ▶ New Challenges & Solutions          |
| ▶ Retail Formats & Emerging Retail Formats  | ▶ Safety, Health, Convenience, Sustainability | ▶ Technology & Support                |
| ▶ Non Store Retail Channels   | ▶ Food Supply Chain in India                  | ▶ International Foods                 |
|   | ▶ Storage / Warehousing                       | ▶ Investment & Business Opportunities |
|   | ▶ Food Processing Sector in India             | ▶ Hospitality Sector                  |
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# Lighting a Fire Under Frozen

Retailers can partner with suppliers to build category excitement

By Lynn Petrak

**G**enerating some heat in the frozen food section has been the goal and focus of many frozen food manufacturers, retailers and industry groups in recent years, as they seek to rejuvenate the category, overcome consumer perceptions, and deflect increased competition from both within and beyond the store.

Those in the industry say they understand the challenges as they seek to bolster sales of frozen entrées, snacks, breakfasts, produce and desserts. “One issue with frozen is the fact that it’s a department where no one really works — you can’t ask questions like you can in other areas; you can’t smell anything, as you can in the other parts of the store,” notes Andrew Carnazzo, director of category strategy for Omaha-based ConAgra Foods.

Increasing interest in frozen products also means addressing shoppers’ existing mindsets. “Unfortunately, a number of consumers see frozen foods in a negative light, equating frozen foods to processed foods. The association is not surprising, but as we in the industry know, frozen foods are somewhat misunderstood,” says Rachel P. Cullen, president and CEO of Dinuba, Calif.-based Ruiz Food Products Inc. “All frozen food exists on a spectrum of processing — from completely unprocessed to completely processed. Most of the foods we eat on a regular basis lie somewhere in between.”

Despite some of the inherent barriers — including stiff competition from in-store foodservice operations, hot-food bars and the retail deli, among others — the frozen food section isn’t melting away





any time soon, although growth has been essentially flat. According to research from Schaumburg, Ill.-based Nielsen, for the 52 weeks ending Aug. 22, frozen edged up just 0.8 percent.

### Product innovations

One potential catalyst for growth in the frozen food section is the introduction of new products. “The way we overcome any perceptions in the category is through innovation and getting people products and cuisines that they can’t get anywhere else,” asserts Amanda Tomek, manager of category strategy for ConAgra. “The quality, value and convenience of it are a chance for frozen to be the hero — the meal that is ready to go when you are.”

Many retailers have done particularly well spotlighting frozen foods billed as natural, organic, homemade or otherwise less processed. Earlier this year, the Washington, D.C.-based International Food Information Council (IFIC) released data showing that sales of natural frozen foods with “real” ingredients have risen.

According to Tomek, this is a dynamic area within the frozen category that manufacturers can focus on to help ignite interest and purchases. “We’ve definitely seen growth in natural and organic offerings, as well as gluten-free,” she notes.

Cullen, too, believes that the notion of “real” resonates with shoppers of frozen foods. “As the consumer continues to question and become savvy, they ask for foods higher in nutrients, lower in calories and salt, and made with ‘ingredients I recognize,’” she says. “At Ruiz Foods, one of our ongoing initiatives is to simplify our own products and to continue to respond to the consumer.” Cullen adds that quality and value are always top of mind as the company develops new products like the recently launched El Monterey Signature Breakfast Burrito line. To spur more innovation, Ruiz Foods has rolled out a new R&D center at its headquarters.

The demand for natural or “real” ingredients is evident across many frozen categories, including desserts. Earlier this year, Conestoga, Pa.-based Turkey Hill Dairy introduced All Natural Gelato, the only product of this type on the market, according to Ian Heagy, trade marketing coordinator. “We offer eight flavors, vetted in research, that have simple ingredients with the clean labels that consumers are looking for,” explains Heagy. The gelato complements Turkey Hill’s All Natural Ice Cream line, which was recently expanded and supported with television advertising, social media and trade promotions.



Julie Henderson, VP, communications for the Harrisburg, Pa.-based National Frozen & Refrigerated Foods Association (NFRA), underscores the new product development trend. “We’ve recently seen several major players reformulating products to have a simpler ingredient list,” observes Henderson. “With many aging Boomers looking to lead healthier lifestyles, and Millennials leading the better-for-you trend, simplified ingredients appeal to both these major shopper demographics.”

She points to such examples as The Schwan Food Co.’s new frozen food health initiative, Nestlé USA’s product reformulations and Gorton’s goal of simplifying ingredients for its recipes by 2017. “We also see tremendous growth in smaller manufacturers with niche products — often natural or organic,” Henderson adds.

Innovation is also evident in a new line of individually quick-frozen (IQF) plain, simply processed beans from 13 Foods, based in Lewiston, Idaho. “We offer the consumer the choice of what to do with their beans,” says VP Linda Anderson. “In the past, frozen beans were only offered sauced or sprinkled into vegetable blends. We are unique because we heard consumers wanted to cook from scratch, but did not have the time or equipment needed for this to happen.”

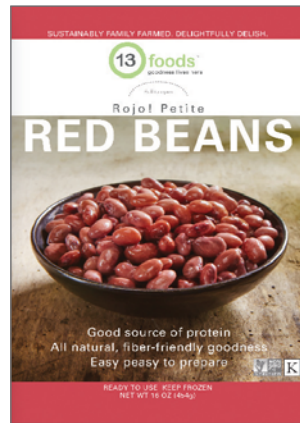
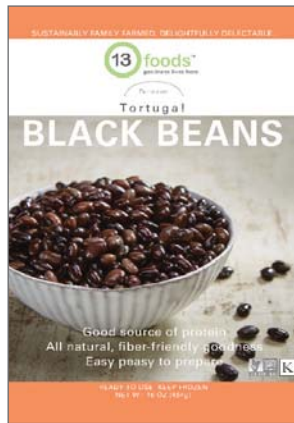
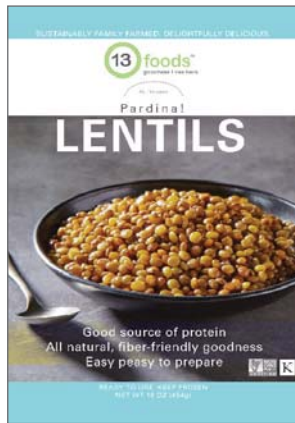
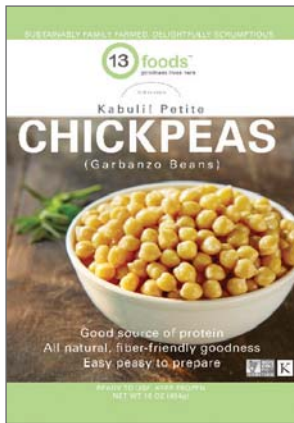
Part and parcel of such efforts to attract consumers to new products is packaging. To that end, packaging was a major component of the recent overhaul of Glendale, Calif.-based Nestlé USA’s Lean Cuisine and Stouffer’s frozen entrées.

At ConAgra, Carnazzo says that consumers can — and do — judge products by their appearance. “Packaging is absolutely critical. The average person spends less than 60 seconds looking at a category, so the emphasis on package design and impact is more important than it’s ever been,” he affirms, adding, “We’ve done a lot of work on our own packaging.”

“One issue with frozen is the fact that it’s a department where no one really works — you can’t ask questions like you can in other areas; you can’t smell anything, as you can in the other parts of the store

—Andrew Carnazzo  
ConAgra Foods

**Refrigerated**



Adds his colleague Tomek: “One way to get people to not think of food in a box is showing them food on a plate, with food photography on the package.”

Anderson agrees, noting that the packaging for 13 Foods’ beans was created in tandem with product development. “Our package visually draws in the consumer and talks to them about where the product is grown, why it is grown there, how it is grown and by whom,” she observes. “Today’s consumer wants to have a direct connection to the food they eat.”

**Industry efforts target consumers**

Emphasizing the “locked-in” quality of frozen foods has been a centerpiece of NRFA’s Real Food. Frozen public relations campaign, which has garnered more than 227 million impressions through the use of storytellers, media partnerships, national news pitches and social media outreach.

This month, the campaign is focusing on easy holiday frozen food solutions for entertaining and celebrating, notes Henderson.

For 2016, she says that the campaign will aim for “a greater share of voice” in social and traditional media, and work to increase industry participation in programs and communications.

As part of that, NFRA is expanding its Cool Food Panel of bloggers and partnering with strategic online food sites like Tasting Table and Food Republic to reach broader audiences. Targeting the much-talked-about Millennial demographic, NFRA has teamed up with online news site Thought Catalog to spotlight quality meals found in the frozen food aisle via the popular Instagram social media application.

**Hot promotions for cold products**

In addition to new product launches and industry campaigns, grocers and frozen food makers can help thaw any barriers to buying frozen foods through promotions, including those at the store, via traditional or social media, or through mobile devices like smartphones and tablets.

Henderson emphasizes the importance of developing sound strategies and goals for promotions.

“According to Nielsen, promotion planning needs to be very purposeful to ensure promotion support is used to drive incremental volume to benefit both manufacturers as well as retailers,” she says, citing the differences in shopper types as one example. “Within population segments like Millennials and Boomers, there are differences in age, income, health and family status that dictate the need to examine more granular segments to understand shopper demand and respond accordingly with the right offering, merchandising and messaging.”

Anderson says that 13 Foods supports its IQF beans with a variety of promotional elements.

“Getting consumer attention is just as important as getting the product into consumers’ favorite shopping locations,” she notes, adding that the company is targeting media to highlight the important qualities of its chickpeas, lentils and legumes. “Social media will drive conversations through ambassador bloggers, celebrity endorsements, health pledges and photography.”

ConAgra’s Carnazzo notes that technology is increasingly deployed as part of frozen food promotions. “People are definitely putting technology into their grocery trips. You can win hearts and minds before they even get to the store,” he points out, adding, “The retailers who are really winning are the ones most plugged into their customers and who are giving them more information.”

Traditional advertising can’t be overlooked either, adds Carnazzo. “These categories are incredibly responsive to advertising, and we realized that without it, it’s hard to grow the category,” he remarks.

Back at the store, sampling can help jump-start sales of frozen products, which, as mentioned earlier, don’t have the benefit of the “smell test” that places like the hot-food bar have in grocery stores.

Henderson points to research from MSLGroup and The Hartman Group showing that food purchase decisions, especially among Millennials, are driven by unique consumption patterns, budget constraints and spontaneity: “Sampling plays well in these decision-making criteria.” **PG**

“We ... see tremendous growth in smaller manufacturers with niche products — often natural or organic

—Julie Henderson  
NFRA



# The Art of Gifting



Perfected by



# Sweet success through innovation

Whether it is a startup or hi-tech bio technology company, innovation has become critical to the success of a company, product and brand

By Shashank Surana

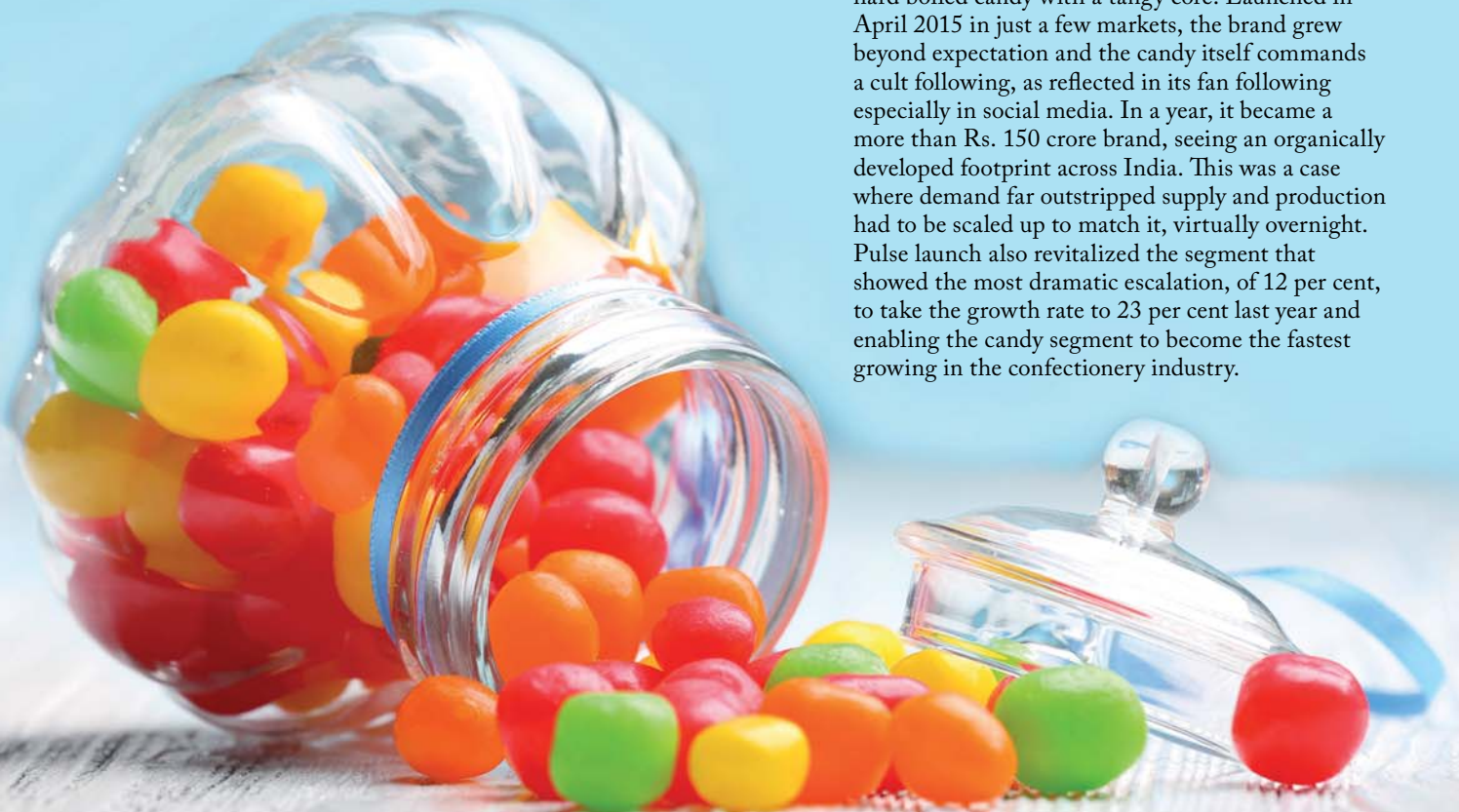
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**T**he last few years have seen innovation as a reason of brand success across industries. New products and technologies are poised to change our world. The improvements can be simple or profound; but the need for novelty and change is forcing the established industry leaders to reinvent and create to stay significant.

The confectionery industry is no different. A long-established sector in India, it has a wide portfolio of brands, which are promoted by strong marketing and advertisement campaigns. The established brands leverage their distribution networks, quality and the ability to launch new variants to command market share. It is a complex industry with different kinds of candies, mouth fresheners, chewing gums, etc., in the fray. In order

to spur industry growth, the companies need to find synergies in what the consumer desires and their own inherent strengths. The hard boiled candy segment, which commands a value of Rs. 2,100 crore also needed such a push around the biggest lure in this area – flavours. Though it gave an ample choice to manufacturers to innovate, many were restricted to straight flavours like orange, mango, etc., for many years. Over the last decade, lead manufacturers demonstrated a degree of comfort with the choices they had on offer and appeared satisfied as there was year-on-year growth.

The innovation in this segment was brought about with launch of Pulse, a value-added candy with a twist. It took a lot of market insight, research and development, review of Indian tastes and flavours, which led to the birth of the Pulse, the hard boiled candy with a tangy core. Launched in April 2015 in just a few markets, the brand grew beyond expectation and the candy itself commands a cult following, as reflected in its fan following especially in social media. In a year, it became a more than Rs. 150 crore brand, seeing an organically developed footprint across India. This was a case where demand far outstripped supply and production had to be scaled up to match it, virtually overnight. Pulse launch also revitalized the segment that showed the most dramatic escalation, of 12 per cent, to take the growth rate to 23 per cent last year and enabling the candy segment to become the fastest growing in the confectionery industry.



Pulse harnessed success in a vast and unpredictable landscape where product leadership is hard to achieve and even harder to envisage. Its leadership comes at a time when the customer's choice determines all market and success parameters; also customer loyalty can be fickle! Flavour, taste and innovation therefore became a key to ensure loyalty and continuous support. From an impulse category, Pulse's success has turned candy into category for indulgence and spontaneous purchase.

The best outcome of the introduction of a new player in the segment has been to shake up the sector to demonstrate that it still has the appetite for new formats. Earlier, most candies were priced at 50 paise only. It was a risk to increase the price to Rs 1. The increase in price was matched by an associated increase in the size and the weight of the candy for a great candy experience for the customer, who did not feel shortchanged and got value for money. After Pulse, many other manufacturers ventured into the Rs.1 MRP arena!



Perhaps it may be due to the fact that the confectionery industry, especially the hard boiled candy segment had not seen major innovation in the past few years. It was almost as if the hard boiled candy segment was waiting for a star to be born. Since that launch and the stupendous success that



The most important factor for the success of Pulse was innovation: a new taste with a tangy twist at the centre of the candy took everyone by surprise. This product broke the traditional mould that the hard boiled candies came from! This is what gave Pulse its competitive advantage and that 'distinctive' image, which caught the fancy of the consumers. Just launching a new product in the confectionery category would not make an impact. It could sell, but would it prove to be an enduring brand? Pulse took a chance to first develop a connection with the consumers through its unique taste and leveraging on the distribution network, it looked to strengthen its position organically. There was excitement amongst all age groups, from children to adults, which is rare for a confectionery product. And for it to continue to grow week on week is even more so.

followed, manufacturers are now reviewing their confectionery portfolio. This is a welcome step as the market is large enough and there is space for all the choices that can be made available. New products do infuse fresh energy in the market and keep alive the excitement levels in the customers. Pulse Kachha Aam was followed by Pulse Guava, which too has made instant inroads. There will be more to choose from in the months to come by and there will be other products from other companies too. However, eventually, it is the customer who decides the ultimate hero. And that accolade is not that easy to come by. **PG**



Shashank Surana is VP, New Product Development, DS Group.



# Making a splash!

The beverages industry in our country has traditionally been known to be a slow-moving one, but in the past few years, it has seen a swift shift. Consumers are now always looking to discover and experiment with healthier and less processed options.

By Neeraj Kakkar



If someone had visited Bangalore twenty years ago, they wouldn't have had the option of gorging on pani puri from a roadside street vendor. Fast-forward to today, and you'll see a golgappe wala on almost every street in the city.

Similarly, momos were unheard of in Delhi in the nineties. And now tiny momo stalls have mushroomed all over the city, to the point that it has become one of the most popular food options available today.

Of course, today information travels at a lightning fast pace and trains run at breakneck speeds. So how can food be far behind?

It is this promise that food migration brings that makes us so hopeful and excited about Paper Boat. Aam Panna - essentially a north Indian summer drink - is now being discovered and appreciated by people in the south. Kokum is known as a southern drink, but is being consumed by people in the northern states as well.

The beverages industry in our country has traditionally been known to be a slow-moving one, but in the past few years, it has seen a swift shift. Consumers are now always looking to discover and experiment with healthier and less processed options. They're also looking for convenience. Natural packaged products that taste homemade, and something they can directly consume. At Paper Boat, we understand this need and so we consciously decided to make authentic products that not only taste like the mouth-watering recipes created and passed on to us by our nanis and dadis, but to also preserve it for our future generations.

**“**  
The beverages industry in our country has traditionally been known to be a slow-moving one, but in the past few years, it has seen a swift shift.

—Neeraj Kakkar  
Founder & CEO, Hector  
Beverages Pvt. Ltd.



We focus on creating and packaging magic with drinks like Aamras, Aam panna, Jaljeera and we ensure we don't add any colours or preservatives of any kind. Ever. Yes, it does make life a little more challenging for us, but we always strive to go that extra mile - as long as we're happy with what we manage to make. One instance I can think of is how we ripen mangoes. Common practice is that it is done chemically in ethylene chambers and ripened overnight.

We go the longer route - we lay out the mangoes in the sun on large tracts of hay for days together, and wait for the sun to do its job. It's so inherently good - simply because it's not a shortcut. This makes the mangoes ripen and flavour and colour themselves naturally - they come with their own individual personalities, even have varying tastes. And we don't correct that either.

When we think of new drinks, it usually starts with a blip of an idea in someone's head, or their memory. In fact, three of our drinks - Panakam, Neer More and Thandai - were based on suggestions given by our own employees!

There may be a lot of strong players in the market now, but we can vouch for the fact that no other beverage company puts in as much love and attention to detail as we do. We take each element associated with our product very seriously.

As a brand, we believe in delighting our consumers. And so, we take everything we do as an opportunity to throw in little nuggets of joy in unexpected places. **PG**

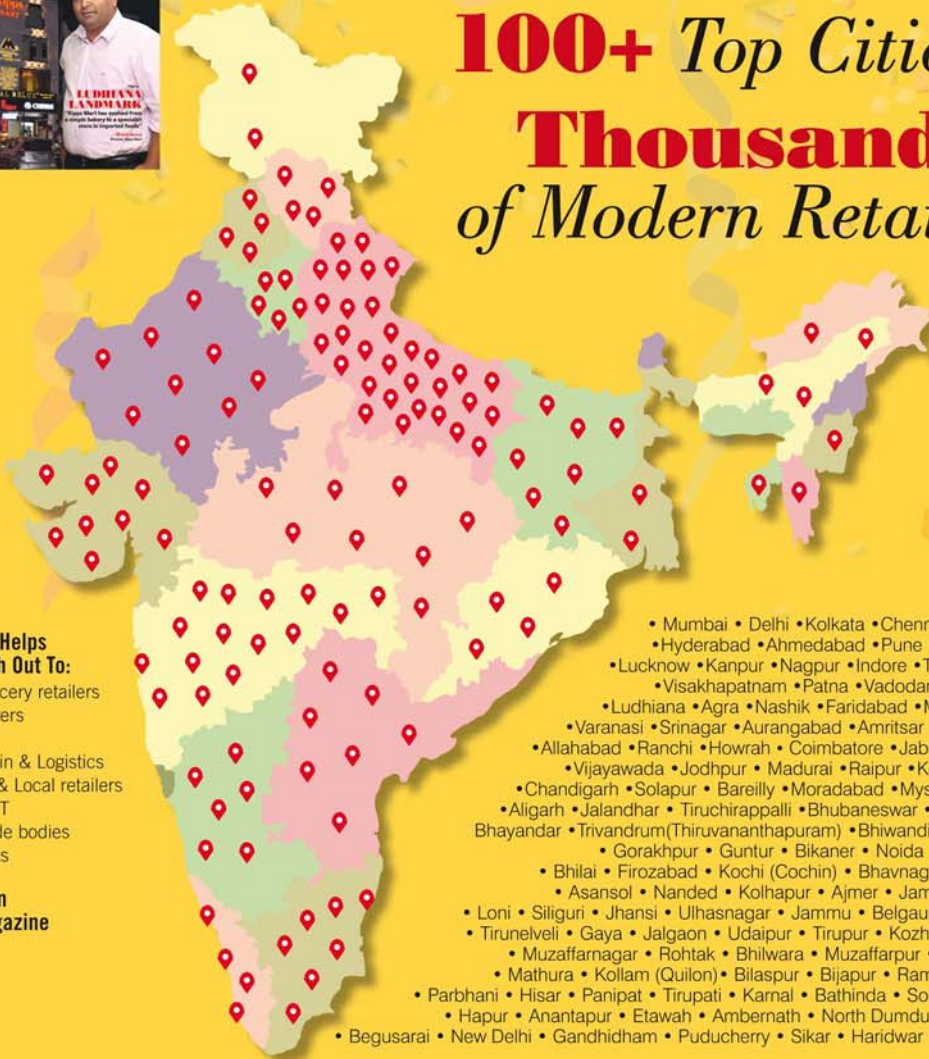
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# *The traditional grocer, the speculative customer and digital value*

In a rapidly digitizing world, traditional retail is poised for a makeover by partnering with some of the best-known digital-payment businesses in the country

By Dr. Sandeep Puri and Abhishek Sen

**G**iving customers value for money has always been the mainstay of Indian retail. The neighbourhood grocery store that offers the best “value plus” along with the products — be it as freebies, discounts or even credit — is inevitably the most successful. Cashback is to the digital-wallet company what “value plus” is to the local grocer. Cashback, an incentive over and above the discount price offered to buyers as a refund in their digital wallets, has emerged as the game changer in Indian ecommerce marketing. Many companies are betting big on cashbacks to woo consumers with more. Let us explore this possibility from the viewpoints of mobile wallets and cashback apps based on loyalty points.

## **Mobile wallets and their impact on the grocery channel**

Brands like Paytm, Freecharge and Mobikwik are today ubiquitous in India. Apart from

mobile recharges, these also enable payments of electricity bills, gas, restaurant bills, movie tickets and even airline/bus tickets. Until now, these payment gateways were operated outside the ambit of traditional retail. Their only presence being that payments are accepted as Paytm/Freecharge cash at certain outlets. However, with the rise of omni-channel retailing considerable integration is now possible.

Some interesting statistics in this regard are that even in small towns nearly 58 per cent of the residents are availing mobile-based wallets. App engagement time across India as of 2015 was at a staggering 95.37 minutes. If we look closely at this number, we can see that 91 minutes/month were spent by user in large towns (>1 million population) and 109 minutes/month were spent by user in small towns (<1 million population). In terms of engagement, these facts are pretty remarkable. Let us look at two leading mobile wallets in terms of the



generated traffic as of June 2016. The data has been compiled in the form of a table below:

Website Comparison	Paytm	Freecharge
Monthly Traffic (June 2016)	41.9 Million	9.7 Million
Average Visit Duration	06:58 Minutes	06:02 Minutes
Pages Per Visit	5.95	7.67
Bounce Rate	28.87%	22.99%
Traffic from India	98.03%	98.17%
Traffic (Using Referrals)	13.79%	18.12%
Traffic (Using Search)	29.12%	30.97%
Search Traffic(Organic)	91.70%	87.74%

Source: Site Comparison has been done on the basis of web analytics data by similarweb.com and the Mobile Wallets data is as per an article by dazeinfo.com

Let us imagine a probable scenario in the traditional grocery model. Here the grocer can convert value into a digital format. For example, imagine a purchase in a slab-based model. Here, when a customer buys something within a specific slab, the local grocer can hand a redemption code for talk time or a recharge or for an online purchase. As of now, discounts come in the form of a rebate on the overall bill that depends on a sometimes long-drawn, mutually beneficial retailer-customer negotiation. The slab-based model can eliminate all that discussion and bring in transparency in the process. Once the target “value” is defined, customers find it easier to earn (or choose) discounts in whichever slab they deem fit. Much like how FMCG companies provide a rental for displaying their brands in a grocery store, digital-wallet companies can incentivize high-volume retailers to drive more and more customers to sign up on their platforms.

Paytm had partnered with FMCG companies like Emami to offer discount on its Fair and Handsome brand. It was a mutually beneficial cost-sharing model. Paytm’s average acquisition cost per customer is approximately Rs. 50. With co-branding, the company finds it easier to onboard a new customer, thus driving down the acquisition cost of a customer. Tying up with an FMCG brand is nothing new, but doing so with a retailer in a grocery channel to offer customization is. From the point of view of the customer such an arrangement looks conducive — a local retailer with value plus plus; more discount offers right in the neighbourhood. For the value provider, this

collaboration with a digital-wallet giant brings forth the opportunity to give customers what “they” seek as opposed to what they have to settle for. This opens up a plethora of opportunities. Let us explore some of them:

**Multi-channel offers:** Digital-wallet companies are expanding into newer and newer categories, and with each category is added another set of customers to the already-burgeoning user base. For the new on-boarded customers, it now means no more queuing up to pay for services — all done in a click. If, for example, the millions of Delhi Metro commuters who use Delhi Metro Rail Smart cards could recharge their cards using digital wallets like Paytm, most, if not all, would jump at the offer. And, if that incentive were to be a customized – one designed to reward customers coming in through the grocery channel – it would leave a long-term impact on the customer because of being given an offer they can’t refuse — to be able redeem an offer on a service that they will most definitely use.

**Location-specific customer offers:** The location of the neighbourhood grocery store and the customer can act as a marker and an indicator of how to target a particular segment, which products to provide the offer on and, more importantly, where and how to redeem them. Because demographic information on the customers of a store in any particular region is readily available, retailers could customize the coupon values because each customer sees the price from a different perspective. Customers may look at a net price close to its reservation price. Retailers can offer stretch incentives on total baskets over a certain size to customers staying away from the store to compensate for higher travel costs.

**Cashback is to the digital-wallet company what “value plus” is to the local grocer. Cashback, an incentive over and above the discount price offered to buyers as a refund in their digital wallets, has emerged as the game changer in Indian ecommerce marketing. Many companies are betting big on cashbacks to woo consumers with more.**



A Euromonitor report put India's average urban expenditure in 2015 at US\$6690 (Rs. 4.49 lakh) and average rural expenditure at US\$3880 (Rs. 2.27 lakh). Keeping this in mind, in an urban hub, for example, the offers should focus on services where expenditure is higher because the consumption rate of an urban customer is likely higher. On moving away towards suburbs and rural areas, the focus should be on necessities, such as offers on electricity/gas repayment or more simply mobile talk time.

**Mobile POS solutions:** These days companies like Mswipe and Ezetap are pioneering the concept of mobile POS. A report by NDTV Gadgets describes the Ezetap mobile POS as a smaller version of an ATM, which only requires a 2G-enabled smartphone and works on a subscription-based model. On integration with any smartphone, these POS devices are ready to operate. The USP of these devices is that these can accept payments by debit cards, credit cards and mobile wallets. These companies have tied up with banking giants like HDFC, SBI, Citibank and AMEX and with corporates like Airtel, Amazon, Bajaj Allianz and Bigbasket.

When customers sweat over cash for home delivery of bulk orders from the grocery store, this can be a potent way of retrieving payments. Because it is a cashless solution, it saves the customer from coming up with large amounts of cash at short

notice and can complete the transaction through this hassle-free payment method.

**Credit: a key enabler:** It is a standard practice for many Indian customers to seek credit at the grocery store. In many cases, the grocer maintains a record and updates it regularly. For many customers, stores that offer credit get priority over others. This credit accumulates over a period of time (usually a month) before the customer settles it. This rids the customer of the hassle of petty payments and enables a one-time bulk payment.

Taking a cue from this insight, digital wallets could aim to exploit this opportunity by offering the same service in a cashless format. Because every digitally active customer also accesses a digital wallet, the amounts of these small transactions can be cumulatively stored in the wallet and the payment disbursed on a weekly/monthly basis. This also necessarily gives the customer the power to make card-based payments. This model can be bettered if offers are specific to payments. This model can be improved if offers are specific to time intervals. For example:

**Weekly** — a certain percentage off for weekly payments. This could be beneficial to the retailer and the customer — the retailer because it guarantees payment every week, the customer because there is no risk of a huge month-end cash withdrawal.

**Monthly** — a lesser percentage off for monthly payments, because retailers may not agree to such a lengthy delay in payments. The lesser discount also forces the customer to make a weekly payment.

### Technological shifts towards digitising the shopping experience

Snapbizz, a Ratan Tata funded start-up, is revolutionizing the technical capabilities of the traditional kirana store by refashioning them into virtual supermarkets. One needs to sign up for the solution for a payment of Rs. 35,000 and for this fee they get a plethora of products and services. This includes every device and application required to set up a bar code based POS. So there is an app, a bar code scanner, a printer to print the bills and a wireless LED TV to ramp up the display of their products. So FMCG brands don't have to battle it out in terms of planograms, rather they can advertise their offerings on the LED TV for quickly catching the attention of the consumer. As per the business model, Snapbizz earns its revenue from the FMCG players who pay for increasing their visibility. This solution also tracks buying tendencies of consumers and tailors offers as per purchase behaviour.

The tech startup Yeldi uses the Near-Field Communication (NFC) technology to facilitate cashless transactions at the POS. The systems works by the usage of the Yeldi Card as a mode of payment and a Yeldi handset to be used by the retailer as a

Much like how FMCG companies provide a rental for displaying their brands in a grocery store, digital-wallet companies can incentivize high-volume retailers to drive more and more customers to sign up on their platforms.



# Indian Foodservice Industry

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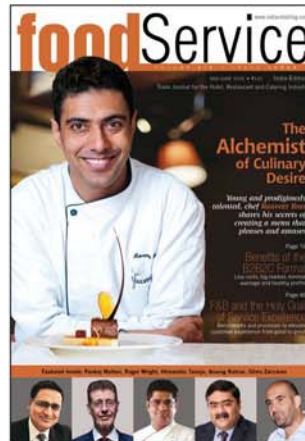
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Grocery channel-specific cashback apps (outside India)

App	Description
Ibotta	The app is available on iOS and Android. On producing a soft copy of the receipt, customers get their due cash back. The relevant cash is credited to the Ibotta account. For cash redemption, the Ibotta account has to be linked to the Paypal or Venomo accounts. Available mostly in the United States, Canada and Puerto Rico.
Shopmium	Shopmium works in a rebate-based model similar to Ibotta. Customers can also link their bank account apart from Paypal. Available in United States, United Kingdom and France.
Checkout 51	This app follows an accumulation-based model, the online Checkout account keeps a tab of the cashbacks in a cumulative fashion. When the cashback reaches \$20, they issue the cashback in the form of a cheque. Available in United States and Canada.
Favado	Favado has a differentiated model compared to the other apps. Rather than cashback, Favado allows customers to browse through the best deals and print the coupon. The customer then goes to the store to claim a discount on the deal. Right now, it is only available in the United States.
Groupon Snap	This cashback service from Groupon is available on iOS and Google Store. There is a limit in terms of redemptions of offers; some only have a one-time usability. But great offers mean that cashbacks on everyday grocery is possible. This app is available only in the United States.
Southern Savers	This is one of the most comprehensive databases in terms of sales offers and applicable coupons. Here you can find articles educating the customer about the deal and the category to go for. This app is available only in the United States.
ReceiptHog	ReceiptHog works like the other apps, offering cashbacks to the customers on the basis of uploaded receipts. It also works in conjunction with market-research agencies and gets paid in return for sharing anonymized demographic data. It currently operates in the United States and United Kingdom.

Source: As per information from the app websites and a report on grocery-based apps by techcrunch.com

payment receiving device. The customer needs to charge his card at the beginning of the month to finance the transactions. The mobile app in each consumer’s handset can be customized for letting them know about relevant discounts and promotions by making them location specific

**Cashback apps and their business models**

As per a report by Statista, the number of smartphone users in India was approximately 167 million in 2015 and as per a report by IAMAI and KPMG, the number of internet users was 350 million in 2015. This makes a compelling case for cashback apps like CrownIt, Cashkaro and sitaphal.com who are trying to create a synergy between the offline and online models.

Let us explore the model of one of the cashback apps, Crownit. The customer visits any CrownIt-affiliated outlet — could be a spa, movie theatre, fine dining restaurant, hair salon. These customers get cashbacks that are accumulated in the form of “crowns”. These crowns are redeemable at CrownIt’s



online store partners. This results in twofold revenue for CrownIt—one stream of revenue comes from the offline partner and the other stream of revenue coming from the online partner.

One major difference with other cashback apps is that it charges on the basis of converts and not on the basis of contacts made.

**Cashback apps in the grocery channel: An uncharted territory**

With value being highly sought after, CrownIt can extend this model to traditional grocery with widespread applicability. Purchases at the grocery store are more frequent than at any of the channels with which CrownIt has tied up. Imagine the magnitude of cashbacks that the customer stands to win if they shop from of these partner retailers. Moreover, CrownIt can achieve a definitive loyalty that will make switching very difficult. This value can be later redeemed at any of the partner online stores. Delving deeper into customization, by partnering with grocery stores, CrownIt can achieve category-specific focus with a great accuracy.

**Conclusion**

In this era of deal-hunting customers, grocery stores can use cashback to guarantee customer loyalty. It is not prevalent practice in India for customers to use grocery-based cashback apps, and any venture in this direction is a potential disruptor. This is a relatively uncharted territory, and it is a significant business opportunity waiting to be knocked on. The possibilities are endless, and perhaps it will be the best grocery-channel makeover yet. **PG**




**Dr Sandeep Puri is Associate Professor of Marketing at IMT Chaziabad and Abhishek Sen is PGDM student at the institute.**

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# what's next



▲ **Havmor introduces Modak Ice cream**

Adding to the spirit and joy of Ganesh Chaturthi, Havmor Ice Cream, a leading ice cream brand, has introduced a new innovative flavour - Modak Ice Cream. Keeping in mind the health-conscious consumers, this ice cream is low on fat and sugar content. It is a pure milk ice cream with the churns of dried coconut shreds, almonds & pistachio nuts to add the real taste of Modak. Besides, it is exclusively available at all Havfunn outlets across Mumbai & Pune, and is priced at Rs. 50 per unit.

▶ **GAIA launches Ginger Green Tea**

Leading fitness food brand, GAIA has recently introduced a new flavour of green tea infused with the goodness of ginger. Green tea is a rich source of antioxidants, which builds immunity, improves digestion and its therapeutic benefits cure common cold and flu. Priced at Rs. 150, this product is available at leading outlets like Nature's Basket, Spencer's, Metro, Easyday, Big Bazaar, Sabka Bazaar, SPAR Hypermarket, and others. It is also available online at [gaiagoodhealth.com](http://gaiagoodhealth.com), Amazon, Grofers, Bigbasket, Snapdeal and on other online platforms.



◀ **Paper Boat introduces 500 ml tetra packs**

Leading beverage company, Paper Boat has recently unveiled its new 500 ml tetra packs. Available in two variants, Aamras and Anar, these bestsellers come in re-sealable packs with a streamcap and are priced at Rs. 50 and Rs. 75 respectively. Besides, these new packs are available at all leading modern retail outlets.

▶ **VKL's new range of spices for HoReCa**

Food Service India Pvt Ltd., a venture of VKL Spices has recently come up with two new range of spices: The Chef's Art and Spice Field. Both the ranges have introduced a plethora of spice varieties in blended spices, ground spices and whole spices.



◀ **L'Opéra introduces festive sweets**

French bakery brand L'Opéra has come with its newest sugar confection – Nougat, especially for the festive season. Made with almond, flour and pistachio, this classic French sweet is available in variants such as fruit & nut and chocolate peanut. Available in festive packaging in colour options of salmon and lavender with a choice of nougats. Besides, the brand has launched a variety of festive hampers starting at Rs. 740, which are available at all L'Opéra stores.



◀ **Vichy Labs introduces Dercos Oil Control Shampoo**

Beauty & FMCG brand Vichy Laboratories has recently introduced Dercos Oil Control Shampoo, which helps retain the scalp's natural balance and delays the oiliness. Enriched with anti-sebum complex that combines four carefully balanced surfactants to limit the spread of sebum along the hair fiber. Dermatologically tested, this shampoo is free from paraben, silicon and is hypoallergenic. Available in select retail outlets and pharmacies, at Rs. 1,600 for 200ml.





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▲ **Cremica introduces new trail packs**

Cremica Food Industries has come up with handy trail packs of dips and spreads. Available in an assortment of exotic flavours like Cheese Tandoori, Original, Pizza Pasta sauce, Cheese Jalapeno, etc. These easy to carry packs are available at leading retail outlets and are priced at Rs. 35 for 80 gram.



▲ **BodyShop launches festive hampers**

Leading personal care brand BodyShop has unveiled various festive hampers keeping in mind the festive season. These hampers include their various collections such as Strawberry Beauty Collection, Cherry Blossom Fragrance Gift set, Black Musk Luxury Collection, etc. Available at all BodyShop stores and online at [www.thebodyshop.in](http://www.thebodyshop.in). The price of the hampers start at Rs. 3,150.



▲ **Frigorifico Allana launches Cake Margarine**

Leading food conglomerate, Frigorifico Allana Pvt Ltd. has launched Alfa cake margarine, which has been specifically developed for bar cakes, muffins & cupcakes. Understanding the concerns of health-conscious customers, Frigorifico Allana has come up with a range of edible oils & speciality fats. Besides, these products are low on fats and provide a rich texture to the cakes.

▼ **Garuda Polyflex Foods introduces new biscuits**

Garuda Polyflex Foods has come up with a new range of biscuits – ‘Gone Mad Sugar Cheese Cracker’. An innovative amalgamation of sugar, French cheese and crispy crackers, Gone Mad Sugar Cheese Cracker comes in a quirky packaging of 10 biscuits, and is priced at Rs. 60. The brand was launched in Bangalore and after its success, it is now distributed to other parts of the country.



▲ **DELICIOUS launches new spices**

Frozen food brand Delicious has come up with its new range of spices like Chicken Curry Masala, Biryani Masala and Chicken Tawa masala. These spices are a perfect blend of aromatic Indian flavours, especially made to combine with Delicious’s ‘Fresh chilled’ & ‘Frozen Chicken’ ranges. The spices are available in convenient one-time use sachets of 15 gram and are priced at Rs. 10.

◀ **FunFoods introduces Elaichi Milk shake**

Sauces & condiments brand FunFoods from Dr. Oetker has come up with a new Elaichi milk shake mix. This gluten-free and trans fat free blend makes it a healthy and convenient option for consumers. Besides, this instant mix is 100 per cent veg with no preservatives and no synthetic food colours. Available at all retail outlets, it is priced at Rs. 99.





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# Retail: From push to pull factor

**S**uccessful retailers of the future will be the ones who will embrace technology. These may be disruptive, hugely transformative technologies – mobile, cloud computing, sensors, big data and artificial intelligence. All of these technologies are improving in performance every year. At the same time, the cost of technology too is coming down. This makes them hugely valuable to organisations for keeping up with the customer expectations.

Some retailers are realising that to fulfil the growing customer expectations, they cannot work in isolation. In order to innovate more quickly, organisations need to pull in the ideas from the outside. This could be in the shape of the assistance of experts, which a retailer would otherwise not have access to. Or it could be by way of the involvement of their customers themselves via crowdsourcing and audience feedback. The good thing is that retailers have come to realise that innovation is the key to success and so many of them are exploring options to work with tech start-ups for developing new products and stay ahead of the technology curve.

**If a brand's messaging consistently says nothing to you as an individual then it becomes easy to filter out. It becomes background noise. People are looking for retailers to solve their problems or answer their needs.**

## Intelligent marketing

Good marketing needs to pull people in, rather than just push the retailer's message onto anyone and everyone. "A brand is no longer what we tell the consumer it is – it is what consumers tell each other it is." This is the belief of none other but the world's most successful retailer – Jeff Bezos of Amazon. A brand or retailer means different thing to different people. This is something that is not fully captured by traditional advertising. It doesn't strike a chord with anyone on a personal level if a retailer tries reaching out to who he thinks his customer is with a broad brush approach. If a brand's messaging consistently says nothing to you as an individual then it becomes easy to filter out. It becomes background noise. People are looking for retailers to solve their problems or answer their needs. They're not looking for products to be sold to them indiscriminately. Retailers need to invite customers into their world. They should demonstrate the value that they can offer them.

## Empowering staff

The shift from push to pull also extends to staffing. Smart retailers are making staff want to participate and want to do a good job, rather than pushing



unnecessary bureaucracy on them. We need to empower the employees to 'use good judgement in all situations', giving them pride and a sense of purpose in their jobs. Trust is a great way to pull staff in and keep them long-term. Other companies are pulling staff in with gamification. At a simple level this can mean tracking performance and awarding prizes for the best performing team or employee. At the other end of the scale, it can mean using actual mini games to train staff. This type of tactic is far more motivating and interesting for the staff, than your basic employee training programme. Some retailers are even targeting their brand's most actively engaged fans when recruiting new staff. These are people that the brand has already pulled in through their day-to-day activity. As such, they're more engaged and more knowledgeable from the very start.

## Retailers need to pull customers in

Today, customers are not only able to shop in a host of different ways, but also based on what's important to them – whether that's price, convenience, or product. They're not stuck with the closest retailer to their home or the one that has the most advertising, but isn't a good fit for them. In this new shopping world, retailers need to bring customers and partners close to them more than ever, not push them away. **PG**



The author has over 25 years of experience in FMCG and Modern Retail. He is on the selection panel of 'Hunar' skill centre (Retail and Hospitality), a collaboration between Delhi and Singapore governments. He can be reached at [rakeshgambhir@imagesgroup.in](mailto:rakeshgambhir@imagesgroup.in)



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