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PROGRESSIVE GROCER

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HOW CONSUMERS SHOP TODAY

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Indian food retail is now moving to a more mature phase in its evolutionary cycle, both in terms of growth and footprint. Though there are many catalysts for this welcome development, there remains still a largely untapped area of activity, which if unlocked, can act as a steroid to inject both growth and stability to the sector over the next few years.

I am referring to the vast possibilities for co-operation and partnership that exists between manufacturers and retailers. At a time when all businesses are trying to make themselves more relevant to their customers in a bid to grow and stay profitable, the food retail industry can put this learning into practice by closer engagement between brand and retailers. That will help the two parties to evolve a mutually beneficial understanding and forge a consensus on delivering the best to customers.

With the contribution of MT to overall trade showing positive trends, a joint collaborative effort between retailers and brands can sustain the momentum further. The opening shot on this collaborative march should be fired with brands/FMCGs generally agreeing to the retailers' perspective on the need for extending better margins, product liquidation (unsold/ expired), regular servicing and replenishments by the sales staff, timely delivery of the orders and a well defined credit period policy. Retailers, on the other hand, need to reciprocate by being loyal to the brand, acting as true partners, offering ample shelf space to products and taking the brand message to end consumers.

The road to collaboration and partnership is a long one but an earnest beginning can be made by taking the first few sure-footed steps along that path.



Amitabh Taneja
 Editor-in-Chief

All feedback welcome at editorpgindia@imagesgroup.in

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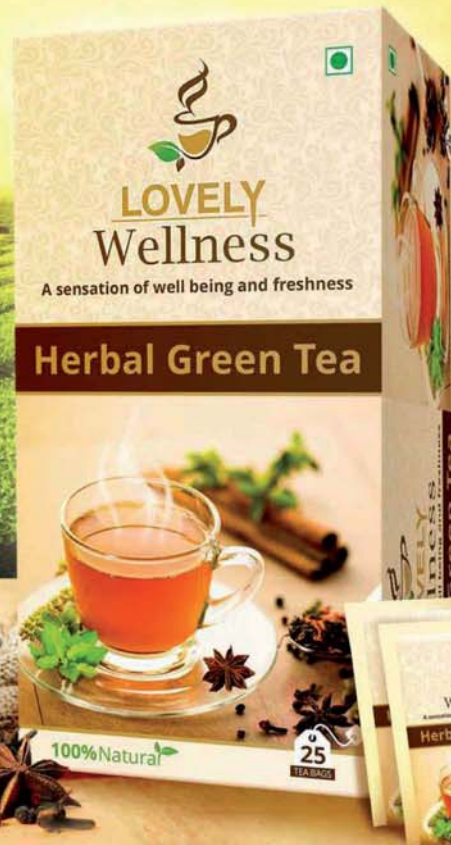
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Market Update

TÜV SÜD's seafood testing lab in Vizag to be accredited by Export Inspection Council

German safety and quality expert TÜV SÜD's third food testing lab in Vizag, in addition to the ones in Gurgaon and Bangalore, has received accreditation from the Export Inspection Council (EIC). The state of the art seafood testing lab was also one of the first in India to be accredited by the International Accreditation Service (IAS) of USA. TÜV SÜD has been focusing on seafood testing services in Vizag, owing to the strong seafood export potential from the port city.

TÜV SÜD's lab in Vizag will now be able to assist seafood exporters to comply with the pre-defined standards of importing nations as prescribed by Export Inspection Agencies (EIA). This will in turn help exporters overcome the imminent challenges that arise from the dynamic regulation landscape within India and across the globe. TÜV SÜD's testing lab will help exporters reduce the risk of rejection by addressing issues of managing safety, quality and logistics throughout the supply chain.

Speaking on the announcement, Dr. Pankaj Jaiminy, Asst. Vice President (Food, Health & Cosmetics) - Testing, Certification & Inspection at TÜV SÜD South Asia said: "At TÜV SÜD, we provide market intelligence based guidance to exporters and through detection of antibiotic residues or microbiological contamination at early stages we help minimise the risk of consignment recalls that incur heavy losses. One of our biggest objectives is to help exporters uphold the country's



reputation on a global platform through our seafood quality assurance services."

The laboratory is aligned to the needs of the EIC/EIA for inspection and certification of the products for export, as per importing countries' requirements. The lab will provide certification for IFS, BRC, HACCP, ISO 22005 and ISO 22000. Some of the globally recognised seafood inspection services at the lab will include, during production (DUPRO) inspection, initial production check (IPC), final random inspection (FRI), hygiene inspection, post shipment inspection, packaging container and storage checks.

A revolutionary technology for transportation of perishables

Pluss Advanced Technologies Pvt. Ltd (PLUSS), a specialist in the field of Phase Change Materials (PCM) and Specialty Polymers, has come up with a new technology product PronGO that keeps perishables like

life saving medicines, frozen food, etc, 'fresh & pure'.

PronGO comes in three to 50 liters' capacity, and can operate without electrical supply in a temperature range of frozen (-23°C to -10°C) as well as chilled (2°C to 8°C) range. Based on the type of Phase Changing Material, it helps store and carry food, medicines, fresh fruits, ice-cream or beverages at the right temperature, protecting their quality and integrity. Products sensitive to temperatures that were previously considered impossible to be carried without traditional refrigeration can be now moved effortlessly and with ease.

Vishnu Sasidharan, Vice President – New product Initiatives, Pluss Advanced Technologies, says, "There has been an increased awareness

and demand for temperature controlled transport solution among customers and businesses. There is a need to reduce spoilage and protect integrity of products such as F&B, pharmaceuticals, dairy etc occurring due to lack of cold chain infrastructure and poor power availability. Hence, PronGO was launched with the objective to enable more and more 'Products on the go' with passive cooling".

"Pluss plans to develop a range of products over the next one year in the B2B and B2C segment. The company is open to strategic alliances and partnership in this endeavour to offer solution for the betterment and empowerment of people and businesses," added Samit Jain, Managing Director, Pluss Advanced Technologies.





Mintel Study: Tiredness is the leading health concern in India

About 22% of adults in India* say they are personally concerned about their tiredness and fatigue levels and 38% of employed consumers in India say that their career always comes first, according to the findings of a recent survey by Mintel, a global market intelligence agency. The findings suggest that tiredness and fatigue is currently the leading health concern in India followed by blood pressure (12%), diabetes (9%) and obesity (8%). Among adults, one in four (25%) women said they often felt tired and fatigue.

As consumers battle with tiredness, it seems they are turning towards food and drink for energy. While three in four (75%) Indian consumers snack once a day or more, over one quarter (28%) do so to get an energy boost. And the food and drink industry is taking note. According to Mintel Global New Products Database (GNPD), between 2012 and 2016 there was a 100% increase in the number of food and drink products launched in India containing the words “energising” or “energetic” on-pack.

While tiredness is the leading health concern among consumers, sleep is currently given the highest priority in terms of the factors needed to lead a healthy lifestyle. Over half (53%) of Indian consumers say that in order to live a healthy lifestyle they need to get the right amount of sleep. In comparison, 52% say they regularly eat a healthy diet in order to stay healthy, while one in four (24%) say they maintain a healthy weight and 17% say they eat organic or natural foods.

Speaking at Mintel’s Big Conversation event in New Delhi recently, Neha Nayak, Innovation Consultant at Mintel, said: “With so many consumers in India concerned about their tiredness levels, the time is ripe for energy-enhancing food and drink innovation. Evening is tapped as a new occasion for functional food and drink formulations. There is potential for nighttime products that help consumers of all ages calm down before bedtime, sleep better and restore the body while they rest.”

Although energy levels may currently be low across the country, Mintel research indicates that work still comes first for many consumers. Due to hectic work schedules,

many are looking for ways to relax and de-stress. As a result, Mintel research reveals that there are opportunities to help consumers relax and calm down after a busy day. While the number of products launched globally featuring “relax” on-pack grew by 9% between in 2015 and 2016, the number of these launches in India grew by 34% in the same time period. Furthermore, Mintel GNPD data shows that of these launches in India in 2016, 14% were in the tea category.

Mintel research also indicates that spare time is a thing of the past for many in India. Currently one in three (35%) consumers in India say that on average weekday they have two hours or less to do what they would like between the time they get up and the time they go to bed, while 8% say they have no spare time. As a result, Mintel research finds that many are looking for multi-tasking products, particularly for evening use. According to Mintel GNPD, almost three quarters (72%) of products launched in India in 2016 referencing “night” or “evening” on-pack were beauty and personal care products, compared to 9% which were food products and just 2% which were drink products.

**3,029 adults aged 18-64*

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Raising the trust in the quality and safety of food

The Food Safety Conclave at India Food Forum 2017, represented by top officials from the Central Government and Industry delved into various critical aspects of food safety – the rapidly evolving scenario in the food industry, food quality and standards, recent regulations, best practices, and challenges and opportunities related to food safety. The discussion was moderated by Shalini Chakravorty, Vice President - Ethics & Compliance - Asia, Walmart.

By Premjit Mohapatra

An increasingly aware consumer today wants to take informed decisions about what h/s/he consumes, which has pitch-forked the issue of food safety centre stage. Consumers' food value equation is gradually changing from price, taste and convenience to health, wellness, safety, social impact and experience. Wellness and safety are definitely influencing the consumer behaviour and they are increasingly looking for information such as food safety standards, and complete and accurate labelling and traceability of the food products they buy. In India, an ever expanding consumer base, concerned about food quality and safety are the important drivers for the increased attention to food safety.

Some facts below from the WHO Food Safety fact sheet also reiterate the importance of food safety:

- Unsafe food containing harmful bacteria, viruses, parasites or chemical substances, causes more than 200 diseases – ranging from diarrhoea to cancer.
- An estimated 600 million – almost 1 in 10 people in the world – fall ill after eating contaminated food and 420,000 die every year, resulting in the loss of 33 million healthy life years (DALYs).
- Food-borne diseases impede socio-economic development by straining healthcare systems, and harming national economies, tourism and trade.

Today, consumers expect protection from hazards occurring along the entire food chain. Providing



Left to right:

- Raj Kumar Singh
- Kaushik Sengupta
- Sanu Jacob
- Dr Prabodh Halde
- Dr Vinod Dhanuka
- Dr N Bhaskar
- Dr R. P. Singh
- Omprakash Arora
- Atul K Joshi
- Dr Nilesh Amritkar
- Vinay Hastak
- Venkatesha
- Prasanna
- Shalini Chakravorty



adequate protection to the consumer by merely sampling and analysing the final product is not possible, hence the emphasis is on introduction of preventive measures at all stages of the food production and distribution chain. This calls for a determined, innovative, inclusive and participative approach from all stakeholders that are involved in food chain, from farm to fork. Not only is the responsibility of providing safe food to consumers of critical importance, the responsibility itself needs to be shared equally at every stage of the value chain, starting from the first steps of food production.

Not surprisingly, the food industry – including growers, processors, retailers, distributors, foodservice operators – has become conscious about their products and offerings. Also, since most consumers receive their food from retail and food service establishments, a significant share of the responsibility for providing safe food to the consumer rests with them. Close collaboration among the regulatory authorities, retail operators and food service establishments can make a great impact on food safety aspects.

Conclave Chairperson Dr. R. P. Singh, Secretary General, Quality Council of India, started the session by saying that food affects the quality of life, which impacts employment, exports and contribution to

GDP. “It is the joint responsibility of government and industry to protect consumers and provide best quality food”. He also emphasised on the need for harmonising Indian regulations with globally accepted norms of consumer safety and making available the same quality of food products to domestic consumers as that which is exported.

Dr. N Bhaskar, Advisor, Quality Assurance, FSSAI, reiterated the role of Government and the support of regulators in ensuring that safe food is provided to consumers amidst growing calls upon the Government to accept greater responsibility for food safety and consumer protection. “Regulators have made a beginning with a multipronged strategy. What consumers want from the regulators and stakeholders is the 3Rs – Responsive, Responsible and Regulator. We, as regulators, have similar expectations from the stakeholders – to be responsive and be responsible retailers because these 3Rs are shared responsibilities,” he said. Elaborating on the initiatives by FSSAI, he added: “We are also educating young minds on the hygiene and safety aspects of food through inclusion of awareness material in textbooks. FSSAI, as a regulator, has taken the responsibility of upgrading the notified laboratories and state food laboratories in terms of



“
There is a need for harmonising Indian regulations with globally accepted norms of consumer safety.

— Dr. R. P. Singh
Secretary General,
Quality Council of India

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“
We have implemented supply chain management standards at our DC and supply chains and we have third party independent audits.

— **Venkatesha Prasanna**
 Head, Quality, FCL (Future Group)



“
We have different distribution centres for different products and constantly train and educate our employees for effective implementation along with regular audit appraisals.

— **Dr. Vinod Dhanuka**
 Head R&D and QA - Reliance Retail

manpower training and equipment they require, and showing greater sensitivity to and acting on newer threats to food safety. As appellate authority, we are building testing laboratories in private space.”

Dr. Prabodh Halde, President, AFST Mumbai & Head, Technical Regulatory, concurred with Dr. Singh and Dr. Bhaskar. Amplifying on the 3R approach, he said, “I would like to add 2 T (Trust and Transparency) and one C (Compliance) to the 3 R. Compliance today is not a requirement but a hygiene and if you are not compliant you will be out of the business. Compliance has to be in letter and spirit. With the advent of social media platforms, aware citizens today have a public voice and one single mistake can prove disastrous for FBOs. Being compliant is a competitive sustainable advantage and is integral to the growth of the business. The FSSAI is adding new regulations and the industry needs to keep pace with the changing trends and respond adequately with transparent implementation by leveraging technology.”

Omprakash Arora, Head of Quality, Nestlé South Asia, observed: “Consumers chose a product from a supermarket or shelf based on the implicit trust they place on the producer and that trust is based on the inherent quality of the product. We ensure quality in our food products by having quality management systems in place. Any system requires hardware and software. Hardware involves the conceptualization of the product, designing and manufacturing processes, and verifying the product and processes through internal and external audits. Software of quality management system is the all pervasive quality culture that is ingrained in our employees.”

Hardware of Quality Management Systems for ensuring food safety

This entails having in place and complying with the following standards:

Sourcing safety: Food safety covers the entire supply chain, starting with farmers and suppliers. Rigorous procurement and auditing processes ensure safe,



Dr. Prabodh Halde
 President, AFST
 Mumbai & Head, Technical
 Regulatory

Dr. N Bhaskar
 Advisor, Quality
 Assurance, FSSAI

Omprakash Arora
 Head of Quality,
 Nestlé South Asia

high quality raw materials are sourced and only from FSSAI licensed suppliers. Defining specifications for the materials and performing checks ensure compliance with the most stringent regulations. Defining processes ensure traceability and recall.

Pointing to the sourcing strategy employed by his company, Venkatesha Prasanna, Head, Quality, FCL (Future Group), said, “At the sourcing level we train vendors in product quality requirements and accept only those products that meet the minimum criteria. At the manufacturing level we have all the quality control mechanism and audits in place. Our products have stringent product quality norms including such parameters that are not mandated by FSSAI, like the microbiological parameter. We have implemented supply chain management standards at our DC and supply chains and we have third party independent audits.”

Storage safety: Ensure proper segregation of raw materials and prepared foods and store food and non-food products in storage. Ensure dedicated zones to prevent cross contamination in stores. To maintain the nutrition value of the food products, ensure temperature regulation.

Touching on the sourcing and storage aspects, Dr. Vinod Dhanuka, Head R&D and QA - Reliance Retail, said, “Reliance supply chain has many categories of products and for each product we have separate designs for ensuring safety and quality with regards to its perishable nature, shelf life and temperature requirements. We have different distribution centres for different products and constantly train and educate our employees for effective implementation along with regular audit appraisals.”

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Raj Kumar Singh, Head - F&V Quality and Innovation, Bigbasket, spoke about how his company sources only those produce that meet stringent regulations. “Freshness and safety are the index for fresh commodities like fruits and vegetables. At our Distribution Centre, we have three separate temperature zones – chilled (0-5°C), ambient (25°C) and hardy (30°C +) – for different commodities. Last mile logistical challenges remain but we are incorporating more innovations in technology to keep delivering fresh produce to our consumers.”

“
Last mile logistical challenges remain but we are incorporating more innovations in technology to keep delivering fresh produce to our consumers.”

— Raj Kumar Singh
Head - F&V Quality and Innovation, Bigbasket

Production safety: Production sites should be designed to meet the highest quality and safety standards. This includes preventing foreign bodies from entering products, enabling the management of allergens, and controlling pests and calibrating the equipments and manufacturing environment to produce safe products. Training of employees in safe food handling practices is important. There should be backward integration with suppliers to ensure standards are being met.

Emphasising on the training of employees, Kaushik Sengupta, Product Manager-Food SAR, Bureau Veritas, noted: “We need to engage with the employees who are part of the quality system process. Also, try to monitor the effectiveness of the training through CAPA programmes. Monitoring and assessment should be continuous. In the past one year, a lot of new standards have come up in GFSI, BRC, revisions in FSSAI version 4 and IFS revisions, and these need to be addressed in the assessment as well.”

Verification: Carry out verification tests to confirm if the product is safe to consume and to guarantee the safety of the product.

Commenting on the aspect of verification, Dr. Nilesh Amritkar, MD, Envirocare Food Lab, said, “Of the 121 laboratories recognized by FSSAI, only 20% have the capacity to conduct various tests mandated in the food safety regulations. There has to be stringent criteria that decide the recognition of laboratories. FSSAI is a regulatory body but the regulations have to be mastered by the industry, the laboratories and the consumers themselves. FBOs need to partner with the laboratories in the growth of a nation.”

Packaging and labelling safety: Packaging has a vital role to play in ensuring that products reach consumers in a safe condition. Packaging should be food safe and should have all mandatory information – from ingredients, product formulation as well as any allergen risks – pre-printed on the label.

Software of Quality Management Systems for ensuring food safety

The most important aspect of food safety is largely



For the Indian food industry to excel, providing good quality, innovation and safety is imperative in transforming it to a 'Global Brand'. The food chain thus needs to focus on Food Safety Risk Mitigation and build competence in organizations for effective implementation. Some of the best practices on Food Safety that were shared at the conclave are:

Sourcing Safety

- Source safe, quality raw material and additives only from FSSAI licensed supplier
- Check raw material quality, expiry before using in production
- Define processes to ensure traceability

Production Safety

- Ensure production site has all valid license including FSSAI
- Ensure hygiene and sanitation and pest-free environment, Ensure regular checks are conducted
- Maintain proper records of production and control limits
- Production facility are designed to meet food safety regulations
- Ensure backward integration with suppliers on standards are being met

Storage Safety

- Manage Food contamination - Store food and non-food products separately
- Separate raw, work in progress, finished, rejected food in storage
- Properly label all designated storage area for food, packaging, waste etc.
- Ensure stocks in storage are rotated as per First Expiry First Out (FEFO)
- Ensure storage temperature and humidity is maintained

Packaging and Labelling Safety

- Ensure packaging material is food safe
- Ensure FSSAI and legal metrology compliance for labelling on each food pack
- All mandatory information on the label must be pre-printed on the label.
- Declare all ingredients of the product formulation
- Declare weight using calibrated scale
- Ensure text is legible



“
To bring about a quality culture we need to engage with the employees who are part of the quality system process.”

— Kaushik Sengupta
Product Manager-Food SAR, Bureau Veritas



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Of the 121 laboratories recognized by FSSAI, only 20% have the capacity to conduct various tests mandated in the food safety regulations.

— **Dr. Nilesh Amritkar**
MD, Envirocare Food Lab

behavioural in nature. Achieving food safety success often requires more than a thorough understanding of the food science and the processes involved because unsafe behaviour makes unsafe food. Creating a behaviour-based food safety management system or food safety culture can optimize the efficacy of food safety programmes and processes.

According to Atul K. Joshi, Chief General Manager, Quality and Legal Compliances, Patanjali, “All manufactures follow GFSI standards but what is different in our case at Patanjali, it is the work culture. It’s driven by the vision of Baba Ramdev and Acharya Balkrishna, which they personally communicate to the last employee through engagement programmes. This encourages the employee engagement culture in the organization. Quality is a culture, food safety is a culture and a culture will only succeed when it percolates down to the execution level and the last employee has imbibed that and is involved.”

Focus on execution compliances: “If there is a gap between the standard requirement and what is executed at the shop floor, then there will be gap in the quality and food safety. When there is no gap it means consistent quality every day. The three pillars of execution compliance are, ‘Plant, People and Process’. All our plants are GMP hygiene approved; we undertake hazard analysis and risk-based preventive controls, rigorously train our employees and are responsive to customer feedback. Building capacity and capability through education and training is an area of focus and we are already looking ahead by training them under US FDA regulations to keep pace with the evolving food safety aspects,” informed Joshi.

According to Vinay Hastak, GM - Quality Assurance, Hardcastle Restaurants (McDonald’s West & South India), “Quality systems, training, processes and procedures are the minimum basic pillars without which we can’t deliver safe quality products to our consumers. At McDonald’s, we primarily depend on preventive measures across the



Quality is a culture, food safety is a culture and a culture will only succeed when it percolates down to the execution level and the last employee has imbibed that and is involved.

— **Atul K. Joshi**
Chief General Manager, Quality and Legal Compliances, Patanjali



Quality systems, training, processes and procedures are the minimum basic pillars without which we can’t deliver safe quality products to our consumers.

— **Vinay Hastak**
GM - Quality Assurance, Hardcastle Restaurants (McDonald’s West & South India)



We have implemented supply chain management standards at our DC and supply chains and we have third party independent audits.

— **Shalini Chakravorty**
Vice President - Ethics & Compliance - Asia, Walmart

value chain by establishing priorities based on risk analysis and efficacy in risk management and use modern technology to build a failsafe mechanism to make up human failures.”

Buttressing the point made by Hastak, Shalini Chakravorty observed: “We should also appreciate the need to build the manufacturing units, quality control mechanisms and processes with foresight and thinking ahead of the time, factoring in the changes in law in future. That will give the much needed competitive edge.” She said that it is also very important to set the tone from the top in order to build a culture of quality and food safety. “That will set the right direction for the organization and build the much needed quality culture.”

The panellists concluded that an effective strategy for ensuring food safety is to adopt a preventive approach at all stages of the food chain. This can be done through the application of good practices, i.e., good agricultural practices (GAP), good manufacturing practices (GMP), good hygienic practices (GHP) and Hazard Analysis Critical Control Point system (HACCP) at the production stages. Taking these steps can prevent and mitigate the food risks. Rounding off the session, Chakravorty said: “Food safety objectives cannot be fully realised without the cooperation and active participation of all stakeholders: farmers, processors, retailers and regulatory authorities across the value chain.” **PG**



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Taking Omni- channel retail to Phase 2.0

Be it customer experience or linking the physical store to digital, retail is reaching out to a phygital solution, merging the two worlds seamlessly.

By Sunil Bajaj

Retail is growing, growing out of brick and mortar and spreading on the internet and on the cloud. But has it outgrown brick and mortar? Nope. It certainly doesn't look like a possibility in the near future. Then how can we define the evolution of retail? By phygital. Retail has spread its omni-channel wings and conquered the digital world. That has enabled greater reach, seamlessness and advancement. Omni-channel retail, though advanced in reach and consistent in nature, has its own difficulties.

Omni-channel challenges and opportunities

Enhanced in-store experience: Brick and mortar has not lost its relevance in today's digital market. It has become rather important to make the physical stores as smart as the digital ones. Retailers require providing their customers accustomed to hassle-free shopping, similar experiences in-store. This includes line busting methods, knowing customer profiles, targeted offers and reward points.

Bridging online and offline: Customers add products to their online carts and walk into the physical store expecting to check out the products before buying them. If he/she doesn't find it on shelf it confuses them. When a retailer's online and offline stocks don't match, it increases chances of abandonment. If your online and in-store journeys are independent it would require integration for a seamless customer journey.

Linking digital and in-store: Your customer gets a text saying that he is getting a one day offer of 50% off on formals. He happily walks into the store, picks out a few products and proceeds to pay. At the counter he is given a bill without any discount. He shows the text to redeem his offer, but the store associate says that he can only avail it online as there is no personalized privilege offers given in your stores. Firstly, this was not mentioned in the text. Secondly, there can't be such different policies for your online and offline business. You are one retailer, your return policy, offers, payment options (cash,



card, online transfer) and customer service need to be seamless across channels. Lack of connection between your operations threatens the customers' trust in your services.

Right incentives: To connect the dots of the physical and digital retail planning, providing incentives for store managers and associates for encouraging customers to bring business on online and mobile channels is important. Make your stores facilitate phygital by incorporating digital with every purchase. Your store managers could tell the customers to check out the online store so that they can just order from there and pick up from store.

Misunderstood metrics: This happens both ways, from the customer and with the retailer. While the retailer needs to measure retention, acquisition, footfall and market basket analytics as their primary KPIs, customers need to focus on the efforts they are putting in their journey, provide feedback on things they like and dislike about the journey. Mostly retailers end up focusing on targeted marketing and customers on exclusive offers. So when customers

face difficulty with customer care or the retailer has trouble understanding why the customer left, there remains a huge gap of misunderstood metrics.

Technology opportunities for solving omni-channel

Smart devices: Smart phones are ruling the market and your customers are sure to rely on them a lot. Whether you have an online store or a mobile app, you need to be smart and technology friendly. Equip your stores with mPOS, tabs and such handheld devices to match up to the smart technology expectations of your customers. Blend physical with digital seamlessly using solutions such as PRIOS, which connects you to your customers' online shopping profile, enables them to find the right product shelves in your store by connecting their lists to smart shelves, allows store associates to know customer preferences better and also enables customers to pay with whichever method they like.

Master IoT: To master IoT is to master phygital. Connected things and augmented reality is the present and near future of retail. Retailers like UK-based Topshop are already using AR as a trial room for their customers. Japanese makeup multinational Shiseido is using AR mirrors for customers to try on make up before purchasing. The easiest and fastest way to connect reality with digital is virtual reality and connected devices. With indoor location monitors and digital signage boards, it's simple to locate your customers and provide them personalized offers in real time.

Apply big data: With the number of channels growing, data flow is seeing an unprecedented surge. To find business insights from that accumulated data and to apply them to find business solutions, you need big data analytics. Big data will reveal secrets about whom to target, when to target and with what to target in today's customer focused market.

Solving omni-channel challenges with phygital retail

Merging physical with digital or making the business phygital is referred to as 'Omni-channel 2.0'. It is seen as the future of retail, seamlessly integrating physical and digital retail, and further enhancing customer experience by several notches. Phygital retail, using the technological advancements mentioned above, will help omni-channel be seamless by closing the gaps between customers and operations. Here are a few important phygital solutions for retailers that will help them attain omni-channel excellence.

To connect the dots of the physical and digital retail planning, providing incentives for store managers and associates for encouraging customers to bring business on online and mobile channels is important.



Blend physical with digital seamlessly using solutions that connect you to your customers' online shopping profile, enable them to find the right product shelves in your store by connecting their lists to smart shelves, allow store associates to know customer preferences better and also enable customers to pay with whichever method they like.



In-store customer engagement via mobile apps: Mobile is considered the bridge between physical and digital; physical store shopping is merely a continuation of online shopping, and one can move the wish list and shopping cart items to the store. Digital retail is all about ROPO (research online purchase offline), customers expect to see on shelves exactly what you offer online. Browsing in-store, paying online and doorstep delivery are the trends that will shape the future of retail.


Personalized targeting: Every customer is unique, and personalization of product recommendations, promotions, location-based offers only assure customers that the retailer knows their unique needs. This builds trust in the retailer for knowing what is best for the customer, which leads to effective retention. A good example for this is Amazon's personalized recommendation based on unique search items by each customer.

Self service: Customers already use smartphones to locate products in stores, compare prices of items,

and pay using digital wallets. The main objective of a mobile app, for instance, would be to provide all the services that a store/ store employee does, and more saving customers' time and retailers' resources. Take the instance of McDonald's self-service kiosks, which can take orders starting from a customized burger to a full meal platter.

Empowering store associates: Retailers are now increasingly in agreement that if store associates are well-equipped with the knowledge of customer and product insights, they'll bring in better business. Helping customers find the right product, right fit and the right price is easier with apps that connect their purchase history, online customer profile and help empower store associates with the required knowledge for a more personalised service. Associates can easily check inventory with a tab in hand, show customers products for cross-sell and take quick feedback with just a few swipes.

Phygital retail brings us the best of the both words, physical and digital. It merges the real feeling of browsing shop shelves, finding what's new and what other options are there with the comfort of ordering online and getting it delivered. The marriage of physical and digital will give birth to a future retail scenario that is seamless, connected and omnipresent. **PG**



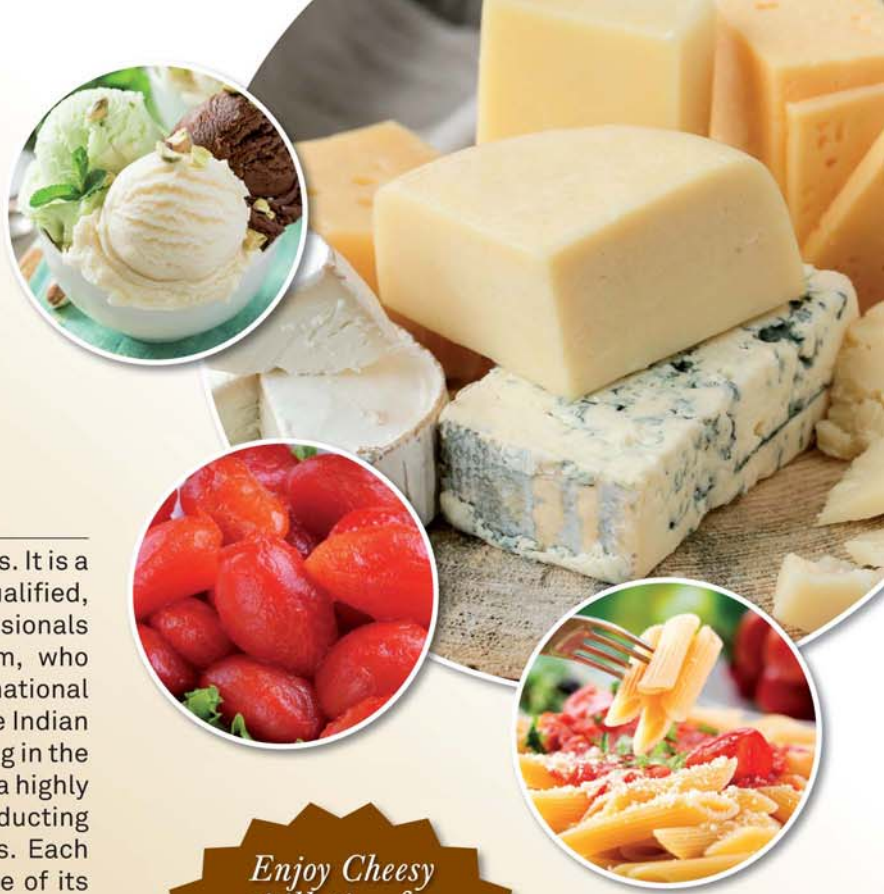
The writer is Director-Retail & CPG Practice, Aspire Systems, an IT and software firm offering cost-effective phygital retail solutions for taking omni-channel retail to the next level

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Better-for-you snacks revolutionising the Indian snacking scenario

Health is becoming increasingly important for Indian consumers, and new product launches are increasingly highlighting their better-for-you credentials, such as in the form of the ingredients used or the nutritional benefits offered. Ranjana Sundaresan, Senior Research Analyst, Mintel Offers insights into the Indian snack industry and new trends influencing the growth of this category.



Which are major product segments that make the snack category?

According to Mintel, the major categories within retail packaged snacks include the following:

- Chips, which includes primarily potato chips
- Snack Nuts, which includes packaged nuts intended for immediate consumption
- Other Snacks, which includes potato-based snacks, rice-based snacks, corn-based snacks, popcorn, fruit snacks/jellies among others.
- Other Snacks also covers a large variety of branded and packaged traditional snacks, including but not limited to mixture, chivda and banana chips.

In terms of share (value and volume), which are the top-selling snack products in India?

In India, Other Snacks which is the largest segment, accounted for 70% by volume and 61% by value of the retail snacks market in 2015. Chips followed, accounting for 34% by value and 27% by volume. Snack nuts accounted for 4% of volume sales and 6% of value sales. This segment saw the highest volume growth between 2014 and 2015, at 22%. In 2016, in terms of new products, nuts led the overall snack category with 21% of launches, as per Mintel's Global New Products Database (GNPD).

What would be the size of the organised snacks market in India? What would be the size of the unorganised snack market?

We don't look at the unorganised market. India's organised snack market was worth INR197.8 billion in 2015.

What is the rate of growth of the snack market? How do you see the demand growing in the category?

During 2011-15, the retail snack food category grew at an annual rate of 20.5% by value and 12.3% by volume. During 2016-20, the category is projected to grow at an annual rate of 18.0% by value and 13.3% by volume.

Which consumer segment and demographic is most relevant and important for the snack category?

According to research commissioned by Mintel, snacking is pretty much an established trend for Indian consumers. 75% of adults aged 18-64 said they snacked at least once a day. Of younger adults – those in the 18-34 age group – 77% said they snacked once a day. This dropped slightly to 73% of adults aged 35-64.

Which are the product features and attributes that consumers most relate to when buying snack products?

Taste is the one of the most important factors for Indian consumers for snacks, as per Mintel’s research. Almost one in three (29%) adults who snack said taste was their priority when it comes to choosing a snack. The next most important feature was health, as chosen by 25% of consumers.

Which are the interesting and emerging consumer trends in the category?

Health is becoming increasingly important for Indian consumers, and new product launches are increasingly highlighting their better-for-you credentials, such as in the form of the ingredients used or the nutritional benefits offered. Nearly a quarter of adult Indians who consume snacks have said that they would be willing to pay extra for lower calorie content snacks. According to Mintel Global New Products Database, snack food launches that



claim low/no/reduced cholesterol grew by 22% between 2015 and 2016. Snack launches with high/added fibre grew 46%.

In 2016, in terms of new products, nuts led the overall snack category with 21% of launches in India. Globally as well, there is growing interest in nut mixes as they are seen as a snack that is both healthy and indulgent. We’re also seeing a growth in the use of traditional grains as an ingredient and the shift of regional snacks into the mainstream packaged format. For example, snack launches that use ragi as an ingredient grew by 50% between 2015 and 2016, while makhaana or fox nut snacks doubled during this period.

Corn-based snacks are also growing in India, with product launches increasing by nearly 40% between 2012 and 2016. Branded popcorn, specifically, doubled in terms of the number of launches during this period. Corn chips are also seeing significant growth, with the entry of a number of snack majors into this category in the last couple of years.

What can brands and retailers do to grow and expand this category? How do you see this category evolving and growing in the future?

Given the increased focus on health, there is significant potential for better-for-you snacks, particularly with messaging the highlights and the specific benefits. At the same time, taste will remain of paramount importance. This opens up opportunities to innovate within the better-for-you snacking category by focusing on healthier ingredients and new flavours.

Another area that can expect to see traction is on-the-go formats that would ensure convenience and ease of use for Indian consumers, many of whom spend a significant amount of time on their commute. This could be in the form of more compact packaging or resealable packs. **PG**



“**Snacking is pretty much an established trend for Indian consumers. 75% of adults aged 18-64 said they snacked at least once a day. Of younger adults – those in the 18-34 age group – 77% said they snacked once a day. This dropped slightly to 73% of adults aged 35-64.**

— Ranjana Sundaesan
Senior Research Analyst,
Mintel



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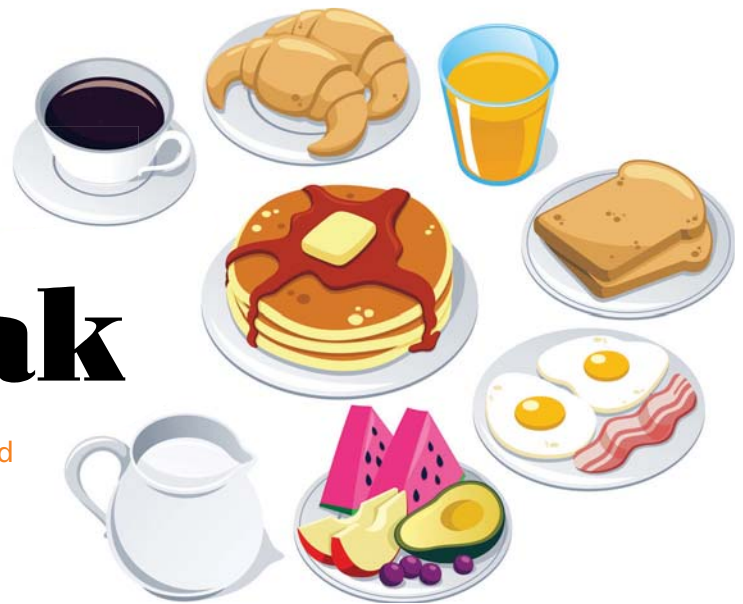
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Grocery's Big Break

Breakfast foods and beverages appeal beyond the morning daypart.

By Lynn Petrak



Day after day, sunrise follows sunset. The earth revolves. Time clicks on. Certain patterns, of course, are set. But people's eating habits, from sunrise to sunset and back again, are shifting and usurping previous expectations and behaviors.

For one thing, people aren't as defined by the clock as they used to be. That's evident in all-day menus (hello, QSRs), a spate of new cross-daypart products and the decline of some morning meal staples. Product lines are expanding as the lines between dayparts blur.

"The need for greater convenience, changing social mores and an increasingly mobile workforce are changing the definition of breakfast," declares Joice Pranata, research associate at Boston-based Lux Research, which released a report on breakfast cereals earlier this year.

Amanda Topper, food and drink analyst at Chicago-based Mintel, agrees. "Because consumers are blurring snacktime and mealtime, they desire foods that are portable, nutritious and simple to prepare or eat," she says. "Some consumers are eating breakfast foods as a snack, while others eat a snack instead of a meal for breakfast. This has influenced categories, especially cereal, to cater to these behaviors."

Beyond changing definitions, there's sometimes a complete absence of the morning meal. Last year's breakfast consumer trend report from Chicago-based market research firm Technomic found that although two-thirds of people believe it's not good to skip breakfast, only 26 percent actually eat it every day.

Research from the firm Instantly (acquired by Survey Sampling International (SSI), of Shelton, Conn., earlier this year) reveals that more than half of consumers aren't eating breakfast consistently and 12 percent "rarely" eat it. In both the Technomic and

Instantly/SSI research, consumers' most common reason for skipping breakfast or eating it less consistently was lack of time.

"In the U.S., with longer workdays that break out of the nine-to-five model, timing and convenience have become a deciding factor in what many Americans eat in the morning," remarks Andy Jolls, chief marketing officer at SSI.

That said, there are ways to entice customers with breakfast options that meet their busy lifestyles. "If companies can provide breakfast in a format that accommodates busy schedules while appealing to taste and nutrition, they could see significant incremental growth," observes Jolls.

Proving that point is research from Schaumburg, Ill.-based Nielsen. Earlier this year, in its report "Tops of 2015: U.S. Grocery," the market research company reported a 40.5 percent increase in sales of shelf-stable convenient breakfast, making it a top-growing category.

Winners and Losers

Data on sales and consumption of breakfast foods and, for that matter, foods commonly consumed at breakfast, seem to reflect categories at different stages of growth, opportunity and challenge.

In the cereal category, despite some bright spots and new product innovations from major and niche brands, overall sales are declining. According to Lux Research, sales of ready-to-eat breakfast cereals started to erode about a decade ago, and the market has continuously slumped since 2011. Moreover, Lux notes that lower sales seem to reflect a longer-term downward trend rather than a fad, with half of consumers age 2 to 11 shifting away from traditional breakfast cereals.

The future of cereal may rest in addressing the need for on-the-go eating, says Mintel's Topper:

"Cereal has become more portable in single-serve cups and pouches that can be eaten with or without milk."

Another category that has had a certain ebb and flow based on consumer demands and perceptions is on the upswing right now. Per capita egg consumption is pegged at 263.6 for 2016, compared with 252.9 in 2015, according to figures cited by the American Egg Board, in Park Ridge, Ill. Current per capita consumption is the highest it's been in the past 18 years.

Convenient frozen breakfast foods are a hot spot in the overall frozen food category. Chicago-based research firm IRI reports that sales of frozen breakfast food topped \$3 billion from February 2015 to February 2016, a 2.2 percent sales increase from the previous year. Within frozen breakfast foods, frozen breakfast entrées were up 5.63 percent and frozen handheld breakfasts rose 3.11 percent.

Also underscoring the role of convenience is the increase in other handheld foods for on-the-go breakfast consumption. The number of households using cereal bars jumped by 50 percent in the past decade or so, while more than 80 percent of households consume granola bars, according to a report from Rockville, Md.-based Packaged Facts.

Sales of other foods popular at, or linked to, breakfast are also indicative of the current consumer mindset. According to IRI, in the overall yogurt category, sales reached \$7.6 billion in the past year, a 3 percent jump; refrigerated bacon sales topped more than \$4.2 billion for the year ending May 15, down 3.5 percent; and refrigerated sausage/ham sales reached more than \$1.68 billion, down 3.11 percent.



The future of cereal may rest in addressing the need for on-the-go eating.

All Day Long

Consumers' extended appetite for breakfast items presents grocerant, merchandising opportunities.

When fast-food behemoth McDonald's began offering all-day breakfast in 2015, the ensuing bump in sales caused a buzz across both the foodservice and retail channels, indicating similar opportunities for grocery store foodservice as well as for home consumption.

After moving to all-day breakfast last fall, Oak Brook, Ill.-based McDonald's reported that fourth-quarter revenues and earnings exceeded forecasts and that same-store sales in the United States climbed 4.7 percent. CEO Steve Easterbrook

attributed the sales jump to consumer interest in breakfast menu items across the daypart.

Other quick-service restaurants are expanding their breakfast menus as well. White Castle recently launched a 24-hour breakfast program, while Taco Bell unveiled a new \$1 breakfast menu in March. Burger King introduced an Egg-Normous breakfast burrito in May, and Arby's is currently testing brisket



biscuits, flatbread sandwiches and breakfast sliders at a New York City location. Dunkin' Donuts, a quick-service chain that's practically synonymous with breakfast, recently refocused on all-day choices, adding a new breakfast burrito.

Following suit are many c-stores, such as 7-Eleven Inc., which recently rolled out a line of Melt sandwiches. Grocery stores with grocerant areas and hot-food bars have also added morning options such as handheld breakfast sandwiches, burritos and pizzas.

According to Supermarket Guru Phil Lempert, breakfast has all-day appeal for many reasons. "Breakfast foods are among the most affordable and most nutritious — think protein and eggs — dollar for dollar, of all foods. Coupled with the innovation in handheld offerings, breakfast 24/7 is a logical step that offers consumers convenience, affordability and satisfaction," he asserts, adding that on the operator side, breakfast foods are also easier to prepare and require a less skilled workforce.

That appeal is noted — and, indeed, felt — by industry players. "I will tell you personally that having McDonald's go to all-day breakfast has got me going to that restaurant for breaks at other parts of the day," confides Lance Layman, VP of business development for SugarCreek, in Washington Court House, Ohio, which provides both raw and cooked items, including bacon and sausage.

Layman adds that there's a trickle-across effect from all-day breakfast, which is why SugarCreek is noting strong breakfast consumption throughout the day at home. "If you look at growth in the breakfast category, there is no question that it's grown in the home as well," he notes.

Genevieve Poirier-Richards, SVP of marketing for the Milk Processor Education Program (MilkPEP), in Washington, D.C., says that the buzz about all-day breakfast is having a broad impact on a variety of products and industries. "We know people love their milk at breakfast, so I'm excited to see the all-day breakfast trend grow," she adds.

Snacking on Breakfast Foods

Opening up breakfast has also had an effect on the types and timing of snacking. According to a recently released report from Rockville, Md.-based



Packaged Facts, consumers' snacking behavior is spurring changes in breakfast consumption.

"Snacking is clearly shaping this momentum for the breakfast daypart and beyond," says David Morris, an analyst at Packaged Facts. "Embracing snacking as a breakfast option is clearly important: Roughly one-quarter of consumers often snack in the morning instead of having a full meal, according to the report. Not surprisingly, the tendency to do so is more prevalent among Millennials, who are more likely to view themselves as time-pressed and on the go."

That snacking uptick also depends on the type of breakfast food, Morris adds. "Yogurt straddles breakfast and snacking: Some 39 percent of adults eat it as a snack, while 44 percent eat it for breakfast," he says, "but other foods closely associated with breakfast also make their way into the snacking realm, such as bacon and cold cereal. For many breakfast foods, comparatively low snacking-usage penetration suggests that snack-based growth opportunities may still exist, given proper product alignment with packaging, portability and preparation requirements."

That mashup of breakfast and snacking is echoed by researchers at Chicago-based Mintel, who found that 70 percent of snackers in the United States agree that "anything" — including breakfast foods — can be considered a snack. According to the research firm, more than one in five consumers eat frozen breakfast foods for another meal occasion than breakfast.

On the flipside, consumption of breakfast-style foods at all times of the day, both at home and away from home, is affecting lunch, dinner and snack options. According to the "2015 Breakfast Consumer Trend Report" from Chicago-based Technomic, 60 percent of consumers who are buying breakfast away from home, including at c-stores and restaurant cafés, hot-food bars, and service deli counters, said that they're cutting back on other daypart purchases as a result.

Packaged Facts' Morris echoes the idea that breakfast trends have an impact on other eating occasions. "The Denver omelet will never put the hamburger out to pasture," he says, "but as traditional meal times and expectations give way, opportunity is ripe to blur the lines between times of day and traditional dayparts. I think lunch is the new battleground for breakfast. So many nine-to-fivers wait to have a late breakfast or brunch on the weekends. Why not for Wednesday lunch? And why not more than McMuffins? And why not offered by more nonbreakfast operators?"

Consumption of breakfast-style foods at all times of the day, both at home and away from home, is affecting lunch, dinner and snack options.



Healthy Competition

The desire for healthy living spurs buying trends, product development.

The healthy outlook for certain breakfast foods and beverage categories is linked in part to actual consumer health.

In its research related to the breakfast eating occasion, The Hartman Group, in Bellevue, Wash., found that 55 percent of consumers focus on eating healthy foods and beverages for breakfast. Earlier this year, Schaumburg, Ill.-based Nielsen released the findings of a survey showing that 59 percent of consumers are eating more natural/fresh foods, and

that nearly half (48 percent) are planning to make healthy food choices this year. Top health attributes influencing their purchases include high-protein foods, high-fiber and whole grain foods, foods made mainly with fruits and vegetables, natural flavors, and low-salt/-sodium options.

The long-term, ongoing clamor for better-for-you and free-from foods is influencing the breakfast category in a variety of ways, especially when it comes to high-protein foods.

Supermarket Guru Phil Lempert points to the increasing interest in protein-rich diets. "The change has been driven by the move away from carbs, in particular wheat and sugars, to protein," he observes. "Many more people have switched to a gluten-free/Paleo/Atkins way of eating for two reasons – weight loss and improved strength from protein. The science has supported these dietary changes, and now we are seeing breakfast cereals struggling to add protein, from a variety sources, to compete."

The long-term, ongoing clamor for better-for-you and free-from foods is influencing the breakfast category in a variety of ways.



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“It’s all about protein for consumers,” agrees Lance Layman, of Washington Courthouse, Ohio-based food manufacturer SugarCreek, who says that bacon and sausage have benefited from the protein push. “This is a trend, too, and not a fad. High-protein diets like Atkins may have been a fad, but now everyone is much more into eating protein as part of a healthier lifestyle.” In keeping with that, he adds, there’s a correlating interest in all-natural bacon.

Egg, Milk Consumption Up

Egg products have also been affected by the trend for high-protein diets. At Omaha, Neb.-based ConAgra Foods, that has translated into products like Egg Beaters.

“Egg eatings are up significantly year on year, with consumers embracing the fact that they are good and affordable sources of protein,” says Ciare James, ConAgra senior brand manager. “With Egg Beaters, not only are people able to reap the benefits of a whole egg with only half the calories and zero cholesterol, they are also getting the convenience of not having to crack an egg. This is especially useful on occasions where people are making larger dishes or preparing meals for a larger audience, like weekend brunch.”

Frozen breakfast foods containing eggs also appeal to health-conscious shoppers. “Our El Monterey Breakfast Burritos reflect a trend, originally initiated by athletes and dieters, of the consumer’s desire for protein,” notes Rachel Cullen,



president and CEO of Ruiz Food Products Inc., in Dinuba, Calif. “Consumers know that protein helps them feel full longer, so they are reaching for high-protein foods, especially in the morning or for snacking occasions.”

Rich in nutrients, milk has been a perennially popular part of breakfast. Even as fewer young people eat cereal, milk remains on the morning menu in other ways and is touted by health experts as important in a good-for-you diet. “There is a lot of strong research supporting the benefits of milk at breakfast; specifically, many experts now recommend getting 25 to 30 grams of protein at each meal, especially at breakfast,” points out Genevieve Poirier-Richards, SVP of marketing at the Washington, D.C.-based Milk Processor Education Program (MilkPEP), adding that most people tend to load up on protein in the evening, leaving their morning meals lower in a nutrient that helps them to feel full.

In addition to milk, other nutrient-rich beverages are shaking up the idea of a healthy breakfast — sometimes literally. New research from Chicago-based Mintel shows that 39 percent of consumers are consuming nutritional and performance drinks as a replacement for beverages, including for breakfast.

“Nutritional and performance drinks are the apex of convenience for the modern American lifestyle and diet, as consumers are moving away from three meals per day and are snacking more often,” observes Beth Bloom, senior food and drink analyst at Mintel. “These beverages deliver on convenience, affordability and efficacy, a trio of positive advantages that appeal to today’s on-the-go consumers who are simply too busy to eat a sit-down breakfast at home.”

At the same time, the availability of more cold-pressed juices and in-store juice bars attests to the increasing role that beverages play in a healthy diet at breakfast and beyond. Additionally, in the yogurt category, IRI reports sales increases in yogurt drinks and refrigerated kefir.

No matter how categories may expand and contract, Mintel Food and Drink Analyst Amanda Topper underscores the importance of appetite appeal as much as daypart appeal. “Despite interest in convenience and portability, it’s important to remember that taste and nutrition remain the strongest purchase factors when buying breakfast,” she says, “so products not only need to be convenient, they also need to taste good and be good for you.”

“Consumers know that protein helps them feel full longer, so they are reaching for high-protein foods, especially in the morning or for snacking occasions.”

— Rachel Cullen
Ruiz Food Products Inc.



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BACONS & EGGS

The American Egg Board has tapped actor/performer Kevin Bacon (right) and his brother, Michael, to sing the praises of eggs' healthfulness.

Meanwhile, aiming to reach younger consumers, Cinnamon Toast Crunch, introduced a Selfie Spoon for cereal lovers to use when taking photos of themselves with their phones.

As consumers change the ways and times they eat, getting people to try breakfast-style foods, or foods that can be consumed in the morning, takes a new — and sometimes urgent — tack. Promotions span traditional advertising, in-store promotions and integrated campaigns, as well as social media and other electronic platforms.

The Milk Processor Education Program (MilkPEP), for its part, has launched a program called My Morning Protein to deliver protein solutions including milk. “The program offers unique retail opportunities for cross-merchandising across protein foods, like milk and eggs, milk and peanut butter, milk and breakfast sandwiches, and much more,” explains SVP of Marketing Genevieve Poirier-Richards, who points out that the Washington, D.C.-based organization’s research shows that when stores communicate milk’s protein benefits as a morning “pairing,” it drives shopper demand for milk. “In fact, a similar program in January delivered a 1.3 percent sales lift and 18 incremental gallons per each \$1 spent on in-store advertising,” she notes.

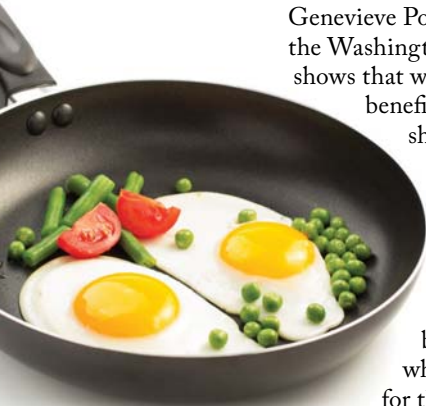
Another breakfast-centric campaign comes from Irving, Texas-based Avocados from Mexico (AFM), which is zeroing in on new opportunities for the morning meal with a new campaign dubbed the Avocado Breakfast Club.

The initiative, designed to show how avocados can be part of a convenient, nutritious breakfast, includes co-branded bins and POS materials with “Sesame Street” characters, as well as loyalty coupons, ads, demos, display contests, in-store radio and digital/social media. Launching in July and August, the promotion is timed to coincide with back-to-school season.

Meanwhile, the American Egg Board, in Park Ridge, Ill., has expanded its collaboration with actor and performer Kevin Bacon. This spring, the board launched a new ad campaign, Wake Up to Eggs with the Bacon Brothers, featuring Kevin and his brother, Michael, as they promote the nutritional benefits of eggs through online videos, an original song called “E-G-G-S” and other materials.

In addition to trade groups, CPGs and breakfast brands have also sought to bolster sales through their own campaigns. For example, the Special K brand, from Battle Creek, Mich.-based Kellogg Co., recently came out with a new campaign with the tagline “Eat special. Feel Special,” focused on the positive nutritional benefits of ingredients like whole grain, fiber and vitamin D.

Meanwhile, aiming to reach younger consumers, Cinnamon Toast Crunch, a brand of Minneapolis-based General Mills, introduced a Selfie Spoon for cereal lovers to use when taking photos of themselves with their phones, while the brand’s more recent Squad Bowls campaign is a riff on the Millennial social media hashtag #squadgoals. **PG**



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Naturally sweet and healthy

Honey has emerged as the obvious alternative and a natural substitute to sugar. Of late, the category has seen a spurt in the number of brands, which is a testimony to the health benefits that honey has to offer.

By Vimal Anand

In recent years, Indian consumers have become more health conscious and serious about their quality of food. In almost all categories there has been a progressive demand for healthier natural options.

This has seen the emergence of newer and healthier product lines and products, either by fusion or by direct import from the international food market.

For instance, there has been a strong influx of international products like health drinks, cold press juices, baked and gluten-free snacks to food fusion examples like masala oats, honey oats, honey loops and malt-based oat meal bars, all of which depict the change and shift toward healthier products.

Honey, being a natural and healthier supplement to sugar, has been witnessing a steady surge in demand. Being a 100% natural product, derived out of nectar from flowers and made by honey bees, honey has zero fat and zero cholesterol, and is ideally suited for the modern-day hectic lifestyle.



Therefore honey is the obvious alternative and choice substitute to sugar and its benefits have been known to us since ages. A recent consumer preference survey shows consumer purchase pattern across categories driven by factors like purity, health and taste as top priority. The recent spurt in the number of brands in the honey category is a testimony to the health benefits that the product offers.

There are various kind of natural honey found in India. Some of the major varieties of natural honey are mustard honey, eucalyptus honey, mountain honey, acacia honey, wild forest honey, sunflower honey, lychee honey and sidr honey, to name a few. The diverse flora of the country makes it conducive to be a lead producer of natural honey if given the right impetus and care for growth.

Honey is also a rich source of carbohydrates, natural minerals, vitamins and enzymes. It is a perfect natural taste enhancer for food. The right combination of fructose and glucose in honey actually helps the body regulate blood sugar levels in a diabetic patient.

Honey bee farming is also a boon to an agrarian economy like India. Honey bees in their search for nectar also help with the pollination process and in increasing the per hectare field productivity by up to 25%.

Indian honey industry is a key forex earner for the country and provides employment to many a landless farmer (beekeepers). As per reports, India exported 38,177.08 MT of natural honey to the world worth Rs. 706 crore during the fiscal year 2015-16. The industry is growing at around 15% currently.

While the domestic honey market – branded and un-branded – is estimated to be about Rs. 2,000 crore, branded honey contributes about Rs. 700-800 crore.

The market for honey continues to evolve in India. With health consciousness on the rise, we are witnessing a definite spurt in domestic demand on the back of an increase in per capita income, which is driving per capita consumption of honey as well. I wish that our honey consumption increases further and touches the German standard of 2.8 kg per person per annum. Then, instead of exporting honey, we would have to import it to meet our demands. **PG**

The writer is MD, Apis India Limited, a leading honey processor in India and exporter of many honey products.

There are various kind of natural honey found in India. Some of the major varieties of natural honey are mustard honey, eucalyptus honey, mountain honey, acacia honey, wild forest honey, sunflower honey, lychee honey and sidr honey, to name a few.



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Food retail, with added flavour

Indians love food and want to interact with it. But, when they walk through the supermarket door, do customers face an adventurous food encounter or just bland merchandise shelf navigation? Can retailers and retail support technologies help convert this journey to an exciting, sensory experience?

By Nupur Chakraborty



Today's shoppers are seeking experiences and relationships when they shop and look for an outing, and they want the experience to be consistent across all touchpoints. Who the consumer is, in addition to how, where, and even why they shop, is changing rapidly and forever. 'Humanising' supermarkets and restaurants requires retailers to leverage store design, engagement and technology around experience and culinary inspiration.

Progressive Grocer India capitalised on insights from some leading food and retail support businesses at a 60-minute focused Roundtable discussion.

Retailers worldwide are rethinking overall user experience and more interactive store experiences. As more and more consumers gravitate towards online commerce, physical retailers are progressively imbibing a 360-degree approach that blends personalisation with convenience.

According to analysts, the shift to all things fresh and less processed is being driven by the approach that the quality of consumption has a direct impact on the overall life quality. Shoppers typically want direction, guidance and inspiration. They are motivated to improve lifestyle quality – their bodies, relationships, work and home life.

Can food retailers therefore, deliver micro-localisation of merchandise mix and menus to build custom-tailored experiences, especially for millennials, asked Bhavesh Pitroda, COO, IMAGES Group and moderator of The CXO Roundtable at India Food Forum 2017 on 'The Art and Science of Millennial Shopping'.

Participating speakers included Sukanto Aich, Senior Director, Philips Lighting; Unnat Varma, MD, Pizza Hut (India Subcontinent), Yum! Restaurants; Kirit Maganlal, founder & CEO, The Magsons Group; Madhumita Mohanty, Head Merchandising,

Health & Glow; Vishal Shah, Head - Projects (Real Estate), Tata Starbucks; Henrik Österström, Country Food Head, IKEA India and Shyam Iyengar, Head - Supply Chain Management, Patanjali.

Humanising technology

“Customers are clearly looking at unique experiences and products that suit their sensibilities and environments,” Madhumita Mohanty noted, opening the discussion. “When it comes to food, this is especially evident. Customers today want to replicate global foods on their dinner tables.”

According to Mohanty, customers are increasingly expecting retailers to become more ‘intimate’, via the deployment of technologies such as geo-mapping services to recommend products and services based on past purchase histories.

“There was a time when food was fuel. Now, it is about experiences,” Unnat Varma added. “For millennials, because of technology, the moment there is an experience, it is worth sharing. Experiences form the bulwark of their social status. Therefore, the more share-able content that brands can present to them, the better it gets for the brand’s relevance in their lives.”

“In food, what matters now is how it is being packaged and presented. If it is worth capturing and sharing, it improves the user’s social currency in his or her network,” he asserted.

“Second, brands and retailers need to deeply understand whatever is happening in consumers’ lives. They need to read the triggers, the aspirations and moments-of-truth, and use those insights to design truly ‘connected’ products and marketing campaigns,” Varma added.

Speaking for Tata Starbucks, Shah disclosed that while the graduation to extensive online communication in work-in-progress at the chain’s Indian operations, the foodservice giant is in

advanced stages of rolling out an app to connect more closely with customers.

For new brands, how does technology help in transitioning from customer acquisition mode to customer retention mode?

Referring to the Patanjali – arguably India’s fastest growing FMCG brand – experience thus far, Iyengar said: “In the west, the customer world is a DIY model. Not so in India. In the Indian context, I believe that technology is always an enabler, not an end in itself. For a brand or retailer, the last mile – which is always a human interface – determines how an acquisition is converted to a loyal customer.”

“If you want to deliver extraordinary experiences, in India, technology has to work with the human component,” he added.

Against the grain

Sounding a contrarian note to modern retailers’ rising pre-occupation with the need for technological deployments to connect with consumers, Kirit Maganlal pointed out that customer experiences in small cities and regional markets are driven by entirely different considerations from those in large metros.

“Most retailers point out to how connected today’s consumers are, and how everybody wants transactions and customer-engagement online-enabled. In places like Goa, it is quite the reverse! Customers in regional markets typically prefer the real-life touch and feel experience,” he said.

Emphasising this perspective, Maganlal explained that Magsons’ 6,000 sq.ft store in Caculo Mall, Panjim generates as much sales revenue as one of the 12-store chain’s initial 1,000 sq.ft outlets. “The former is a more ‘commercial’ store, where customers are known by their loyalty card numbers; at the latter, customers are referred to by their names. But the sales numbers are practically identical!” he stated.

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For millennials, experiences form the bulwark of their social status. The more share-able content that brands can present to them, higher the brand’s relevance in their lives.

— Unnat Varma
MD, Pizza Hut (India Subcontinent), Yum! Restaurants

A ‘Brilliant’ Strategy

Germany-based retail and wholesale giant METRO AG’s retail format Real needed to make its supermarkets bright and inviting for customers, while containing costs. Real stores vary from 5,000 - 15,000 square metres of floor space. In addition to a large selection of fresh foods, the stores carry a wide range of non-food products, including electronics, household articles and textiles. Could supermarket lighting add some luminescence to the fruit and vegetable areas and florist counters?

Philips, which was asked to improve the lighting for the fruit and vegetable department and the adjacent florist counter, suggested using the Philips LED Recipe Luminaire spotlight, with the LED Rose as a light source.

The solution

- To convince the management, a test set-up with LED Rose was installed above the fruit and vegetable section of the Real store in Essen, Germany.
- The effect of the pink light immediately met with great enthusiasm. The colours of the apples, sweet peppers and other fresh fruit and vegetables came to the fore and they looked exceptionally fresh and appetising.
- The positives of the test set-up resulted in the installation of the LED Rose in the fruit, vegetable and flower sections of 57 other Real supermarkets with preparations well underway for the next 70 stores.



Benefits

In addition to attractive lighting of the products, the LED Rose has had a very positive effect on maintenance costs. Thanks to the long life-span of the LED module of 50,000 burning hours, these light sources only need to be replaced every 10 years, even though the store is open six days a week.



“
In regional markets, online behaviour is in reverse; customers typically prefer the real-life touch and feel experience.”

— Kirit Maganlal
Founder & CEO, The Magsons Group

To many it may look like an unlikely mix, but to the world’s largest furniture retailer, food is a critical anchor of customer experience. Inheriting a strategy devised by founder Ingvar Kamprad in response to the observation that shoppers were leaving as they grew hungry, IKEA has placed restaurants inside almost every one of its 392-plus locations across the world.

“Food is a key component of IKEA’s strategy because of its capacity to attract shoppers. Food is a big part of the brand and the idea. Shoppers aren’t happy when they have an empty stomach. The food business is very important; we think it’s a driver to our stores. It’s about the whole experience,” Henrik Österström stated.

For IKEA, the objective is simple; the retailer wants customers to stay longer in their stores and food is an almost fail-safe mechanism to ensure that. In India, where IKEA – the first major single brand retailer to be given FDI approval to set up retail operations in the country – is set to open its first store in Hyderabad later this year, this strategy will be replicated.

“Globally, we have two foodservice formats in our stores: a restaurant and an exit cafe. And that will be replicated in India as well,” Österström informed. “The restaurant will offer two distinct menu ranges – about half will be quintessential Indian favourites, and the other half will compose Swedish specialities, because that is our uniqueness.”

To illustrate the format sizing, Österström disclosed that in the upcoming Mumbai store (to open in 2018), the 42,000 sq.ft space will include a 2,800 sq.ft restaurant with 1,000 seats.

Internationally, food contributes about 5.5 per cent to IKEA sales, though this number in Asia is higher due to higher population density. In Sweden, the retailer has 70 stores for 10 million people – roughly the same population as of Hyderabad, where IKEA is opening one store.

Bright connections

Sukanto Aich, the only non-retailer at the roundtable, presented a unique perspective on the aesthetics-technology blend in the creation of memorable customer experiences in food retail.

“Sure, the reality is that the customer is connected. But, there are also many ways to benefit from that behaviour,” he said, addressing the retailers on the panel. “At Philips Lighting, our motto is ‘Light Beyond Illumination’, and that is what we are trying to do via LED technology.”

Food retail is a slim-bottomline business, and the first obvious advantage of the increasingly ubiquitous

use of LED lighting is energy – and cost – saving. But there are far more substantial applications of intelligent lighting solutions, Aich stated.

Connected lighting systems from Philips add a whole new level of responsiveness to interior retail and hospitality spaces. Connected lighting combines sophisticated, intuitive lighting management software, digital controls, and best-in-class Philips luminaires to give retailers centralised control of every light point in their environments. “With deeper insight into your customers’ activities and preferences, retailers can tailor lighting to create welcoming and memorable experiences while achieving the energy efficiency and sustainability goals that are the cornerstone of the brand,” Aich said.



How many retailers are using analytics to drive customised experiences, he went on to ask. Because that is precisely what Philips has implemented at the Lille, France store of hypermarket chain Carrefour. In a revolutionary technological innovation, Philips has created the concept of Indoor Positioning, much like GPS. Through this technology, data-enabled LED lighting systems connect to customers’ smartphones (via the Carrefour app called Promo C’Ou), and can collect and send relevant information using wireless communications and icloud services.

With visible light communications (VLC) from Philips, a unique code can be transmitted through the beam of LED light. This code can be detected by a smartphone’s camera, creating a real-time link between the shopper and the lighting system. As a result, it’s possible for the shopper’s smartphone to know exactly where it is and show relevant maps, product information, and promotional coupons.

The technology requires shoppers to opt in to accept information via an app. Since the data stream is one way, users’ private information is safe, Aich informed the discussion panel. **PG**



“
Food retail is a slim-bottomline business, and the first obvious advantage of LED lighting is energy – and cost – saving. But there are far more substantial applications of intelligent lighting.”

— Sukanto Aich
Senior Director, Philips Lighting

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Left to right:
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 Kirit Maganlal
 Madhumita Mohanty
 Oliver Mirza
 Ponnu Subramaniam
 Pradipta Kumar Sahoo
 Richa Arora
 Sahil Gilani
 Vimal Anand
 Sumit Chandana



Navigating the changes in consumer's taste

Convenience in food shopping is an important driver of growth as retail formats look to offer consumers 'value for time' in addition to 'value for money'.

By Piasi Sinha

In the last five years, the Indian household has gone through a major shift in terms of its food and grocery consumption. Thanks to the multiple channels bringing in an array of culinary shows and travel shows, which are breaking cultural and geographical barriers every day. No wonder, the traditional Indian thali is now seeing a whole new range of palatable dishes with global overtones.

The shift has also caused a significant change in the food and grocery retail dynamics in India. While the large format retail chains are offering world class, value centric customer experiences, even the age-old grocery stores have evolved to a great extent. These modern-minded stores are embracing various new product categories that are becoming increasingly essential for the Indian kitchen.

“Across locations and demographics, the consumer is changing dramatically every day in various ways. Consumers are changing their preferences in terms of what they are eating or what they are buying today. Just a few years ago, we had hardly seen mayonnaise or sausages being sold at the

general grocery stores but today you find them at every store. This fact illustrates that food preferences are changing and what we are consuming today as a nation is a way different than before,” says Sumit Chandna, Chief Merchandising Officer - Food and Grocery, Aditya Birla Retail Limited (ABRL). The change in food preference has also resulted in a change in the way of cooking. In fact, today's food is more assembled than cooked, the reason being modern Indian consumer is exposed to global cuisine and has access to a wide variety of ingredients.

Convenient food is driving growth

The shift is largely driven by India's socio economical evolution, which has given rise to a wide base of new-age customers with high disposable income and an increased appetite for quality, convenient food. With the emergence of dual income families, the woman in the family is now busy managing a busy professional life and so she is always pressed for time. So her kitchen experience or cooking choices are radically different than it was in the earlier days. “Women are



Kirit Maganlal
 Founder & CEO, The
 Magsons Group

Madhumita Mohanty
 Head Merchandising,
 Health & Glow

Pradipta Kumar Sahoo
 Business Head - Safal,
 Mother Dairy

Richa Arora
 COO – Consumer Business,
 Tata Chemicals

lot more independent today and it is completely her choice whether or not she will cook. A lot of women are entering the kitchen quite late in their life. Hence, they need a lot of inputs as they often cook by reading the instructions or recipes on the packs. This is creating a major opportunity wherein modern food

brands can fill in the exact gap and assist them in cooking a good meal without taking the credit,” says Sahil Gilani, Director, Gits Foods.



More men in the kitchen boost the business

Quite surprisingly, it is not just the women for whom the food retail dynamics is changing in India. Men are also becoming an important segment of customers for modern retailers and food manufacturers. “Today, Indian men are also occupying an equally important place in the kitchen as their counterparts,” says Madhumita Mohanty, Head Merchandising, Health & Glow. “The modern young men are exposed to global cuisine and love experimenting with food. The trend is here to stay,” elaborates Mohanty. “Men would like to do heroic cooking. I suppose none of them are really interested in cooking up dal chawal. It is a rare opportunity for brands and retailers,” says Kirit Maganlal, Founder & CEO, The Magsons Group.

“
Just a few years ago, we hardly saw mayonnaise or sausages at the grocery stores unlike today suggesting that food preferences are changing.

— **Sumit Chandna**
 CMO - F&G, ABRL

The different tastes of urban and emerging centers

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Opportunities for growth of supermarkets

- Change in consumer lifestyle with a steep rise in the value of time, change in the Indian family structure from large joint families to nuclear ones, and an increasing level of quality awareness. All of these factors have made the case for organised retailing stronger.
- The traditional retailing format has been largely limited to meeting the changing requirements of the consumers. Nowadays, the consumer, however, wants value, convenience and a wide variety of offerings, coupled with a pleasant shopping experience. This has created an opportunity for modern retailing formats to emerge and plug the existing gaps.
- Brand flexibility for different category of FMCGs: In case of food items, Indian consumers are flexible about the brand.
- Opting for convenience: Buyers are willing to pay additional money for getting more convenience. The emphasis is placed on the location of the store.
- High degree of value orientation and digitalisation: A suitable pricing strategy and technology is essential in order to grab a larger share of the Indian consumer market as they place emphasis on the value of a product.

gradually coming into main meals and main meal are getting merged with snacking. Though in India, snacking is mostly unhealthy eating, there is a small section of people who are conscious about healthy snacking. And this trend is going to be bigger in future,” says Richa Arora, COO – Consumer Business, Tata Chemicals.

In urban markets the trend of healthy snacking is getting bigger by the day. The result is clearly visible as the fruits and vegetables segment has witnessed a major growth in the last couple of years. Fruits, especially, have broken the seasonal barrier to find a place in the daily diet chart throughout the year. “Today fruits and vegetables play an integral part of the daily food consumption. Due to this increased demand, fruits are now being imported all the way from Washington, Australia, or China to cater to the domestic consumption,” says Pradipta Kumar Sahoo, Business Head - Safal, Mother Dairy.

However, the phenomenon is not just restricted to the urban centres or the metro cities only. Even smaller towns have now evolved to a great extent in terms of modern retail infrastructure. But there are some major differences in the consumption pattern and product preference in the urban centres and tier II and III markets. The changed buying pattern has made some drastic shift in the modern retail landscape in smaller towns. “As retailers we see the change even in the towns like Mangalore or Coimbatore. Today people do not hesitate to come to a hypermarket for their food and grocery shopping. People have accepted and embraced modern retail formats in smaller towns,” says Ponnu Subramanian, Chief Operating Officer, Max Hypermarket. “Both urban and rural markets have some major differences in terms of consumer behavior. As retailers it is our ability to react to the different needs of the consumer in terms of layout and merchandising that will define sustainability. Hence there are not just

two sets of consumers rather than multiple sets with different choices and behavior,” says Sumit Chandna of ABRL.

Conflicting interests create discord between manufacturer and modern food retailer

There is a general discord between the retailer and manufacturer as their expectations differ on quite a few issues. While manufacturers are keen to offer smaller, affordable packs on the shelf, modern retailers are often pushing the bigger packs to boost sales figure. Again, as retailers strive for profitability amidst volatile pricing and rising real estate and labour costs, manufacturers are demanding a better in-shop experience – from reach to the customer through. “As a commercial organization we need to look at the bottomline and the shelf is the primary tool for us. Hence we need to utilise the shelf in a way to increase the volume of consumption without sabotaging the customer interest,” explains Subramanian of Max Hypermarket. Manufacturers are increasingly pressing the retailer for more space to display the products and an opportunity for sampling. To address both the manufacturer’s concerns and the consumer’s interest, large format retail stores are bringing in innovation and better customer experience in the overall retail experience. “Modern retailers are investing a lot in technology and skilled manpower to give enhanced on-floor assistance and effective display. Then there are gourmet stores where the customer is also being exposed with the knowhow of the product,” adds Madhumita Mohanty of Health & Glow.

Brands and retailers need to go hand in hand to decode the consumer psyche.

Though modern grocery retailing is price driven, brands are now insist that the retailer should create a better value proposition. “Brands and retailers need to partner to create a model which goes beyond the price proposition and offers a better experience and connect with the consumer,” says Oliver Mirza, Managing Director, Dr. Oetker India. “The modern retail formats are good with the science of selling in terms of planogramming, schemes and end-cap displays. But it lacks in the art of selling, which comes from experience and understanding the consumer. In fact, both manufacturers and retailers need to see how the customer can get excited beyond the price point,” explains Richa Arora of Tata Chemicals. “In fact, both modern retail formats and brands can come together to exploit the sensorial aspect of food, which will help both parties in getting a healthier bottom line, she adds. It is only through a perfect marriage of the modern science of retailing and the age-old art of selling that can give a better insight into the customer mindset, drawing footfalls and ultimately getting sales. **PG**



“
As retailers we see the change even in the towns like Mangalore or Coimbatore. People have accepted and embraced modern retail formats in smaller towns.

— Ponnu Subramanian
Chief Operating Officer,
Max Hypermarket



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GM- Fruits and Vegetables
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Experience in Retail

12 years of direct association with the industry.

Role and Responsibility

Head of buying and merchandising of fruits and vegetables and responsible for P&L of the category

Area of Specialisation and Excellence

From agriculture background; Intimate knowledge of fresh produce sourcing, farmer group tie ups, Imports and Merchandising.

Challenges in the current role

Fresh Produce is still a highly unorganised sector. So availability of uniform quality produce in the face of seasonality, fluctuating prices and low shelf life of the produce combine to make the role both difficult as well as interesting.

Solutions to the Challenges

- Doing different kinds of promotions. For example, we are different in doing our Monday promotions at HyperCITY where we give higher discounts on higher quantity purchases.

- Always aim to offer more convenience to consumers whether it is a new product introduction or a value addition. For instance, we try to make available the widest assortment, which might be locally grown or specially imported for our customers.
- Ensuring that we always have some differentiated range of fresh produce in our stores.

Most Satisfying Part of your Job

Every day is a fresh day and my job and role gives me a chance to do new things and in new ways. There is always an opportunity to keep on innovating on assortment and execution and that keeps me motivated.

Observations About the Category

Customers buy Fresh Produce for its quality and freshness rather than price. Purchase decisions most of time change in the store by looking and feeling the product and on the freshness of produce.

Prediction of Future Trends

Customers want convenience and they accept value-added cuts and packed vegetables. Going ahead, the biggest change which I can see coming is that vegetables are going towards the FMCG way and there would be more and more packed options available. Cut and ready-to-use vegetables are now getting widely accepted. New fresh categories are evolving, which are actually binding fresh produce with final meal. For example, ready-made gravies and different types of pastes will be a part of future categories. Alongside, Fresh Fruit Juice is going to be the fastest growing segment in the Fresh Produce category.

Supplier Base and its Rate of Growth

Typically, fresh produce involves local sourcing and hence we do have a huge supplier base. For imported fruits, we deal directly with importers and we also import on our own as well.

Criteria for Sourcing New Suppliers

Having a passion for Fresh produce is the main criteria. We work with organised suppliers and now there is growing trend of such suppliers in all the regions.

Which are Your Top Selling Products in the Category

For the month of January, our top-sellers were: Pomegranate; Apple Red Delicious; Apple Royal Gala; Kinnow/ Malta; Fuji Apple; Strawberry; Pineapple; Oranges; and Onion.

What's Your Goal in the Job

Always be the first, the best, and profitable! **PG**

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CASE STUDY 1

How Patanjali created its way to customers' hearts and profits with Future Retail

The brand's success offers a perfect case study that underscores the importance of collaboration between brands and retailers for the realisation of business objectives and increased revenues.

By Premjit Mohapatra



Patanjali, the fastest growing FMCG, has registered a phenomenal rise over the last few years. The brand has set a benchmark for the other players in the field to emulate. Today, Patanjali is a household name and its astounding growth rates are a subject of many a case study. From a fringe player a few years ago, it is today one of the main players in the Indian FMCG sector riding on the wave of its successful partnership with Future Retail.

Background

“In October 2015, we decided to enter into a partnership with Patanjali. It was the coming together of two home-grown companies with a long-term vision in mind. A vision to win the hearts of our consumers as the partnership progressed,” says Rajiv Sharma, Business Chief – Staples, Future Retail.

“Often the talk in boardroom conversation is about how to win the customer share of wallet or customer share of recall. But we were focussed on winning hearts,” says Shyam Iyengar, Head - Supply Chain Management, Patanjali. Elaborating on the soaring popularity of its products and the meteoric growth of Patanjali, he added, “When we started, Patanjali was restricted to the Hindi heartland, but today we have covered the vast expanse of India and have a pan-India presence. Murraba, hitherto unknown to the people south of Vindhyas, is available in Thrissur. A guy from the north today can avail of a Murraba in the south while aloe vera is giving tough competition to alcohol in Goa. Andhra Pradesh and Telangana, where the staple is rice, people are buying Patanjali atta. We have a natural and herbal product available everywhere for the itinerant Indian.”

Today Patanjali is not only the fastest growing FMCG, but one with the widest portfolio too. With products simply flying off the shelves, it is soon set to breach the Rs. 10,000 crore mark in annual sales.

How did it all happen?

- Extensive Retail and Distribution network-
- Launch of new categories
- Understanding the market, capitalizing on the trends and delivering the good
- Active collaboration at every stage of product development
- Strong consumer demand for Ayurvedic and natural products and consumer loyalty

Initially, Patanjali relied on its own distribution network, but once it decided to enter big retail with Future Group, in one shot its entire range and products got connected to 250 cities and more than 700 stores across the country and over 5,000 retail stores in Rajasthan. “There was no pilot, we believed in the product and the concept of Swadeshi (home-grown), says Rajiv. From selling 10-12 merchandise categories like ghee, honey, and chyawanprash, the brand today has a commendable presence in 84 merchandise categories. Patanjali has expanded to sell the

full range of consumer categories from edible oils, biscuits and noodles to toothpaste, hair and skin care products, conditioner, shaving cream and groceries. “Every fourth customer who shops in Modern Trade, shops for Patanjali products and that has clearly exploded the perception that it is a General Trade product or bought by small town folks. Today a Patanjali face wash sits next to the Dove face wash and its herbal kajal sits next to Lakme kajal on the shelf and appeals to the masses, including the high class customers and they are demanding it,” added Rajiv.

Future Retail understood the consumer trend for natural, chemical-free and for a home-grown product with which they could identify and it capitalized on it. Today there are products like Amrit Rasayan and Amla Plus in completely non-existent categories and they sell upwards of one lakh and four lakh units respectively in the outlets. On the partnership with Patanjali, Rajiv says, “Joint product planning and development, formulation of new products, new pack sizes, new variants are some of the aspects of our business collaboration. All those products are capitalized on and rolled out in the lines, building consumption, driving consumption and growing the categories.”



Every fourth customer who shops in Modern Trade, shops for Patanjali products and that has clearly exploded the perception that it is a General Trade product or bought by small town folks. Today a Patanjali face wash sits next to the Dove face wash and its herbal kajal sits next to Lakme kajal on the shelf and appeals to the masses, including the high class customers and they are demanding it

— **Rajiv Sharma**, Business Chief – Staples, Future Retail



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— **Shyam Iyengar**, Head - Supply Chain Management, Patanjali



CASE STUDY 2

SPAR and Sula Vineyards - Creating promotions and customer engagement

In today's competitive market, innovation-driven partnerships are enabling the discovery of meaningful ways to satisfy the consumer and build the bottomline.

By Premjit Mohapatra

The partnership between Sula Vineyards, India's largest wine producer, and SPAR India highlights how right initiatives and innovation in customer engagement can allow manufacturers and retailers to partner in profit and provide shoppers with the best experience.

Liquor, as a category, entails a lot of challenges and it is one category where the urgency of collaboration is most felt because of the overwhelming challenges unique to the category. Retailers who deal with liquor have to contend with numerous barriers, which prevent them from having liquor in their portfolio.



Keeping pace with those aspirational standards with the existing barriers in the liquor category is possible only if we found innovative ways to engage with the customers and created enough excitement

— Satish SV
AVP - Buying & Merchandising (Foods), SPAR India

Challenges in the liquor category

- It cannot be promoted legally
- There are challenges in conveying value benefits. Even offering discounts on the mark side is not possible
- No external and internal branding
- The category is tied up with regulations. Every other day there are inspections by the Excise department eager to find fault or irregularities
- Headwinds to push sales

“The only way to push sales is listing the product on the shelves. This is one reason which has kept retailers to keep liquor away from their portfolio even though it's considered one of the profitable categories”, says **Satish SV**, AVP - Buying & Merchandising (Foods), SPAR India.

The growth standards that Modern Trade sets for itself is quite ahead of the industry standards. “Keeping pace with those aspirational standards with the existing barriers in the liquor category is possible only if we found innovative ways to engage with the customers and created enough excitement,” says Satish.

Reasons to create customer engagement

- To create awareness about the category
- Create excitement in the counter and indulge the family members including kids
- Continuous engagement with the customers

Objective: To increase customer base and make Spar India, the destination in retail segment.

SPAR-Sula engagement on the floor

- Grape stomping, partnered by Sula Vineyards

- Mocktail session partnered by Bacardi
- Customised labelling for gifting, partnered by Diageo for the festival seasons

Grape-stomping activity

- Partnership between Sula and SPAR
- Create a fun based activity around the theme
- To create awareness about Indian wines
- To help increase the wine customers base
- To increase sales of wine and other products

This activity was designed to create fun. “The objective was to increase awareness and expand the wine customer base, but the route we had to adopt was to engage the family and kids and create fun activities around it. Any other mode of promotion becomes a regulatory hurdle,” explains Satish.

The grape-stomping activity was done at the entrance and there was no mention of wine or spirits in the communication. “Grape-stomping is a traditional practice in Europe where the entire family partakes in the manual stomping of the grapes during the harvest season. Importing the meme and creating a festive atmosphere around it gave us the opportunity to invite and indulge everybody in the family, the kids and the elders,” said Satish. There were freebies for each participant in the stomping activity to make it more attractive. An extensive social media and SMS campaign was done for a week to connect with the loyal customer base.

The activity produced the desired results. Done in the month of December 2016, the activity saw the entire spirits category register a growth of 21%. But it was wine that grew at 22% and Sula had a 32% growth in sales.

“The growth was phenomenal considering that the industry didn't grow at all and there was 0% growth in Bangalore. It was a clear win-win for both SPAR and Sula,” avers Satish. “Partnering with Spar helped incorporate in-store customer engagement into the overall business strategy. Consistent and thoughtful engagement with customers not only increases loyalty and long-term value among existing patrons, but it can help attract new buyers as well. As a wine and spirits company, we generally rely on brand awareness campaigns to generate sales”, said **Dalesh**, Regional Head, Sula Vineyards. **PG**



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Distribution Redefined

Food solutions for progressive homemakers

Shree Bharambe, Co-founder & CEO, Fingerlix, speaks to Namita Bhagat about how his brand offerings aim to redefine packaged food in India with its broad array of fresh 'almost-ready' food solutions and 'fully-ready' accompaniments, and how these products help home-makers prepare fresh food with authentic ingredients in a jiffy.

What is the concept behind Fingerlix?

Fingerlix is a fresh, ready-to-cook food solutions brand targeted at today's progressive homemakers. Fingerlix enables them to put a meal on the table within minutes and ensures that their families are served only fresh food prepared with authentic ingredients. It allows them to customize the dish as per the family's taste and is also the perfect solution for all those who stay away from home. We launched the brand in Mumbai in May 2016.



Shree Bharambe,
Co-founder & CEO,
Fingerlix

What made you enter this segment?

Packaged food industry in India has evolved largely around high-shelf life products barring dairy and bakery items. Long shelf life almost always means either high level of preservatives and/or high level of processing. During our consulting work with some of the leading food companies in India, we realized that consumers are seeking fresh, preservative-free solutions to ease cooking. We decided to address the need gap with Fingerlix.

What are the products under your brand?

From fresh-ready-to-cook batters to parathas, curries and dals, Fingerlix ensures that all ingredients are fresh and authentic and the food that one finally consumes is at par with home-cooked food. Our primary target audience are home-makers (working as well as non-working) residing in Indian metros. These people are stretched for time and are seeking smart solutions to manage their multiple responsibilities.

What is chef Abhijit Berde role in the set-up?

Chef Abhijit is the chief architect of our products. He brings with him top tier talent in the area of recipe development as well as the experience in setting up and running industrial scale kitchens. We have a very robust pipeline of new products, each of which is thoroughly researched internally as well as with consumers, before launching it.



Does your brand have any unique offerings?

Each of our products has unique strengths. For instance, the idli batter has been received very well by consumers – many have written to us about how they had given up on the hope of making light, fluffy idlis and crisp dosas until they tried the Fingerlix batter. A combination of select ingredients and a proprietary grinding method has resulted in a batter that is very light. The aloo paratha, a runaway success, has been lifted by the dash of Amchoor in it.

We have recently launched three new, exciting products, viz., the multi-grain idli-dosa batter, biryani mix and whole wheat lachha paratha. People like the ease of cooking and variety in their daily meals and our three new launches add to this variety.

Do you have your own manufacturing or is it outsourced?

We make all our products in-house in our kitchen in Mumbai. We have set our facility along the lines of flight kitchens, which are known for their exemplary hygiene standards. All material is sourced locally from reputed vendors. As the products are free from preservatives, we have to chill (0-4 degrees Celsius) them to preserve their freshness. We have established our own cold chain to distribute the products at chilled temperature to retail outlets.

What steps do you take to ensure quality, freshness and shelf life of your products?

A high level of hygiene at all points of the value chain and chilling the food to preserve its freshness are the two key factors that ensure the shelf life of our products. We are maniacal about temperature control and have mastered it for our products by setting up multiple experiments.

Please share your current presence across markets and various sales channels.

We cater to the Mumbai market at present. We are available to the consumers through two channels – retail outlets and our own app as well as call centre. In retail, we have tied with all leading retail brands like HyperCITY, Food Bazaar, D'Mart, Haiko, Star Bazaar, Godrej Nature's Basket, Sahakari Bhandar, etc. We are also present in a restricted number of stand-alone retail outlets. The idea was to put the proposition and business model to the test. We are

now embarking on an expansion within the city. We are also planning to expand to other cities. We do home deliveries of orders placed through our mobile apps, website and call centre. The home delivery facility is available only in Powai and Andheri East areas and will expand to other areas shortly.

What about the pricing strategy?

Fingerlix is very affordably priced between Rs.60 and Rs.150. All products serve a family of three to four, making it very economical for regular use.

How do you view competition from other players and how do you plan to deal with it?

Packaged fresh food is a nascent category in India. There are hardly any brands in this segment yet. Though we are certain many will emerge in the future. For the size of our country, it will take many players to do justice to the opportunity. We believe if we keep winning with the consumer, the competitive pressure will be well taken care of.

How do you plan to build up your presence?

We will shortly start expanding to other cities. In the medium term, our focus will remain on the top



From L to R:
Shree Bharambe,
 Co-founder & CEO;
Chef Abhijit Berde,
 Executive Chef
 & Production
 Development Head;
Varun Khanna,
 VP Sales &
 Operations and
Shripad Nadkarni,
 Co-founder & Director

10-15 metros. The opportunity is massive. Indian centre-of-the plate categories add up to \$200 billion. However, these are mostly in the form of commodities. We expect an increasing shift towards value-added solutions. This shift will play out over decades, so we intend to build an organization with a broad and robust foundation. **PG**

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Boosting investments in the food sector



CII estimates that the food processing sectors have the potential to attract as much as US\$ 33 billion of investment over the next 10 years.

In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry. The food industry, which is currently valued at US\$ 39.71 billion, is expected to grow at a CAGR of 11 per cent to US\$ 65.4 billion by 2018. Food and grocery account for around 31 per cent of India's consumption basket. The Indian food retail market is expected to reach Rs. 61 lakh crore (US\$ 915 billion) by 2020.

The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 14 per cent of manufacturing Gross Domestic Product (GDP), 13 per cent of India's exports and six per cent of total industrial investment.

The organised food business in India is worth US\$ 48 billion, of which food delivery is valued at US\$ 15 billion. The online food delivery industry grew at 150 per cent year-on-year with an estimated Gross Merchandise Value (GMV) of US\$ 300 million in 2016.

Government of India, through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures (JV), foreign collaborations, industrial licenses, and 100 per cent export oriented units.

Investments

According to the data provided by the Department of Industrial Policies and Promotion (DIPP), the food processing sector in India has received around US\$ 7.47 billion worth of Foreign Direct Investment (FDI) during the period April 2000-December 2016. The Confederation of Indian Industry (CII) estimates that the food processing sectors have the potential to attract as much as US\$ 33 billion of investment over the next 10 years and also to generate employment of nine million person-days.

Government Initiatives

Some of the major initiatives taken by Government to improve the food processing sector are as follows:

- Union Budget 2016-17 proposed 100 per cent FDI through FIPB (Foreign Investment Promotion Board) route in marketing of food products produced and manufactured in India.
- Government of India has relaxed FDI norms for the sector, allowing up to 100 per cent FDI in food product e-commerce through automatic route.
- The FSSAI plans to invest around Rs. 482 crore (US\$ 72.3 million) to strengthen the food testing infrastructure in India, by upgrading 59 existing food testing laboratories and setting up 62 new mobile testing labs across the country.
- Harsimrat Kaur Badal, Union Minister for Food Processing Industries, inaugurated the first of its kind Rs. 136 crore (US\$ 20 million) mega international food park at Dabwala Kalan, Punjab. She has also expressed confidence that the decision to allow 100 per cent FDI in multi-brand retail with 100 per cent local sourcing condition, will act as a catalyst for the food processing sector.
- FSSAI has issued new rules for importing products, to address concerns over the entry of sub-standard items and simplify the process by setting shelf-life norms and relaxing labelling guidelines.

All these initiatives will most likely change the face of the food sector in the coming days, and usher in a new era of robust F&G retail in the country. **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

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what's next

► **Dabur launches Amla Juice under Réal Wellnezz**

Leading packaged fruit juice company Dabur India Ltd recently launched Amla juice under its brand Réal Wellnezz. This ready-to-drink juice is a blend of six amla pulp and apple juice, which makes it a nutritious beverage. Made with 100 percent natural beverage, this drink has no added flavour or colour. It comes in a handy Tetrapak packaging and is available at all leading retail outlets at an introductory price of Rs. 90 for a pack of one litre.



▼ **Anmol Biscuits introduces 'Mellizo' cookies**

Leading confectionary player Anmol Biscuit has recently launched Mellizo range of cookies. These cookies come in four delightful flavours such as butter cookies, chequered choco-orange cookies, coconut cookies and chequered choco-vanilla cookies. These cookies are available at leading retail outlets and is priced at Rs. 10 per pack.



◀ **Veeba rolls out new Peri Peri sauce**

Veeba Food Services Pvt Ltd has recently added peri peri sauce to its existing range of sauces and condiments. This fiery Portuguese chilli sauce is made with 100 per cent vegetarian ingredients and is cholesterol free. It comes in a 300gm squeeze bottle pack and is priced at Rs. 139. Available at all leading retail outlets and online grocery portals.



▲ **Himalaya rolls out new FootCare cream**

Leading beauty & wellness brand Himalaya has recently come up with a new FootCare cream for cracked heels and rough feet. Enriched with the goodness of honey, turmeric, fenugreek seeds and sal tree extracts, the cream has anti-microbial and anti-inflammatory properties that heal cracked heels. Available at all leading retail outlets across the country and priced at Rs. 110 for 50 gm.

► **Jain Farm Fresh adds new fresh pulp variants**

Jain Farm Fresh Foods from the House of Jain Irrigation Systems Ltd. has recently added two new variants of fresh pulp under its existing repertoire of products. The two new variants are Strawberry pulp and Jamun pulp. These fresh pulps come in a 500 gm bucket pack. What's more, these pulps are 100 per cent natural frozen pulp with no added preservatives, colours or flavours.



► **Creteca comes up with specialty sauces**

Creteca from the House of Mrs Bector's Food Specialties Ltd. has come up with seven new flavours of specialty sauces. This new range of condiments include: honey mustard sauce, barbeque sauce, thai chilli sauce, sriracha chilli sauce, peri peri sauce, chipotle sauce and sweet onion sauce. Available at all leading retail outlets, these specialty sauce variants come in easy-to-squeeze bottle packs of 380 gm.



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