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# PROGRESSIVE GROCCER

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INDIA EDITION

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The recently concluded World Food India 2017 is expected to provide the much needed thrust for realizing the vision of India becoming a preferred investment destination and sourcing hub for the global food processing industry. The event helped to pull in an investment of \$10 billion in India's food processing sector, which can help generate one million jobs in the next three years.

The vast potential of the food processing sector in India stems primarily from its inherent strengths in the agriculture sector. The country is the world's largest producer of bananas, mangoes, papayas, chickpea, ginger, okra, whole buffalo, goat milk and buffalo meat. It ranks second in the production of sugarcane, rice, potatoes, wheat, garlic, groundnut (with shells), dry onion, green pea, pumpkins, gourds, cauliflower, tea, tomatoes, lentils, wheat and cow milk. The country is also the world's largest producer and exporter of spices, accounting for 48 per cent of global spice trade by volume and 43 per cent by value.

Currently, the food processing segment contributes about 25 per cent to the national farm GDP and is worth approximately US\$ 200 billion. In step with the recent initiatives of the government such as opening of more food parks, the food processing sector is poised for a giant leap in capacity across its key categories. With food industry leaders from all over the world professing their willingness to invest in India, the country is on path to meet the huge demand potential domestically as well as in overseas markets. This is bound to create immense opportunities for players, generate employment and give a welcome boost to farm incomes across the board.



**Amitabh Taneja**  
 Editor-in-Chief

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### RETAILER

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Hyderabad-based Q-Mart has changed the retail landscape of the city by being the first to introduce gourmet, organic and speciality food categories, way back in 2001. Its promoters have also brought in new concepts in merchandising and technology, all of which have helped the store build a large base of customers.



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Promoter, Q-Mart Retail Ltd.



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# Market Update

## WORLD FOOD INDIA: GLOBALIZING THE INDIAN FOOD INDUSTRY



 **Harsimrat Kaur Badal**, Minister of Food Processing Industries, **Serzh Sargsyan**, President of Armenia and **Narendra Modi**, Prime Minister of India

World Food India 2017, held at the India Gate lawns and Vigyan Bhavan in Delhi was an event focused to exhibit the growth and development of Indian Food Industry. This three-day event commenced from 3rd November 2017 and was packed with exhibitions, seminars and tasting sessions. The event turned out to be a good platform to network and collaborate with Indian and international businesses.

This event saw a congregation of investors, manufacturers, producers, food processors, policy makers, and organizations from the global food ecosystem.

### Impressive inauguration

Organised by food processing industry, the World Food India was inaugurated by Prime Minister of India at Vigyan Bhavan.

The three-day event was aimed at transforming the food economy and realise the government's vision of doubling farmers' income by establishing India as a preferred investment destination and sourcing-hub for the global food processing industry.

In his address to the food fraternity, PM Modi said: "There is an immense potential for the food processing and value addition in areas such as organic and fortified foods."

He further spoke about food processing as a practice that has been known to the country for ages, simple, home-based techniques, such as fermentation, have resulted in the creation of famous Indian pickles, papads, chutneys and murabbas that excite both the elite and the masses across the world. India as the biggest producer of milk in the world, and is second in the production of rice, wheat, fish and vegetable output.

### Walking down the Great Indian Food Street

Minister of State for Food Processing Industries Sadhvi Niranjn Jyoti unveiled 'The Great Indian Food Street', a unique platform to celebrate the diverse culinary heritage of India.

Curated by renowned Chef Sanjeev Kapoor, the Great Indian Food Street was one-of-its-kind initiative that was focused on the globalization of Indian food and transformation of Indian heritage foods and super foods. The Great Indian Food Street showcased demonstrations of various culinary techniques and traditions from the 28 states of the country.

The event had live demonstrations by the leading Chefs of the culinary industry and various Michelin chefs including Ranveer Brar, Saransh Goila, Amrita Raichand, Vineet Bhatia, Satish Arora, Imtiaz Qureshi, Kavneet Sahni among others.

### The global CEO congregation

Exclusive CEOs round tables were scheduled with the PM of India, Narendra Modi, Union Minister of Finance and Corporate Affairs, Arun Jaitley, and Union Minister of Commerce and Industry Suresh Prabhu with leading global & Indian food processing companies. The event saw the presence of industry captains from across the globe and India: Paul Bulcke, Chairman of the Board of Directors, Nestle, Pieter Boone, COO & CEO, Metro Cash and Carry, Brian J McNamara, CEO, GSK Consumer Healthcare, Amanda Sourry, President, Food Unilever; Sharafuddin Sharaf, AI - Sharaf Group; Yusuff Ali, Managing Director, LuLu Group, Kishore Biyani, CEO, Future Group; Krish Iyer, CEO, Walmart India; Amit Agrawal, CEO, Amazon, India to name a few. A total of 60 Global CEOs including Asia Pacific (APAC) leadership of leading companies were expected to interact with leading CEOs from 100+ top Indian food processing leaders.

### USD 19 billion worth investments committed

Minister of Food Processing Industries, Harsimrat Kaur Badal shared that her Ministry was striving to make India the World's Food Factory. The food processing ministry would help achieve the stated goal of the Government of India to double farmer's incomes by 2022. She stated that barely 10 per cent of food is processed which opens up opportunities for food processing in the country which would in turn help reduce wastage of food.

The World Food India 2017 witnessed the signing of 50 MoUs worth USD 11.25 billion for investment by the private sector, another USD 2.5 billion at the state level. Coupled with the initiatives taken by the





## CREATING A NEW WORLD RECORD

In a bid to build interest and demand for indigenous ingredients in the global markets, a new Guinness World Record was created by preparing 918 kgs of khichdi at the World Food India, on 4th November 2017, India Gate lawns in New Delhi. This largest serving of rice, beans, multi-grain, nutritious & high-protein Khichdi was prepared by a team of 50 people led by Chef Sanjeev Kapoor, the brand ambassador of The Great India Food Street, in collaboration with Akshaya Patra Foundation.

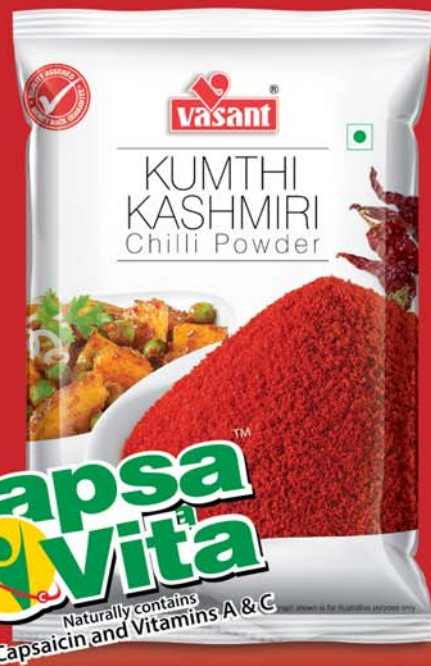
The world-record ceremony was attended by Minister of Food Processing and Industries Harsimart Kaur Badal, Yoga Guru and the founder of Patanjali Group of Industries Baba Ramdev, Sadhvi Niranjan Jyoti, Minister of State Food Processing Industry at the India Gate lawns in New Delhi. Indian foreign missions and Ministry of Food Processing Industries popularised the ingredients and the recipe of khichdi to ensure that it finds its way into restaurants and kitchens around the world.

Central Government around USD 19 billion worth of investments was committed by the food processing minister. These investments were in all segments of the food processing value chain from farm to the fork.

### Rs. 73,281 crore worth of MoUs

On the second day of World Food India, Ministry of Food Processing Industries signed 22 more MOUs worth Rs. 5,281 crore bringing the total figure of MOUs signed in two days of WFI to Rs. 73,281 crore. Companies such as Emami, Transworld, Sapphire, Danfoss, Keventer Agro, among others, signed the MoUs with the Ministry of Food Processing Industries for making investments in various food processing facilities.

The event saw the presence of cabinet ministers like Radha Mohan Singh, Minister of Agriculture and Farmers' Welfare, Sadhvi Niranjan Jyoti, Minister of State (MoFPI), Nitin Gadkari, Minister of Road Transport and Highways and Suresh Prabhu, Minister of Commerce and Industry. The ministers addressed the stakeholders about the efforts that their ministries are taking to increase opportunities for investments in the Indian economy with a special focus on the food processing sector.



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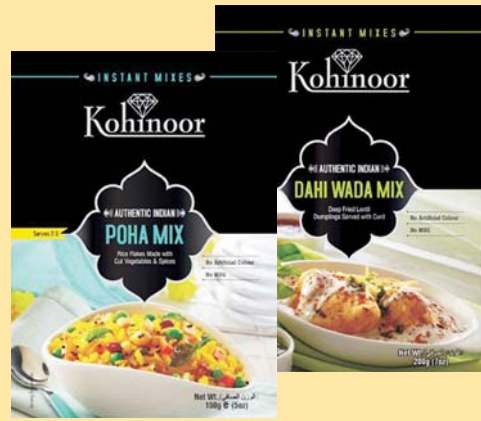
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## GREEN GROWN ORGANIC RANGE

The year 1989 saw Kohinoor Foods Ltd embark upon its journey in food manufacturing and it's been 25 glorious years now of treading that path. Over time, Kohinoor's basmati rice, ready-to-eat curries, meals, simmer sauces, cooking pastes, spices, seasonings and frozen foods have become an intrinsic part of millions of kitchens across the world in over 65 countries. The company is now expanding its footprint to the 'Green Grown' range of 100% certified organic products to cater to the ever increasing demand of organic food worldwide. The Green Grown range will lay emphasis on creating 'Satvik' food, abundant in 'Prana' – the universal life force energy required for healthy living. "The Green Grown range of organic products is a unique initiative where 'Satvik' food is nurtured with natural manure and nutrient compounds with farm crop rotation at regular intervals. Our produce aims to be whole food and full of life force as they are in their natural fresh state," says Puneet Mahajan, VP, Marketing, Kohinoor Foods Ltd.

## CARGILL TO INVEST US\$240MN IN INDIA OVER NEXT FIVE YEARS

Cargill, a leading food and agriculture company, will be investing US\$240m (equivalent to Rs. 1500 crore) in India over the next five years. The announcement was made at the World Food India Conference by Peter Van Deursen, Chief Executive Officer, Cargill Asia Pacific at a signing ceremony of a Memorandum of Understanding (MOU) with India Ministry of Food Processing Industries in the presence of Honorable Union Minister of Food Processing Industries, Harsimrat Kaur Badal. The new investment will be in Cargill's core businesses including, edible oil, cocoa and chocolates, starches and sweeteners and animal nutrition in India. Last year, Cargill inaugurated its first wet corn milling plant in India, set up with an investment of US\$100 million. The company also inaugurated a new dairy feed mill in Bathinda, Punjab. Cargill also opened its largest business services centre in Bengaluru in 2015 employing around 2,000 people. The company's new investments will add to the food safety and economic development of the country and benefit the food processing and agriculture industries. In addition, it will provide employment to 1,300 people and help farmers in the country.

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# Pioneers in eggless bakery products

As the premier European inspired bakery, Lovely Bake Studio offers 100% egg-less delicacies, a first-of-its-kind concept in India. The company is ramping up its pan-India presence and has also started exporting overseas to the Middle East, Hong Kong and Australia.

**Lovely Bake studio is associated with India's top retailers such as WHSmith, Godrej Nature's Basket, Wal-Mart, Big Bazaar, Easy Day, Metro Cash & Carry, Reliance Fresh, D-Mart and many more.**

**E**ggless is a term you may find difficult to connect with bakery products unless you are familiar with the name Lovely Bake studio. Inspired by European bakeries, this venture of Lovely Group, Punjab, serves 100% egg-less delicacies, making it the first-of-its-kind bakery in India. Lovely Group has been successfully operating for decades in three verticals – Food (Lovely Sweets), Education (Lovely Professional University) and Automobile (Lovely Autos) with a mission to offer quality and innovation across the globe. As an extension of Lovely Sweets, Lovely Bake studio carries on the company's legacy of vegetarian products that do not compromise with taste and quality. Their flagship cookies come in different size of boxes with a gamut of options ranging from chocolates, dried fruits, Turkish baklava and much more.

“Our cookies are manufactured using healthy ingredients such as oats, flaxseeds, cornflakes, almonds, honey, cashew and pistachio,” says Shiashav Mittal, Founder and CEO of Lovely Bake Studio. He further adds that the manufacturing facilities are equipped with modern and sophisticated machinery with the latest technology. Lovely Bake Studio products and operations are subjected to stringent quality control methods

with facilities being ISO 9001-2015 and ISO 22000 certified by Intertek. All of the production units are equipped with most modern labs to test raw materials before they go into the production. Currently, the R&D team is developing a gluten-free range and low-calorie range of cookies, which are expected to launch early next year.

As one of the fastest growing brand with a strong network of more than 1,500 premium retailers and more than 20 distributors in India, Lovely Bake studio is associated with India's top retailers such as WHSmith, Godrej Nature's Basket, Wal-Mart, Big Bazaar, Easy Day, Metro Cash & Carry, Reliance Fresh, D-Mart and many more. The company aims at an all India presence by end of 2018 and is currently adding new outlets and signing up new retailers.

“Our 40% of the sales throughput comes from modern trade chains, another 40% from general trade outlets and the rest from online sales,” informs Mittal. Currently, the premium cookies market size is Rs. 6,000 crore and owing to the optimistic growth rate of industry, Lovely Bake Studio aims to control a minimum 10% market share in next two years. With a fast-growing pan-India presence, the company also has a fair share of export overseas to the Middle East, Hong Kong and Australia. **PG**



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# F&G sector bats for easier compliance burden



“  
**The tax slabs are on the higher side primarily for food and beverage items. While on the one hand, we are fighting to tame food price inflation, on the other side we have high tax on food items that is creating a contradictory situation.**

— **Amit Lohani**  
MD Max Foods and  
Convenor, Forum of  
Indian Food Importers

Progressive Grocer spoke to three prominent members of the industry to get a sense of the sector's comfort level in dealing with GST. While each one of them welcomed its implementation and were appreciative of GST's stated aim to bring about transparency and accountability in transactions, they also expressed an overwhelming concern for more simplicity in the rules and greater flexibility in the compliance.

## **More than three months into GST, what do you feel has been its impact?**

**Amit Lohani**, MD Max Foods and Convenor, Forum of Indian Food Importers: GST has been a tremendous idea, which if executed with less confusion would have led to better trade conditions. But unfortunately that is not happening, at least for small trade stakeholders and SMEs. The tax slabs are on the higher side primarily for food and beverage items. While on the one hand, we are fighting to tame food price inflation, on the other side we have high tax on food items that is creating a contradictory situation. Business has visibly faced the brunt of such inherent anomalies in GST. What we get to hear of the GST impact is primarily from the perspective of large corporate or multinationals. For SMEs and companies like ours, it is difficult to abide by all GST compliance due to several reasons – from high tax slabs to ambiguity in the rules to lack of qualified man-power, and several others.

**Sunil Jindal**, Managing Director, SRS Limited: The Indian government has taken some steps recently

to usher in greater clarity in GST, which will make it easier for businesses to negotiate the system. The introduction of GST was expected to encourage transparency in business dealings and transactions. Businesses are moving in that direction and things are bound to improve on this front. Still, it is a bit early to comment on how effective GST will be in turning the business landscape towards better transparency and a more efficient transaction system. But we do expect it to have a positive effect.

**Rishabh Asrani**, Director, Sri Roda Foods: GST has resulted in an increase in tax percentage on our products. However, the removal of CVD from the duty structure has been beneficial for us and reduced the costs of our products.

## **What challenges are you facing since GST came into force?**

**Amit Lohani**: It is a situation where you learn while you work as it is not possible for small stakeholders and SMEs to hire consultants. Since it came into effect, we are trying to define the GST slabs basis

our understanding of the definition of various rules and clauses. Also, we have limited manpower and their understanding of the changed system is also limited. There is always the possibility of people offering suggestions that are not fully informed and those suggestions could get implemented or acted upon by most of us. This is bound to lead to further ambiguity and confusion and create more chances of errors. There are just too many confusing provisions that exists in the GST such as the one about e-way billing. The procedure for compliance and implementation of the provisions are just so confusing. The changed tax regime has no room for accommodating human error and this is demotivating for us. Even though we are trying our best to be on the right side of GST provisions, we can be treated as offenders. Just imagine how it can feel for legitimate players to be put on the dock as wilful offenders? It is necessary for the authorities to understand that in the observance of the new laws it is important to leave some scope and room for genuine human error and be considerate and understanding of such lapses.

**Sunil Jindal:** For every positive change in the works, one faces a mountain of challenges and that needs to be addressed. Of course, many such challenges have come to the fore in the wake of GST implementation but many of them are not of a severe nature. As far as retail operations are concerned, there could be some challenges with finance but hopefully that will be solved soon.

**Rishabh Asrani:** Paying IGST beforehand at the port on the full value of goods without even selling them is a major drawback. Also, many people are still unfamiliar with the protocol of filing of GST returns. A confusion regarding HSN codes on products also exists among the customers, with the same product falling under multiple HSN codes.

**Do you think there is a need for tweaking and making more changes do so as to make GST more efficient and business friendly?**

**Amit Lohani:** The government should roll out intense training sessions. For us, reading about the regulations and the changes and modifications on the government web portals is not helping much. SMEs and small stakeholders are suffering as it is not financially viable for them to hire consultants. Also, the available man-power with us is at a semi-skilled stage in handling the GST provisions as they have not received any official training and are learning the ropes gradually through on-ground practice. They do not intend to misguide the tax authorities but their lack of knowledge on many GST issues poses challenges for compliance.

Under such circumstances, tax authorities should show flexibility before penalizing genuine oversights by legitimate players. At this early stage of GST implementation, the system should be run in way that motivates the trade to function smoothly and efficiently by taking a lenient attitude towards human errors, which at this early stage of GST, is unavoidable. The government should



“  
**It is a bit early to comment on how effective GST will be in turning the business landscape towards better transparency and a more efficient transaction system. But we do expect it to have a positive effect.**

— Sunil Jindal  
MD, SRS Limited





“  
**GST has resulted in an increase in tax percentage on our products. However, the removal of CVD from the duty structure has been beneficial for us and reduced the costs of our products.**

— **Rishabh Asrani**  
 Director, Sri Roda Foods



evolve a mechanism for classifying repeat and wilful defaulters and those who make un-intended errors under different heads. Taxes should be brought down primarily for food and beverage products, as high slabs are leading to higher cost and a more conservative purchase decision by the consumers. This has been reflected in this year's festive sales, which has not been good for the trade. The new system is complicated and there are several points and provisions that lend themselves to multiple interpretations.

**Sunil Jindal:** There are hiccups for the trade at this early stage of the GST implementation. But we have put our faith in the system and believe that there will be positive outcome for all stakeholders in the long run. The GST itself is in a transition mode and undergoing modifications to improve its functioning. We are positive that these changes will have the desired effect bring about a revolution in the way business is conducted by eradicating corruption and ushering in transparency in all stages of trade transactions.

**Rishabh Asrani:** Clarity on HSN codes and easing of GST returns filing will help the customers. Also, a reduction in tax rates is preferable to encourage more demand for imported goods.

#### **Will GST help to grow and expand the grocery retail business?**

**Amit Lohani:** Nobody doubts the principles and the intention behind the GST. Per se GST is good news for the nation. It only needs some fine tuning. It is a bold and brave step by the government and

we welcome it. At the same time, we would also like to emphasize on the fact that remains quite a few glitches in its proper implementation which, if not rectified, will prevent the trade and the nation to reap the positive benefits expected of GST. As of today, the grocery business is apparently suffering because some of the tax provisions are too pinching for the trade. Consumers are doing the math and limiting their shopping to primarily essentials. As a country we should not shy away from admitting that we have more SMEs and small stakeholders and for their survival it is important that we should revisit and make the necessary amendments in the current GST system. As a trade association, we stand by the decisions taken by our elected government and wish that whatever steps they take are for greater good of the country and lead us on a brighter path.

**Sunil Jindal:** GST has been crafted on the foundation of honesty and integrity in our tax-paying structure and its implementation seeks to uphold the same principles by penetrating through various layers of the market. Abolishing the earlier fragmented indirect tax structure has been a boon for the trade as well as consumer. It's a positive change which will soon have a knock-on effect on our grocery retail business as well. One needs to have some patience for the impact to become visible and perceptible.

**Rishabh Asrani:** In the long run, GST will definitely be beneficial. It will usher in an era of good & clean business, and tax defaulters will get tracked down. Also, the removal of interstate forms helps us in increasing our customer base. **PG**





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# GST is bringing a sea change in the FMCG sector

By Niraj Hutheesingh

The FMCG sector will be the first industry to feel the positive impact of GST but gradually its impact will become widespread and invigorate the nation's overall economy.



**T**he government is incessantly coming up with ways to ensure an encouraging business climate in India. One of its stellar initiatives in this direction is the implementation of GST. Billed as one of the biggest tax reforms to happen in the Indian financial ecosystem, GST strives to transform India's multi-layered indirect tax system into a single unified one. This landmark law is expected to liberate the nation from bureaucratic hurdles by simplifying the ease of conducting business all over the country. The changes proposed in this unique taxation system will reduce transportation cycle rotation and will enhance supply chain processes. The new system will bring about a consolidation of warehouses, which will give a leg-up to the logistics and warehousing industry and promote their development.

As we know, warehouses and logistics are an integral part of any organisation's strategic business plan and operations. Over the next decade, the warehousing sector will be the catalyst in augmenting India's manufacturing aspirations. The role played by GST will have an important bearing in unleashing the country's manufacturing ambitions. GST will eliminate the chaos that was associated with stock transfers; it will act as a booster for the general economy and a blessing for the warehousing industry. As the roll-out of GST gains momentum in the days ahead, India will evolve and cohere into a common market. The country is now on its way to becoming free of any trade barriers arising out of the earlier tax issues from interstate and intrastate sales. GST will ensure that there is a collective tax incidence and both such

kinds of transactions get taxed on an equal footing. This new approach to tax-related issues will act as a shot in the arm of the warehousing sector and will cascade into a favourable development for India's FMCG sector.

The FMCG sector of India constitutes more than 50 per cent of the food and beverage industry with another 30 per cent of its share coming from personal and household care products. The range of products under the FMCG umbrella undergird the entire rural and urban parts of the country. Currently, distribution costs account between 2 per cent and 7 per cent of the turnover for FMCG companies. Until now, FMCG companies had to set up warehouses in every State where their products are widely sold. They had to engage in stock transfers amongst warehouses in different states for facilitating the sales of goods by distributors locally. Under GST, local and interstate supply has been placed on a tax neutral ground, giving rise to a level playing field in favour of small start-ups. This will help India emerge as a single largest common market and open up opportunities for all sizes of organizations to capitalise on.

Incidentally, with the enactment of GST, the location of warehouses will need to be reconsidered. Many manufacturers have built their units in areas offering tax holidays or incentives (Himachal, Uttaranchal, etc.). Such considerations will no longer hold any relevance now that GST is in force. FMCG manufacturers using imported raw materials will have to revise their strategy, as imports would attract IGST and make the former less attractive in comparison. With GST kicking in, warehouses will gain market as manufacturers will invest more in directly selling from the warehouses rather than transferring to various outlets. This will help to address the problem of stock inconsistencies and eliminate the accumulation of unsold stocks. An increase in demand/ supply will also occur due to an acceleration in customer expectations, thus leading to better organized supply chains.

Also, treatment of larger volumes will become better organised owing to consolidated warehousing. There will be a higher level of reliance on automation and technology applications such as Enterprise Resource Planning (ERP) and Warehouse Management System (WMS) will gain ground. Skill-set upgradation with an increasing share of organized logistics set-ups will also take place, leading to growth in the demand for an optimally experienced workforce across the supply chain ecosystem. All this will enhance the supply of skilled workforce while lowering the level of



**Under GST, local and interstate supply has been placed on a tax neutral ground, giving rise to a level playing field in favour of small start-ups. This will help India emerge as a single largest common market and open up opportunities for all sizes of organizations to capitalise on.**

unemployability. On the other hand, more numbers of skill development bodies will be encouraged to set up their base.

Although, GST will be fundamental to streamlining the tax procedures, its impact will only be felt once it settles down in a few months from now. Over time, organizations and enterprises will warm up to the implementation of GST, progressively utilizing it to bring about a more cohesive and orderly market. The FMCG sector will be the first industry to feel the positive impact of GST but gradually its impact will become widespread and invigorate the nation's overall economy. **PG**



The writer is Founder Director of Cygnet Infotech Pvt. Ltd, a leading GST Suvvidha Provider.

# The Fantastic Four

This quartet of food retailers is doubling down on ecommerce now, for future success.

By **Randy Hofbauer**

It's understood that in ecommerce, the grocery channel has been somewhat of a laggard compared with others. According to New York-based eMarketer.com, computers and consumer electronics are anticipated to make up the No. 1 category in U.S. ecommerce dollar sales between 2012 and 2018, at \$108.4 billion, trailed by apparel and accessories (\$86 billion) and auto and auto parts (\$51.6 billion) at Nos. 2 and 3, respectively. Food and beverages fall at No. 9, with \$10.9 billion.

Grocery ordering online for pickup or delivery is anticipated to mature, however. While only 12 percent and 9 percent of North Americans in 2015 reported purchasing groceries online for delivery or pickup, respectively, 55 percent and 57 percent said they're willing to do the same, respectively, according to "The Future of Grocery," an April 2015 report from Schaumburg, Ill.-based market researcher Nielsen. Clearly, many are ready to give online grocery shopping a try.

A number of traditional brick-and-mortar grocers seem to understand this reality and have been investing heavily in recent years to grab their share of the ecommerce pie sooner rather than later — and to continue to grow it even while competition heats up.

The following is a look at four of the more noteworthy contenders.

## Walmart

Wal-Mart Stores Inc. recently has made significant strides to position itself as a major ecommerce player. In late 2015, the Bentonville, Ark.-based company announced plans to pour \$2 billion into ecommerce over the following two years, outpacing the \$700 million it spent on ecommerce in the previous fiscal year, The Wall Street Journal reported in November 2015.

Among the mega-retailer's initiatives in the grocery ecommerce space were partnerships forged last June with rideshare services Uber, for the Phoenix market, and Lyft, for the Denver market.

Particularly interesting is the Uber partnership, notes Jim Wisner, president of Libertyville, Ill.-based retail consultancy Wisner Marketing Group. While most other services require scheduling time windows for delivery, Uber empowers the retailer's shoppers to get their deliveries whenever they want.

Turning from delivery to click-and-collect, Walmart has continued to expand its pickup program in various markets in the past year. In April 2016, for instance, the company brought free curbside pickup of groceries to eight new cities, including Kansas City, Mo.; Boise, Idaho; Charleston, S.C.; and Austin, Texas.

As Walmart ramps up competition against Seattle-based Amazon.com, attention to perishables will play a critical role, especially since the ecommerce behemoth hasn't yet developed the same reputation in the area of groceries, particularly perishables, that it has in nonconsumables, notes Carol Spieckerman, president of Spieckerman Retail, a consultancy based in Bentonville. In response, the company is putting in place what Wisner calls an "extensive training program" for team members who prepare shoppers' orders, with special attention paid to perishables.





But these initiatives don't hold a candle to what's arguably Walmart's biggest ecommerce move yet: the acquisition of Amazon's most capable ecommerce competitor, Jet.com. The \$3 billion cash deal included not only the Hoboken, N.J.-based company's proprietary technology, customer data and ecommerce expertise, but also the services of its co-founder and CEO, Marc Lore, who will head Walmart's online division for several years.

"The combination of Walmart's retail expertise, purchasing scale, sourcing capabilities, distribution footprint and digital assets, together with the team, technology and business we have built here at Jet, will allow us to deliver more value to the customer," Lore, a former Amazon executive, said at the time of the acquisition last August.

Of particular benefit for grocery shoppers: Jet's pricing platform calculates discounts as shoppers purchase more, which helps drive volume and average order value. This is critical in the low-margin ecommerce grocery business, Mike Elmgreen, CMO of New York-based B2B ecommerce platform provider Handshake, told Progressive Grocer at the time of the acquisition announcement. Additionally, since Jet was a late ecommerce entrant, it used quick delivery as a differentiator, positioning warehouses and streamlining logistics to maximize rapid delivery — something especially critical with perishables.

Jet's technology is state-of-the-art enough to match Amazon's, says Bill Bishop, chief architect with Barrington, Ill.-based retail technology firm Brick Meets Click. And combined with its market position, which allows it to outflank Amazon on price, the acquisition could well be a game changer for the industry.

## Kroger

Kroger is well known for being careful and disciplined across its business, from leveraging consumer insights for product development to integration of entire regional chains into its overall operations. It approaches ecommerce in a similar manner.

The Cincinnati-based grocery giant is methodically growing its way to online success by expanding its click-and-collect service to a growing number of markets. Formally dubbed ClickList in fall 2015, the service came into existence following the company's 2014 merger with regional grocer Harris Teeter, which gave Kroger access to the Matthews, N.C.-based chain's Express Lane technology as a starting point.

Harris Teeter's program helped Kroger end up with a successful online grocery shopping platform, Bishop says, noting that the regional chain had been around long enough to "work out a lot of the kinks,"

and that building the platform on its own loyalty program helped with personalization. Additional power came from the July 2014 acquisition of Vitacost.com, which gave Kroger a "solid foothold" in the pure online retailing of vitamins and health-related products.

In the past year alone, the grocer has expanded in a number of markets from coast to coast, from Southern California to Atlanta, and even celebrated the launch of its 500th ClickList location, in Delhi, Ohio, last fall. It rang in 2017 with the announcement that it plans to double the number of ClickList locations in central Ohio.

All of the data powerhouse's expansions are planned carefully, according to Gary Hawkins, CEO of the Los Angeles-based Center for Advancing Retail & Technology (CART). The grocer is well positioned to leverage its "vast knowledge" of its customers to understand what services these folks want, and which shoppers are most apt to use online ordering.

Moreover, Kroger is a master at using qualitative and quantitative customer feedback to continuously evolve and improve its online offering, which, at press time, consisted of some 40,000 products, including fresh meat and produce, as well as private label, which Wisner says few chains have effectively begun to integrate across all digital platforms.

"Kroger is doing a good job bringing together the personalization they have become known for and making it part of their online experience," Hawkins says. "I can start building my online shopping list using items I frequently buy or have most recently purchased, or I can choose from sale items that have been filtered based on my past purchasing behavior, all of which make creating the list easy to do."

Furthering convenience in this area, digital coupons saved to loyalty cards are automatically applied to online orders. Additionally, Kroger waives fees for the first three orders, which Wisner says allows consumers to learn the value of the service without the risk of losing money trying it.

As Kroger continues to build on its acquired properties and integrate them into its fold, it's



### FAST FOOD

By partnering with Uber, Walmart has access to a fleet of cars for grocery delivery 24/7, allowing online shoppers to get their orders whenever they want.



**The combination of Walmart's retail expertise, purchasing scale, sourcing capabilities, distribution footprint and digital assets, together with the team, technology and business we have built here at Jet, will allow us to deliver more value to the customer.**

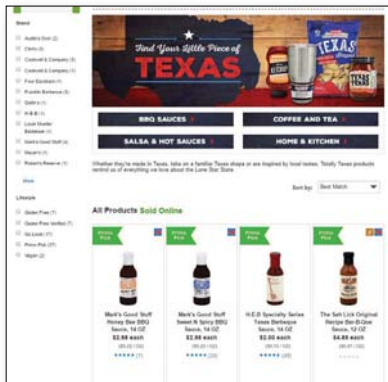
— Marc Lore  
Jet.com

“**Kroger is doing a good job bringing together the personalization they have become known for and making it part of their online experience.**

— **Gary Hawkins**  
Center for Advancing  
Retail & Technology

**LONE STAR TASTES**

H-E-B's website enables consumers in Texas and 46 other states to choose from 50,000 nonperishable products, including a large number of Texas-made brands, for delivery to their front doors.



**SMART FRIDGE**

Via a partnership with Mastercard and Samsung, ShopRite lets customers order groceries directly from the Samsung Family Hub refrigerator, which sports a tablet that runs an app customized for the grocer.

expected to carefully consider how any new addition can benefit its ecommerce capabilities — and vice versa — and better position it for the future, especially if the Harris Teeter deal has been any guide.

“I think Kroger has a much more mature approach to acquisitions than most companies do,” Wisner asserts. “They leave what works there and try to add resources where they have something new and different, and bring what they got from the acquired company back to the rest of the Kroger operation.”

**H-E-B**

Regional grocer H-E-B has a reputation for not being quiet about its Texas pride. It's also known for the deep admiration it engenders among generations of Lone Star State residents: Unlike many other grocers in Texas, San Antonio-based H-E-B has called the state home since its beginning, with locals relying on it for everyday needs since 1905.

“They do a better job of engaging their customers in the shopping experience” than most grocers, Wisner stresses.

That's especially true of ecommerce today: In 2016, the homegrown Texas retailer expanded partnerships with such third-party delivery services as Birmingham, Ala.-based Shipt and San Francisco-based Instacart, making such services

even more accessible to Texans across some of the biggest markets statewide, including Houston, Austin, Dallas, Corpus Christi and Waco. It also brought its Curbside click-and-collect service to areas such as San Antonio and Waco, as well as more stores in the Houston metropolitan area.

Arguably, however, its most inventive ecommerce innovation goes well beyond its borders — and evokes its home-state pride, too. In November 2015, the grocer announced that more than 50,000 shelf-stable foods, drugs and general merchandise products — an assortment larger than that of many online retailers and even some H-E-B stores — had become available for purchase and shipping via HEB.com, including national and store brands. Unlike its brick-and-mortar stores or Curbside and delivery options, though, the website allows consumers in Texas and 46 other states, as well as those stationed at military bases worldwide, to shop H-E-B.

The news meant that while many grocers were working to set up their own ecommerce sites to offer everyday products that locals might be able to find elsewhere nearby, H-E-B was differentiating itself by offering only Texas' best. At the time, its new “Totally Texas” page included products made in Texas or inspired by Texans, such as Whataburger Whatafries potato snacks and Spicy Ketchup, and Austin-made Franklin Barbecue Sauce, as well as Texas-made chips, carbonated soft drinks, salsas and more under H-E-B's own brands. Even the grocer's exclusive Mexican-inspired Cocinaware cookware could be purchased through the site for delivery.

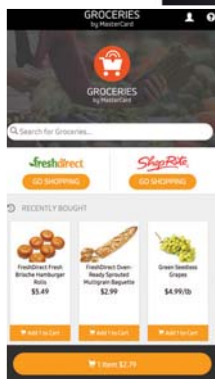
“We've been receiving calls for decades from Texans around the country that miss their favorite foods from home, like H-E-B Texas-Shaped Corn Tortilla Chips and H-E-B Café Ole Taste of Texas Coffees,” says Martin Otto, chief merchant and CFO at the grocer. “Now, even if you move outside of Texas, you'll still have a ‘neighborhood H-E-B’ just a click away.”

It's this intense focus on growing a differentiated business that makes H-E-B primed for tomorrow, Bishop notes.

“Today, they're the go-to site online for Texas-made consumer products,” he says. “This gives this regional grocery powerhouse a national online reach, which is quite exceptional.”

**ShopRite**

ShopRite, the banner operated by members of Keasbey, N.J.-based retailer cooperative Wakefern Food Corp., is known as one of the earlier adopters of online grocery retail, foreseeing the shift to come years down the road. First introduced to



customers in 2002, ShopRite from Home is now available in ShopRite stores across Connecticut, Delaware, Maryland, New Jersey, New York and Pennsylvania, allowing customers to place online orders from their home computers or mobile devices and have their groceries delivered to their homes or picked up in-store.

ShopRite’s longtime leadership in online grocery puts it at an advantage for future success in ecommerce. Bishop notes that the retailer has been able to drive strong online sales using both customer pickup and delivery. It promotes its online grocery aggressively, resulting in sales in this space reaching up to 10 percent of total-store sales at some locations.

What made for such early and long-term success? First, the commitment of Wakefern’s top management, and second, the co-op’s strong partnership with Winooski, Vt.-based MyWebGrocer.

A unique development in ShopRite’s recent ecommerce initiatives, however, connects to the larger Internet of Things (IOT). In January 2016, ShopRite revealed plans to integrate ShopRite from Home with Groceries by Mastercard, an app

that comes preloaded in the Samsung Family Hub refrigerator, allowing consumers to order directly from the fridge using a built-in screen. The fridge, which was released four months later, sports an integrated tablet that allows users to schedule in-store pickups or at-home delivery with a few simple taps on the refrigerator. Via the app’s secure, easy-to-use interface, customers also have the ability to add products to their ShopRite shopping basket and pay online.

“This new technology incorporated into the Samsung Family Hub refrigerator allows families immediate access to our ShopRite stores the moment they run out of food or need ingredients for a recipe or planned meal,” Wakefern President and COO Joe Sheridan said at the time of its launch.

While the technology is still very much a new concept, it displays the grocer’s forward-thinking nature and desire to be truly ahead of the game in the ecommerce space.

“Their partnership with Samsung is definitely thought-leading,” Bishop says, adding that it “will position them well in terms of the evolution of online shopping” into IOT. **PG**



**The technology incorporated into the Samsung Family Hub refrigerator allows families immediate access to our ShopRite stores the moment they run out of food or need ingredients for a recipe or planned meal.**

— Joe Sheridan  
Wakefern Food Corp.

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**Damodar Mall**  
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Spencer's Retail

**Amrith Gopinath**  
Brand Director,  
Adidas Group



# How to make big payoffs from execution of great concepts

The concluding session on Day two of India Retail Forum celebrated innovation in retail and feted those retailers that have introduced unique retailing concepts, showed excellence in execution strategy, demonstrated grit and perseverance through the implementation stages and brought it all to a successful fruition with exemplary returns and payoffs.

By Premjit Mohapatra

**T**he high octane session that marked the IRF grand finale saw an eminent jury shortlist 10 outstanding performers from a fray of 28 leading retailers across various categories – food, fashion, beauty, apparel, etc. The selection of the 10 retailers was made on the basis of innovation in retailing concepts and ideas and their dexterity and finesse in executing and implementing these ideas to great results.

The 28 retailers in the fray were: Adidas; Alcis; Atesber INC 5; Ayesha; Being Human; Bestseller; Burger King; Burger Singh; Enrich Salons and Academy; Haldiram's; HyperCITY; Levi Strauss India; Limeroad.com; Manyavar; Max Fashion; My Fit, Van Heusen; Neerus; Pepe; Pizza Hut;

Shaze; Smaash; Spar; Spencer's; Twenty Four Seven; Fabindia; V-Mart; Wow Momos; Yum Restaurants.

The 10 that made the final cut were: Spencer's Retail; 24 SEVEN; Godfrey Phillips India; Enrich Salons and Academy; Adidas Group; HyperCITY; Levi Strauss India; Wow! Momo; Fabindia; Max Fashions, Landmark Group; Pizza Hut.

The members of jury that voted the 10 top retailers for their thought-provoking ideas, brilliant execution strategy, successful implementation of the various stages and its payoffs and results were: Abheek Singhi, Senior Partner and Director, The Boston Consulting Group; Ajay Kaul, Senior Director, Everstone Group; B.S. Nagesh, Founder, TRRAIN; Debashish Mukherjee, Partner and lead,



Consumer Industries & Retail Products Practice, India and Southeast Asia, A.T. Kearney; Jonathan Yach, Director - Operations, Virtuous Retail; Pushpa Bector, Executive Vice President and Head - Premium Malls Division, DLF Utilities; Rajneesh Mahajan, CEO, Inorbit; Roosevelt D'souza, Managing Director - South Asia, Nielsen.

The session was moderated by Damodar Mall, CEO, Grocery Retail, Reliance Retail. "When retailers choose to share their innovation so that other retailers including their competitors can learn from their experience, it is very special. It is special because they have created an innovative idea and concept and have taken it all the way to execution and are willing to share their ideas and execution for all to benefit from," said Mall. Progressive Grocer brings you the case studies of three food and grocery retailers that made the final list of 10 winners chosen for driving excellent strategies to perfect execution with great outcome and payoffs.



## 24 SEVEN, GODFREY PHILLIPS INDIA

### → **Concept:**

Digitization of 24 SEVEN

### → **Execution:**

The idea was to transform a convenience store to a digitized store that is open 24 hours a day, 7 days a week and 365 days a year. A one-stop shop offering food, groceries, supplies and services and always open to make life easier for its customers.

### → **Challenge:**

The challenge was to create a high end place for hanging around and one that appealed to all – be it the young, family or office goers. A larger than life aspirational place, which is modern, has a little bit of perkiness and attitude, but is always welcoming. A digitized store for the community with flexible timings and which brings about a positive change in the lives of the communities. Going forward, the challenge will be to make this presence felt in every city of India.

### → **Result:**

After the changes, improvement in sales has been significant.

## SPENCER'S RETAIL

### → **Concept:**

Introduce fast moving fashion goods. Fashion is a constant that keeps changing. With that in mind, Spencer's Retail introduced a new fashion concept – fast moving fashion goods.

### → **Execution:**

The execution was set in motion by reimagining the entire supply chain beginning with design to raw materials to fabric production to garment production to transport to sales to end use and finally to recycle. With a new product cycle, the store saw a new fashion collection every three weeks. The earlier model was more like a trading model where products were purchased and sold and the ranges in the fashion segment changed every three to four months. FMFG is very high on fashion, has the latest trends in fashion and is priced well to engage the customer when they come for shopping. So from that perspective the positioning of the category was very different, the engagement was very different and it was targeted at the Spencer's customer to increase her indulgence and share of wallet.



**When retailers choose to share their innovation so that other retailers including their competitors can learn from their experience, it is very special. It is special because they have created an innovative idea and concept and have taken it all the way to execution and are willing to share their ideas and execution for all to benefit from.**

— **Damodar Mall**  
CEO, Grocery Retail,  
Reliance Retail



### → **Challenge:**

Though Spencer's customer loyalty for the food business is huge, there was disconnect with the fashion business and the customer engagement with the fashion category. The challenge was how to get the food customer start engaging with fashion and develop the indulgence of Spencer's women customer.

### → **Result:**

With the FMFG model in place, the customers of Spencer's are shopping more than once in a month. Sales per square foot have gone up 3x and sales trends are showing encouraging signs and growing 2.5x.

Though Spencer's customer loyalty for the food business is huge, there was disconnect with the fashion business and the customer engagement with the fashion category. The challenge was how to get the food customer start engaging with fashion.



## WOW! MOMO

### → Concept:

Wow! Momo on wheels.

### → Execution:

Wow! Momos innovated on simple steamed momos to create fan fry, sizzler, chocolate momos, momo burger and tandoori momos, thereby turning a snack into a meal. They played with momos by giving their brand a vibrant look, color and feel. Taking off on the concept of 'food on the go', they quite literally launched a new concept, "Wow! Momo on wheels" with their 5 ft. x 4 ft. kiosks. A lot of attention to detailing went into building the kiosks with a refrigerator for storage of momos to be kept frozen, a chimney exhaust, a billing machine with EDC, a carbon chimney, etc. This concept enabled them to plant themselves in metro stations, airports and other places, which have high footfalls. To be the food of all times, visibility is essential and with the new portable momos on wheels format, they managed to give themselves the desired exposure among their customers.

### → Challenge:

The challenge, going forward, will be to deliver consistent taste, quality, and service so that they continue to enjoy the trust and confidence of their patrons. With the growing trend for healthy food, they will need to innovate on the product front to cater to the segment that craves healthy momos.

### → Result:

With the lower capex and opex of the kiosks, Wow! Momo is doing business of Rs. 15 to 30 lakh every month, with their airport kiosks doing a business of Rs. 32 lakh every month.



## PIZZA HUT

### → Concept:

Fast Casual Delco.

### → Execution:

Pizza Hut created a brand new concept of Fast Casual Delco (FCD), which is key to bringing its distinctive brand identity to life. Driven by its efficient BOH engine and elevated FOH design, Pizza Hut delivers the critical components of easy and better consumer experience across all occasions – delivery, takeaways, and eating. The stores are enabled with wifi and charging points to cater to the young generations' needs. In keeping with the times, the order-taking process is fast as it is at the POS. The kitchen has been opened with the intention of putting fresh food preparations on display. An express lunch concept has been added to the FCD, which serves pizza in seven minutes for customers who come between 12.00 pm and 3.00 pm.

### → Challenge:

THE FCD has been built with additional capex of 30-40% more compared to the earlier PHD model. The challenge is to reach payback periods of 3.5-4 years in nine year tenure of the lease.

### → Result:

The new concept has witnessed early signs of encouragement with sales averaging almost 60% to 65% and coming at about Rs. 22 lakh at FCD outlets and expected to move up by at least another 20%.





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### MAX FASHIONS, LANDMARK GROUP

→ **Concept:**

Digital fashion ecosystem

→ **Execution:**

**Execution:** With a mission to democratize fashion, Max Fashions ventured into creating a digital fashion ecosystem. It brings designers, models, fashion influencers, prosumers and consumers together to conceptualize designs, showcase them, interpret them and finally own them.

This was achieved through three different programs. Max Design Awards is a digitally centred property to reach college students across the country and interact with them. The design awards also inspire and enable designers to create and innovate. Its second program is called Elite Model Look, a digital media platform to build the modeling community that transforms models into supermodels. The third is Influencer Marketing, which interprets fashion for costumers and enables adoption of new trends.

**A unique idea or innovative concept driven by strategy, passion and grit should be allowed to run the course. And a great innovation will inevitably be supported by very strong ROIs demonstrated in numbers.**



→ **Challenge:**

From the consumer point of view, it's about validating and authenticating the fashion brand. So the challenge is to ensure connect between the online and offline channels. The aspiration shown on the online space needs to be translated in the character and environment of the offline store so that there is connectivity at the ground level.

→ **Result:**

Since the introduction of the programs, customer engagement with Max Fashions has upped significantly bringing in added sales.



### HYPERCITY RETAIL (INDIA)

→ **Concept:**

HyperCITY self check-out store. The concept was to create India's first self check-out, cash till-less solution in Hyderabad.

→ **Execution:**

To realize this concept, HyperCity tied up with a Bangalore-based fintech start-up Perpule. Its software enabled HyperCITY to create the self check-out store in Hyderabad at the Infosys campus. The process is very simple – scan the products using the Perpule app and then add the product to your cart. Once you are done, pay online and simply walk away. It is customer convenient as it doesn't involve waiting in a long queue. The billing process is very simple as the payment is cashless and helps to save time. Also, the process involves lower IT capex and opex as there is no need for cashier in the store. The store has just four people, one for manning and three for stocking.

→ **Challenge:**

HyperCITY's self check-out store is India's first cashless, cash till-less, self check-out store. The concept might lose its uniqueness after another year or so as other retailers adopt the technology and the competition from them will present a challenge. Although it is a scalable model, the challenge will be if it can be replicated elsewhere other than just technology campuses.

→ **Result:**

Sales have gone up from Rs. 2,000 per square foot to Rs. 3,000 in the second month. With the advantages of lower IT capex and opex and its growing popularity with the consumers, sales are expected to increase further in the future.

The Jury members applauded the uniqueness of the concepts and the thoroughness of the execution displayed by the retailers. Among their observation was that though the eventual destination in a business is the ROI, it shouldn't be at the expense of innovating. As one of the jury members noted: "A unique idea or innovative concept driven by strategy, passion and grit should be allowed to run the course. And a great innovation will inevitably be supported by very strong ROIs demonstrated in numbers." **PG**

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## *“We serve a premium niche in food & home needs retailing”*

Hyderabad-based retailer Q-Mart has changed the retail landscape of the city by being the first to introduce gourmet, organic, imported and specialty food categories, way back in 2001. Its promoters have also brought in new concepts in merchandising and technology, in-store display and consumer engagement, all of which have helped the store build a large and loyal base of customers. Nibedita Roy of Progressive Grocer spoke to promoters B.V.K. Raju and B.H. Rao about the store’s retailing philosophy and its plans for the future.

### **How would you describe the journey of your store over the years and its growth until now?**

**B.V.K. Raju:** The store commenced operations in 1997 when organized retailing was in a very nascent stage in India. The current promoters bought out the store in 2001 and turned it around into a modern trade outlet with innovation in technology, better merchandise display, enhanced in-store experience. Since we took over, Q-Mart has been consistently flourishing and has emerged as one of the leading supermarkets of Hyderabad. This is the 16th year and we continue to be the leader in gourmet, imported and specialty food retail in this region.

The business has grown very substantially from a humble turnover of Rs. 30 million in 2001-02 to its current levels of about Rs. 360 million annually. The year-on-year growth has been in double digits since 2001 and profits have been stable all through.

The store services a premium niche in food & home needs retailing. Q-Mart has been one of the first stores in the country to introduce gourmet, organic, imported and specialty food categories, way back in 2001. Q-Mart was also one of the first to have introduced retail sale of bulk cheese in its delicatessen. Gourmet & imported food and health and organic food are significant contributors to the sales of Q-Mart.

### **What is the product portfolio at your store?**

**B.H. Rao:** Q-Mart’s food product profile extends to gourmet & world foods, health & organic,



**B.V.K. Raju**  
Promoter, Q-Mart Retail Ltd.



## Q-MART AT A GLANCE

Name of the store and location: **Q-Mart; Hyderabad**

Date of Start of Operation of store: **1997**

Format of the store: **Lifestyle supermarket; gourmet/ destination store**

Number of stores currently in operation: **One large store – 18,000 sq.ft., 2nd store of 33,000 sq.ft. in the pipeline**

Operating model - company owned stores, leased or rented: **Partly owned, partly leased**

Average daily/ weekly footfall at store: **1,500 daily**

Average bill size/ transaction: **Rs 750/-**

Sales per sq.ft.: **About Rs. 20,000 per sq.ft. annually**

Average monthly turnover of store: **Rs. 3 crore approximately**

SKU count in store: **23,000 SKUs**

Catchment of customers: **City-wide destination store**

Sales growth y-o-y: **9-10% average**

Latest revenue/ sales figures: **Rs. 36 crore approximately**



“  
**Our maximum sales contribution comes from food, which is about 55 per cent and it covers gourmet, bakery, grocery, fruits and vegetables, RTE, etc. About 45 per cent of sales is from non-food categories like personal care, home care, child care, crockery, cutlery, etc.**

— **B.H. Rao**  
Promoter,  
Q-Mart Retail Ltd.

bake ware in the non-food category are also star performers.

### Which are the new and emerging categories and what is your assessment of their market potential?

**Raju:** Organic, health foods, specialty tea, exotic vegetables and fruits, etc, are the few emerging categories. I feel there is immense market potential for these products and these will surely see a substantial growth in the years to come.

### Tell us about the customer profile at your store.

**Rao:** Our customers are well-heeled and travelled Indians, NRIs, gourmet food lovers, health food patrons, high income individuals, aspirational individuals, connoisseurs, cooking enthusiasts, expats and the elite of the city. They are our core customer segments over the years.

### What are the marked differentiators for your store that puts you apart from the other retail players?

**Raju:** Q-Mart offers a plethora of domestic and international brands. We are known for the quality of our products, variety and uniqueness of assortment. These are some elements that are the hallmarks of our store. Apart from that, we have

delicatessen, frozen & chilled, fresh, ready to eat, confectionery & bakery, groceries, juices & beverages, etc. The non-food category includes specialty cookware, bake ware, crockery, cutlery, child care, personal care, plastics and other home needs.

### What is the sales contribution from your major product categories?

**Rao:** Our maximum sales contribution comes from food, which is about 55 per cent and it covers gourmet, bakery, grocery, fruits and vegetables, RTE, etc. About 45 per cent of sales is from non-food categories like personal care, home care, child care, crockery, cutlery, etc.

### Which are the fastest-moving product categories in your store?

**Rao:** Ready to eat, gourmet foods and world cuisine are the fastest growing categories. Organic and health foods, specialty foods and cookware &



## SHELF SPACE FOR PRODUCTS

Food .....	38%
Beverages & Juices .....	10%
Groceries.....	4%
Fruits & Vegetables .....	3%
Non-Food .....	45%



some products that are exclusively available only at Q-Mart, as we own their selling rights. This has helped our store create a niche for itself.

Also, Q-Mart has a very customer-centric approach. With our service and presentation, we continue to form an emotional connect with the customer, therefore making him feel part of the Q-Mart community. The store is designed in a different way, which appeals to the desired target customers. Right from merchandise display to digital display, everything adds to a great in-store experience. Our well-trained staff and management take care of every customer by helping and guiding them. This has helped us develop a strong bond with our customers. This personalized approach has strengthened our consumer connect and it makes our customers want to shop exclusively with Q-Mart and keep coming back to us every time.

### What are your other mechanisms for receiving customer feedback?

**Raju:** Apart from providing personalized help and service to customers, we also use social media and the internet effectively to communicate on an individual level with the customers. This has resulted in an increased feedback from customers on service and product requirements, and in getting constructive suggestions, which have helped open up more avenues for growth and develop new categories. Putting all these mechanisms in place helps to get quick customer feedback through which we gain better understanding of our customer needs.

### Any interesting concepts or innovations you have introduced at your stores?

**Rao:** We have prototyped a small format digital

video signage – a unique display – that offers an interactive experience at the shelf and at the POS. We have totally revamped the look and feel of the store. Besides, our focus is to form an emotional connect with the buyer so as to make them feel part of the Q-Mart community. Besides, we have adopted some out-of-the-box concepts in category positioning, which has resulted in a significant increase in product awareness and sales.

### What are the marketing and promotional activities do you take for pushing sales?

**Rao:** Q-Mart strongly endorses the principle that customer service means relating with the customers on a personal level. All our engagement strategies, promotions, etc, are built around this basic principle. Conventional concepts like EDLP, loss leader strategies, discounts etc., are totally avoided as they do not fit in with the core values of Q-Mart. We are committed to giving our customers a genuine experience of being served with the best assortment of quality products at the best value. Our marketing and promotions are restricted to in-store, BTL, word of mouth. We also make use of e-mails and social media, which have emerged as significant ways of reaching out to the target customers.

### What are your plans for growing your online presence?

**Raju:** In the near future, we have plans to evolve Q-Mart into an integrated brick and mortar chain and create our own e-commerce portal. This omni-channel retail plan will cater to the niche market of specialty food and home retail.

### What's in store for the future in terms of expansion?

**Raju:** We are planning to come up with two new Q-Mart stores. The second Q-Mart store is expected to open by Feb-Mar 2018, and the 3rd store is planned later that year. At present, we are focusing on Hyderabad and would be looking at Visakhapatnam, Chennai and Bangalore in the years to come. **PG**





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## “We can create many synergies in the F&B sector”



Luis Cabello



Spokesperson and the Commercial Counsellor for the Commercial Office of Peru in India

India and Peru, like the majority of countries around the world, are looking out for the internationalization of their companies with the aid of strategic partners, especially in the food and beverage industry where the two companies share many complementarities.

**L**uis Cabello, the spokesperson and the Commercial Counsellor for the Commercial Office of Peru in India, speaks to Progressive Grocer's Sanjay Kumar about the growth in Peruvian food exports to India and how the two countries stand to benefit mutually by harnessing the many complementary attributes in sectors such as food processing, agri-tech and food and beverage production.

### Do Peru and India share any goals about expanding trade relations in the food sector?

In March 2017, both countries started working towards the signing of a Trade Agreement. This agreement is set to benefit companies, both Indian and Peruvian. India and Peru are complementary in many aspects when referring to the food and beverage industry. The two economies are aiming to strengthen their agricultural and livestock industry, as well as food processing. Both countries have clear strengths in the food and beverage industry. They are also conscious of the aspects that need to be worked upon and strengthened in the context of the international food industry.

India has large agricultural areas, which allow it to be more than self-sufficient in the production of cereals and horticultural products, and is working towards the development of the food industry.

However, it faces the major challenge of improving its post-harvest processing in order to improve the yield of many products. The great advantage of Peru lies in its ecological diversity, various climates and the adaptability to these climate conditions. All this, along with our abundant fishing and vegetable genetics, has allowed diversification and specialization of the production of “superfoods” with high yields and standards. In the case of Peru, our next challenge is to improve the food processing sector in order to increase value addition to these products.

We must take advantage of this complementarity by facilitating a closer cooperation amongst our companies and consumers. We must create consciousness and knowledge of everything that each country has to offer to the other. Peru and India enjoy abundant vegetable genetics and have been home to primogenial cultures, which showed the way for the cultivated crops today. In the case of Peru, we are the centre of the origin of potatoes with more than 3,000 different varieties in form, texture, color, etc. We are also the centre of origin for quinoa, which enjoys a high demand world-wide given its high protein levels. Furthermore, Peru is also the centre of diversification of various crops like corn, of which we have the highest number of varieties in the world, as is the case with our capsicums. Here, I must add that we have specialized in the production of superfoods with very high quality standards, aimed at niche markets around the world. I speak of products like asparagus (Peru is the largest exporter of fresh and preserved asparagus in the world), artichokes, avocados, blueberries, grapes, citrus, purple corn (with its tremendous amounts of antioxidants, anthocyanin specifically), amazonian nuts, maca (an amazing natural energizer), sacha inchi (seeds rich in protein, omega 3, 6, and 9, vitamin E, carotenoids - vitamin A – and fiber), etc. Similarly, India is known as the principal producer



of spices and fine basmati rice. In this manner, our industries are complementary in nature and we can create synergies between both the countries.

**How do you look at the progress in trade relations between the two countries, especially in the food and beverage domain?**

As I already mentioned, we must work towards higher levels of information available related to what each country has to offer to the other. This will improve over time. As a reference, I can mention that towards the end of 2013, before the Commercial Office of Peru opened here, the trade balance of both countries was a little more than US\$ 1.3 billion. After much effort in the dissemination of information of what Peru has to offer to India, last year the trade figure between the two countries reached US\$ 1.7 billion, that is 32% more. This year, the figures are even more promising with numbers till July 2017 showing trade having crossed US\$ 1.6 billion.

Both countries have traditional trade relations. Nevertheless, in the food sector, the trade exchange is relatively low. This situation offers a wide horizon and great opportunities, which our companies must take advantage of. As a result, even our promotional activities related to food trade are poised to grow. The Commercial Office of Peru has, among its responsibilities and duties, the promotion of Peruvian exportable trade and the consolidation of its products in the Indian market, working as the link in order to facilitate the relation between Peruvian exporters and Indian importers in such a manner than they take advantage of the current scenario and existing opportunities which are growing in this market.

The Commercial Office of Peru in India has been carrying out important activities of promotion aimed at both importers as well as the final consumer. We have participated in trade fairs, seminars, workshops, meetings and are carrying out promotional campaigns online on our social media pages by the name of “peruinindia”. The activities have been well-received up till now and the market has shown a very positive response towards all that Peru offers. Our quinoa, grapes and avocados have been very well received by the Indian market and are clear examples of everything already stated.

The Commercial Office promotes the participation of Peruvian companies in this market and in the near future, trade missions are to be planned. In addition to everything mentioned, every year we facilitate the participation of important and renowned Indian importers in EXPOALIMENTARIA, the largest

fair in the sector of food and beverage in Latin America, which takes place in Lima, between August and September each year.

**India is becoming increasingly known across the world for its growth and consumption story. Do you feel that Peruvian food companies are aware of this? What are they doing to take advantage of this situation?**

At the start of the year, Ministry of Foreign Trade and Tourism of Peru (MINCETUR) launched the new brand “Superfoods Peru” at an international level, whose objective is to introduce to the world the quality, variety and benefits of the Peruvian food products.

This new phase of the promotion of Peruvian exportable products is aimed at large markets such as India. It is important to highlight the popularity which these products are acquiring amongst the consumers of this country, as reflected in the figures of export from Peru to India.

According to the statistics from MINCETUR, India has recorded important levels of growth in the demand of Peruvian “superfoods”. Thus, comparing the first semester of 2017 with the same period from last year, the export of quinoa has grown 42%; table grapes by 105% and cocoa beans by 330%. This tendency towards healthy food in India can be explained by the phenomena of the Indian consumer in urban cities, which is the target market for Peru.

Superfoods Peru will continue to be welcomed by the urban Indian consumer because of its high quality, which is extremely beneficial for personal health and care, especially since it is related to products which come with reference of the origin



**Both countries have traditional trade relations. Nevertheless, in the food sector, the trade exchange is relatively low. This situation offers a wide horizon and great opportunities, which our companies must take advantage of. As a result, even our promotional activities related to food trade are poised to grow.**

— **Luis Cabello**  
Spokesperson and the Commercial Counsellor for the Commercial Office of Peru in India



**With the aim of promoting Superfoods Peru in this market, the Ministry of Foreign Trade of Peru, in coordination with the Commercial Office of Peru in India, based in New Delhi, will continue to showcase to the Indian importer how best to use our products and its health benefits.**

of product and high quality. The preference for these kinds of food is also related to the growth and popularity of Peruvian food in India. In fact, many renowned importers have shown interest in the principal ingredients from the Peruvian kitchen, which make all the difference in the kitchen when speaking of Peruvian food.

With the aim of promoting Superfoods Peru in this market, the Ministry of Foreign Trade of Peru, in coordination with the Commercial Office of Peru in India, based in New Delhi, will continue to showcase to the Indian importer how best to use our products and its health benefits. With respect to the Peruvian agroexporters, India is a key market, especially because of the sustained growth of the consumption of food as well as because of the growth of the middle class and their growing demands for sophisticated healthy food. In addition, the growth of organized retail chains have all become essential factors for the growth in the consumption of premium products in the sector of food and beverage in India.

This scenario is favorable for Superfoods Peru since our focus is placed in that segment of the market which searches for functional food or nutraceutical food, and in many cases, organic too. Thus, each day, the number of Peruvian companies looking to introduce these products in the Indian market is growing and it is the responsibility of the Commercial Office of Peru in India to ensure their growth and reach in this market.

**In your opinion which are the areas where Indian and Peru's food industry business can increase their cooperation?**

For India and Peru, agriculture is one of the main



economic activities and, in both cases, the export of fresh food and processed food is recording a healthy growth. That is where lies the first area of cooperation between our sectors in such a manner so as to fill the existing empty spaces in our productivity indexes, satisfy the demand of our consumers and improve the processes of food security. Given the fact that food consumption in India is geared towards health, our trade is complementary with the needs of the Indian market. For example, India has noted a sharp increase in the consumption of healthy oils and Peru is home to Sacha Inchi oil, which is very rich in omegas. There is also a strong tendency towards the consumption of dry fruits in this market and Peru is the producer of pecan nuts and Amazonian Nuts. Furthermore, the production of chocolate is growing rapidly in India and Peru is one of the principal producers of cacao in the world. It must also be mentioned that Peru is one of the principal producers and exporters of natural food colorants. All this is in addition to the already mentioned products like fresh and processed asparagus, artichokes, avocados, etc. From India, we need spices and rice, which form the basis of daily Peruvian food consumption. I am certain that the opportunities will only grow further, ensuring that the cooperation between the two countries strengthens the exchange of technology and knowledge.

**What are your suggestions for taking bilateral food sector cooperation forward? What should the two governments do to eliminate barriers in the way of food cooperation?**

In 2016, the governments of India and Peru completed the feasibility study to implement a trade agreement between the two countries. In January of this year, the Indian cabinet approved the beginning of the negotiations of this commercial agreement with Peru. The first round of negotiations between the Peruvian and Indian teams culminated successfully in New Delhi in March of this year and the second round will be held in Lima in December.



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**The Commercial Office of Peru in India is responsible for the promotion of exports of Peruvian products in the Indian market, including food and beverage products.**

In this first round, the chapters related to access to the merchandise market (tariffs), rules of origin, customs procedures and trade facilitation, sanitary and phytosanitary measures, technical barriers to trade, trade defense, trade in services, temporary entry business people, investment, cooperation, dispute resolution and institutional issues were discussed.

It is important to emphasize that this trade agreement seeks to facilitate the access of Indian and Peruvian products in each economy and not only the reduction of tariffs. In addition, it should be noted that the Ministries of Agriculture of both countries have been working together to facilitate access to agricultural and livestock products. In this year, experts from the Peruvian Phytosanitary Services and the Directorate of Plant Protection, Quarantine and Storage carried out technical visits in which they discussed and agreed measures for access to products, technical requirements and cooperation measures in sanitary and phytosanitary matters.

These are the first steps in the cooperation that our countries have been carrying out. In addition, we consider it important to strengthen the relationship between other institutions, such as those that regulate food safety criteria, in order to strictly comply with the regulations of each country. Also, it would be important to sign a MoU between Peru and India in order to increase the rates of cooperation in science and technology, especially between public and private institutions and between the main universities with specialized careers in the food and beverage production sector.

**What is the future potential of increasing the export volumes of Peruvian food products to India?**

The future of Peruvian food exports to India is very promising and will grow steadily along with the increased consumer awareness of a healthier lifestyle and functional food. Superfoods Peru perfectly meets these market requirements. On the other hand, the development and expansion of organized retail chains complements this purpose by providing adequate environments for the preservation of the characteristics of the products exported from Peru and which become an adequate showcase for the promotion of products, information necessary for them to include them in their daily diet.



This is why the Superfoods Peru market is that of aspirational consumers, receptive and open to incorporate premium quality products, as well as for the gourmet food market. Another segment targeted by the Superfoods Peru is the HORECA segment, as Peruvian ingredients are now highly valued thanks to the expansion of Peruvian cuisine, cataloged as one of the best in the world.

**What are the activities of Peru's trade promotion agencies to encourage trade and investment in the food sector with India?**

The Commercial Office of Peru in India is responsible for the promotion of exports of Peruvian products in the Indian market, including food and beverage products. It is the duty of this Commercial Office to facilitate commercial operations between Peruvian exporters and Indian importers. The Commercial Office of Peru in India develops different activities for the Indian Market. We seek to educate the market in the consumption of Superfoods Peru so that these are part of the preference of the Indian consumers.

The activities we develop are many and varied and include publication of articles in the written media to the online dissemination of the benefits of our products. In addition, we will continue participating in trade fairs, promote trade fairs in Peru, especially EXPOALIMENTARIA by taking local buyers to the fair. We will also commission a delegation of Peruvian exporters to visit India as part of a trade mission on the way to international events such as the fair Asia Fruit Logistic, for example.

Peru is now considered to have one of the most open investment regimes in the world. For this reason, the Commercial Office of Peru in India is responsible for promoting Indian investments in Peru in this sector. There are already several Indian companies that are investing in our country and some of them are dedicated to agro export. Peru offers you a friendly investment environment, a solid, stable and transparent legal framework, based on 'national treatment'. Our government seeks to attract foreign and domestic investment, taking the necessary steps for a consistent investment policy, which eliminated all obstacles. **PG**

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# Nutraceuticals: *Primed for growth*

The evolution of the health-focused ecosystem has given rise to the emergence of nutraceuticals market in India, which is now on the verge of breaking out and becoming a strong pillar of the health, fitness, and wellness revolution.

By **Sushil Khaitan**

**India's nutraceutical market is now worth USD 4 billion and projected to reach USD 10 billion by 2022. That's a compounded annual growth rate of a whopping 21 per cent!**

**T**he growing health consciousness among consumers marks a paradigm shift in the way we approach to food. This shift can be traced back to the turn of the century when gyms and fitness centers first started making an appearance and then began mushrooming all over. Over the past few years, as health and fitness trend grew and became widespread, it birthed another related movement that is now gaining fast currency. The evolution of the health-focused ecosystem has given rise to the emergence of nutraceuticals market in India, which is now on the verge of breaking out and becoming a strong pillar of the health, fitness, and wellness revolution.

The figures speak for themselves: India's nutraceutical market is now worth USD 4 billion and projected to reach USD 10 billion by 2022. That's a compounded annual growth rate of a whopping 21 per cent! But while the growth has been impressive, especially in light of the global market slump, those who are less familiar about this sector's dynamics tend to worry about its sustainability and future prospects. However, a closer look at the factors driving the sector's growth dispels any such doubts. On the contrary, it points towards an even brighter future for the nutraceuticals market in India.

Several factors are responsible for spurring the growth of the industry. First and foremost, the growth is a manifestation of shifting public consciousness towards healthy and holistic living. My own belief, which is shared by many others in the industry, is that there is a practical and financial driver behind the growing demand for nutraceuticals. Spiraling medical costs and increased incidence of lifestyle diseases have forced our cost-sensitive market to confront the reality that spending a little more on nutraceuticals today is an investment in better health tomorrow. By investing in preventive

care, you can save a lot more on future medical expenses, and so spending on nutraceuticals is a sensible and practical choice.

Coupled with spiraling medical costs, there is another factor aiding the phenomenal growth of India's nutraceutical market. And that is the significant rise in the incidence of chronic and lifestyle diseases. If one were to take a closer look at these growth factors, it would become obvious that the consumer shift towards nutraceutical products is not a temporary fad. On the contrary, it signifies the beginning of a lasting trend.

## Market size

Currently, 2% of the global nutraceutical market revenue is generated from India. Although sizeable, this is just a fraction of the full potential of India's nutraceutical market. However, while markets in the West are already developed, there is a lot more potential for growth in India and Asia. Globally, the market is estimated to reach a value of about USD 300 billion within five years. But Asian nutraceutical markets are poised to surpass global growth with annual growth rates that are well above the global average.

A large part of this growth will be seen in India and players in this segment are already looking at expanding their reach and penetration across the country.







### Rising awareness

Although nutrition is a relatively new health care segment, it is already attracting considerable interest from both consumers and the medical fraternity. This is on account of the growing awareness about the impact of our lifestyle and diet on health. Rapid digitization of India and the spread of social media have also helped increase the understanding and appeal of natural health-focused products. This growing demand for nutraceutical products in India is in keeping with our long tradition of Ayurveda and holistic health care.

### Spending power

In India, higher income groups in urban areas comprise the main consumer base for nutraceutical products, including supplements and functional foods. This is why the nutraceutical market was seen as a niche market until recently. This pattern is changing swiftly across the country because of rising disposable incomes and greater purchasing power, as well as increased urbanization. Various industry reports already predict that the upper-middle class or affluent consumer segment will emerge as the largest consumer group by 2025, accounting for about 40% of all Indian consumption as compared to 26% in 2015. Higher spending power has also prompted Indians to pay more attention to health with a focus on nutrition as a preventive measure.

### Medical acceptance

Until a few years ago, diet supplements were largely overlooked by the medical community in terms of disease prevention and treatment, except when dealing with specific conditions associated with nutritional deficiencies. This narrow perspective has changed considerably thanks to advances in food science and nutrition research. It is becoming increasingly common for general physicians and other specialists to frequently prescribe nutraceutical products and supplements, which are seen to be beneficial. This has increased consumer confidence and helped promote further sales.

### New regulations

The lack of a clear regulatory framework for the nutraceutical sector has been a major barrier to growth in India. This situation too looks poised to improve, as the FSSAI has made clear its plans to introduce new consistent regulations and standardization of nutraceutical products, making it easier to manufacture, distribute, sell, and import products within a clear framework. The new framework will prescribe clear standards and well-defined product categories, eliminating the current ambiguity. These regulations will also give manufacturers much more clarity in terms of permissible ingredients in nutraceutical products and labeling.

### Widening consumer base

While the rapid pace of urbanization is stoking nutraceutical demand in big cities, the increased reach of e-commerce in Tier II and Tier III cities has widened the segment's consumer base significantly. This means that consumers in Tier II and Tier III cities now enjoy the same wide range of products as urbanites. In fact, the spread of e-commerce is a cause of market optimism for the nutraceutical market, helping to drive its growth. With the health care segment registering remarkable growth and with Indian e-commerce sales expected to hit USD 120 billion by 2020, we expect that the nutraceutical industry will benefit from these developments.

A good measure of the growing potential for nutraceutical manufacturers is the entry of several new players, including major pharmaceuticals and FMCGs in the sector. Big brands, including pharma and food companies, are working to introduce new functional foods to cash in on the gains. At Pure Nutrition too, we are working to expand our product range, including their presentation format. I see big gains from functional foods and cosmeceuticals in particular, but we are also focusing on researching nutraceutical cures and improving the efficacy of nutraceutical products. **PG**

**Currently, 2% of the global nutraceutical market revenue is generated from India. Although sizeable, this is just a fraction of the full potential of India's nutraceutical market.**



The writer is Director & CEO, Pure Nutrition, which offers a complete range of 100% natural herbal supplements online to support and enhance wellness.



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*“Munchon’s products appeal to the young generation as a value-for-money proposition”*



**Manoj Gupta**

Executive Director, AFP Manufacturing Co. Pvt. Ltd



Manoj Gupta, Executive Director, AFP Manufacturing Co. Pvt. Ltd, a leading player in the private label manufacturing of namkeens and snacks, speaks to Progressive Grocer about the new frontiers in marketing and branding that his company is looking to scale in the days ahead and his strategy for taking his brand and products across the country.

**Tell us about your company and its products.**

AFP Manufacturing Co. Pvt. Ltd. is an established name in the private label manufacturing of namkeens and snacks. We are a pioneer in this field with an experience of more than two decades in serving and delivering delectable namkeens and snacks. We have served leading players like Lehar Namkeens, Bharti Walmart, and others. AFP is committed to delivering high quality products, on time and within budget to the industry. We are also one of the best co-packer of PepsiCo (Kurkure) in India since 2011. We manufacture all types of namkeens and snacks under the brand name Munchon’s. Our range includes namkeens (Bikaneri Bhujia, Navratan Mix, Moong Dal, Khatta Mitha, Aloo Bhujia, Mast Bahar, Royal Treat, All in One, Chatpata Mix, Punjabi Tadka, Diet Mixture, Jhalmuri, Salted Peanuts, Heeng Jeera Peanut, Nut Cracker, Karare Peanut and many more) and extruded snacks (fried & roasted).

**Which are the features that make your products especially appealing to the young generation?**

The young generation is highly conscious of quality, which our Munchon’s products offer. Along with better quality, our products come with attractive packaging and are backed with ATL / BTL activities. All of these combine to make our products highly acceptable as

a value-for-money proposition and creates a brand image that appeals to the new generation.

**What would you describe your product’s competitive USP and differentiators?**

The USP of our products is their quality standards, which are backed with strong ethics based on our dynamism and drive to deliver high quality products to our valued customers, on time and within the budget. Our price points (MRP Rs. 5/-, Rs. 10/- pack sizes) are compelling enough for customers to convince them to switch brands and take to Munchon’s namkeens and savories.

**What has been the growth rate of your products? What are your goals for the future?**

Our growth in FY 2014-15 was 17% approximately, in FY 2015-16 it was 20% approximately and in FY 2016-17 we have grown @17% approximately. The company has been broadening its horizons under the Munchon’s brand and is looking to expand its footprint beyond the existing geographical boundaries. Our expansion plans will allow the products to be soon available all over India in the next two years.

**What is the sales contribution from Modern Trade and General Trade respectively?**

In general, the contribution of namkeens / snacks category to Modern Trade is approximately 6-7%. The rest comes from General Trade but our products do not cater to this channel currently.



### What is your retailing strategy for strengthening the reach of your products?

At present, our strategy is to cater to all B & C class markets and to strengthen our rural distribution with a strong network of dealers/ distributors/ retailers backed with ATL / BTL activities in the first phase. Our future plan is to ramp up our presence in Modern Trade and to cater to A class markets with some more new products in the second phase next year.

### What is your assessment of the way your product category is shaping up in terms of demand and growth?

In the past four years, Indian namkeens is growing at faster pace @24-25% (approx.) as compared to Western snacks growing @12% (approx.) overall.

### What would be the market size for your product and how do you see it growing in the future?

Private Labeling remains our top focus. Now, we are also focusing on our own branding. We have gained a market share of 4-5% and the aim is to grow above 15% in our targeted markets in times to come.

### What are the main underlying consumption trends that you see for your line of products?

Traditional Fried category is a leading trend in the market. Roasted category having low fat products is becoming popular in the higher end of the market though it may take several more years to develop this category into a mass consumption market. New flavors such as cheese flavor, Thai chilly, Wasabi, Salsa, etc, are the new trends in the urban market. Nacho chips are gaining share and growing in the market.

### With consumers becoming more health-conscious, what impact is it having on the sales of your products?

Fried products in namkeens and snacks have always enjoyed the edge due to their better taste as compared with roasted ones. At the same time, the health category is also developing as is evidenced in the growing demand for our diet range – Diet Mixture and Jhalmuri.

### What innovations and steps are you taking to make your products healthy and better for you?

Our mission is to source Nature's finest raw materials, process them using the best technology, and make them available across the globe at affordable prices. Our endeavor is to achieve new



technology adaptation to make roasted and low fat namkeens and snacks achieving global standards of excellence at all levels of operations with a focus on consumer satisfaction. We want our products to bring a smile on every consumer's face by offering them the best flavors of India.

### Which are the factors that play an important role in the category performance?

The market is divided into three categories comprising kids, teenagers, and adults. The kids' category calls for new packaging and products that are soft, chewable, spicy, and also come with offers of freebies. Kids are always ready to adapt to new flavors and due importance should be given to this aspect. Teenagers, being health conscious, look for healthier and high-grade products. Adults look for the brand and price and they want their money spent well; hence the quantity aspect too forms a key consideration in their choice making.

### Do you think retailers should allocate more shelf-space and give more weight to the category to help it grow?

More space for merchandising is certainly the need of the category. They should promote region-wise flavors and local taste. Besides, there should be a fair understanding of what constitutes reasonable margins as this is the need of the organized trade market currently.

### What are the challenges in the market and what solutions have you embraced to meet your goals?

Local trade practices region-wise are major challenges in the market. Right packaging, great taste and right pricing are main points that we are addressing to meet our goals. As the margins are very thin in organized trade, it is a challenge competing with the price and trade margins in the unorganized sector. **PG**

**The company has been broadening its horizons under the Munchon's brand and is looking to expand its footprint beyond the existing geographical boundaries. Our expansion plans will allow the products to be soon available all over India in the next two years.**



# Bringing more variations in superfoods and confectioneries

Zain Virjee, Founder of Dryfruit Mart, an online store for dry fruits, dried fruits, healthy nuts, healthy mix, healthy seeds, dates, sweets and mints, speaks to Progressive Grocer about the opportunities and challenges of online food retailing and his plans for ramping up business through quality adherence of products and price affordability.

## Tell us about your company's business.

Our company Dryfruit Mart makes it simpler for you to shop for great and nutritious dried natural fruit products on the web. We offer over a 100+ items that are most appropriate for driving a dynamic and healthy life because healthy eating is the key to healthy living.

## How do you see the business growing?

It's just a year that we have been in the business of providing healthy eating to the masses. But I can say that we are growing at a healthy clip and also giving strong competition to other brands.

## Which are your products across categories and which are the markets they cater to?

Our product categories include dry fruits, dried fruits, healthy nuts, healthy mix, healthy seeds,

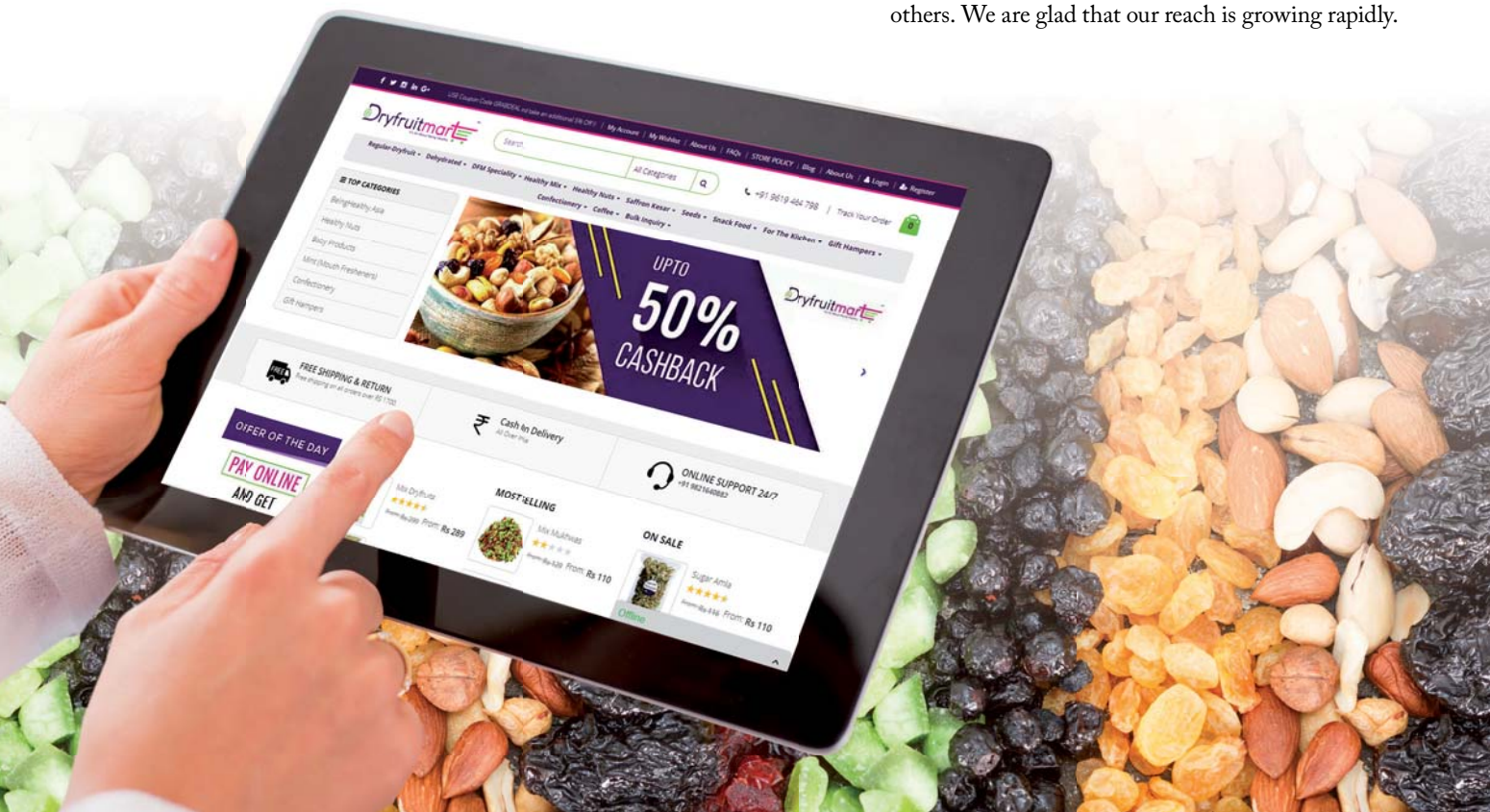
dates, sweets and mints. We provide you a huge variety starting from products like pumpkin seeds, chia seeds to extraordinary specialties like macadamia nuts and brazilnuts.

## Who are your major clients?

It's an honor for us that we are doing private labels for Nature's Basket and we have HyperCITY coming in as well. Our high quality products and fast-paced services are the reasons for such renowned names showing their trust in our products.

## Which are the markets/ cities that bring you maximum business?

We are proud of the fact that in such a short tenure we have expanded and are growing our business in metro cities and markets like Mumbai, Chennai, Delhi, Bangalore, Uttarakhand, Pune, Kolkata, among others. We are glad that our reach is growing rapidly.



**On average how many orders do you cater to on a daily basis?**

We have been clocking growth and our customer base is ever increasing. We have clients who order regularly and we saw our sales shoot up significantly this festival season.

**What is the average ticket size of the transaction?**

The ticket size differs vastly according to the selection of products. Dry fruits usually come under the Rs. 1500-1800 ticket size whereas it is Rs. 600-1000 for confectionery and chocolate range.



**Have you been able to build a loyal customer base for your portal? What is the frequency of repeat orders that you get?**

Every month, we see almost a repetition of 30% orders. We usually get reviews stating that their friends referred them to us. Our quality speaks for our brand and the ever increasing number of our clientele says it all.

**Why would a customer buy from your online store instead of buying it from a store where he can satisfy himself about the product's quality?**

We simply believe in the decades old mantra "Honesty is the best policy". That is part of our code of ethics. If a customer is not satisfied with our products, we provide the refund. At DryFruit Mart, we believe in building customer trust and maintaining it.

**What is the sourcing strategy for your products?**

We are semi importers of exclusive nuts, seeds and dried berries and usually source our stock in bulk so as to keep the prices affordable and pocket friendly. Our parent company also imports pumpkin seeds and chia seeds which helps us in maintaining the price line.

**Which are the best-selling products in your portfolio?**

Our best-selling products are superfoods like pumpkin seeds, chia seeds, gojiberries, pecannut halves, etc. Our website is a one-stop shop for the fitness freak and health-conscious people.

**What have been the consumption trends for these products and what is driving their growth?**

The era we are living in is increasingly populated by the educated masses who believes in the concept of "health is wealth". Also, media and social platforms are playing a fantastic role in creating awareness and encouraging people to take up healthy eating habits, which is driving the growth of health-boosting products.

**What challenges do you face in retailing your products online?**

The major challenge is logistics and shipping. Customers need quick service whereas there are days and circumstances when the process turns slow. Timely delivery is a challenge and our team makes constant efforts to deliver shipments on the promised date.

**What have been your learnings in this business?**

Every step that we take and every growth milestone that we achieve teach us something. We have learned that maintaining quality standards and keeping prices reasonable will definitely help you capture the market. Keeping the best interests of customers is our first concern.

**What are the issues that you would like to highlight, which may be important for other entrepreneurs wishing to enter this business?**

Be humble and don't gold-price your products and services. Think from the perspective of your clients. As customers are kings of market, chalk up their interests in your priority list if you aim to be successful.

**What are your future plans?**

We plan to come up with more variations and fusions in superfoods and confectioneries from around the globe. Meanwhile, we are about to launch into manufacturing and repacking of flavored seeds, nuts, berries, forest honey, infusion green teas, trial mixes breakfast cereals and some other special health products soon. **PG**



“It's an honor for us that we are doing private labels for Nature's Basket and we have HyperCITY coming in as well. Our high quality products and fast-paced services are the reasons for such renowned names showing their trust in our products.

— Zain Virjee  
 Founder of Dryfruit Mart



# The healthy dairy alternative for you and family

Consumers nowadays are shifting towards healthier beverage options such as almond milk because of increasing health consciousness. Growing awareness about the health benefits of almond milk is making it one of the more popular dairy alternatives.

By Tarun Jain



**A**lmond milk is similar to normal dairy milk in flavor and texture, and it packs a punch in terms of nutritional benefits besides being beneficial to those who suffer from lactose intolerance. If you have this condition, cow's milk can cause digestive difficulties. People with extreme level of lactose intolerance or cow's milk allergy need hospitalization immediately and it can get life threatening. But lactose intolerance is not dangerous if milk is taken out of the diet, so one can still enjoy digestive health by choosing almond milk.

One also needs to take into consideration the fact that many dairy farmers take an unhealthy approach to milk production. The cow's milk you find at the grocery store may come from cows that have been given antibiotics/ hormones and steroids. These harmful substances get passed into our body when we consume the milk. Anyone who is health-conscious would not want to consume such substances in milk nor prefer anybody in the family to do so. The alternative then is to choose organic milk but that is harder to find and is more expensive. In such a situation, the sane and safe approach is to choose almond milk. Today, almond milk is widely available and it is pocket friendly too.

## Breaking into milk market

The almond milk market is one of the fastest growing segments in the vegan milk industry today. A vegan diet is considered to be a sustainable and healthy nutrition choice. The demand of vegan diet has grown exponentially over the years with people today seeking healthier products and avoiding animal products due to ethical reasons. Growing health concerns among consumers, increasing obese population and the trend of a healthy lifestyle are some of the reasons fuelling the demand for vegan diet.

The vegan trend is also pushing the growth of the almond milk market. Today, there is a growing awareness about its health benefits and effectiveness in fighting the obesity menace. Factors such as rise in the number of people affected by lactose intolerance (about 70% of the world's population is lactose intolerant...some more/ some less...some know it/ some don't), and growing sensitivity to issues such as animal cruelty and health concerns (skin, heart, diabetes, cancer) are also contributing to the growth in demand of almond milk.

But the key selling ingredient for almond milk globally is the increase in awareness about the health benefits of alternative milk. Consumers





nowadays are shifting towards healthier options such as almond milk because of increasing health consciousness. New-age consumers today are demanding high quality, premium brand, healthy non-dairy products, which has encouraged manufacturers to develop new premium products to meet the emerging consumer demand. In response to the new demand, organic almond milk, which is produced without any additives, is also gaining popularity. However, organic almond milk is comparatively expensive than the vegan variety. But the demand for both kinds of almond milk is expected to climb due to the growing demand for nutritious, tasty and lactose-free milk among the consumers.

### Benefits of almond milk

Almond milk has various nutrients and minerals that help to maintain a healthy immune system. The immune system protects our body from germs and micro-organisms, which may be harmful to the body and cause health issues. Intake of almond milk can help to keep the body's primary line of defence healthy and strong. Almond milk's has other nutritional benefits as well. It contains no cholesterol or lactose and the milk can be extracted using simple equipment found in most homes. This milk is prepared by grinding almond seeds together with water. The use of a blender is one of the modern ways that can be used to get almond milk extracted with all of its nutrients intact.

### Consumer interest

Almond milk has been created in response to the growing consumer demand for such a product. Today, food intolerance and food allergies have become a major concern for health-conscious consumers. As a lactose-free food, almond milk contains no milk sugar lactose. Plant-based ingredients like soy, almond, coconut and rice are majorly used as the main source for preparing dairy substitutes. In the age of globalization, changing consumption pattern, increasing awareness about lactose intolerance, rising number of vegan consumers and other factors such as expanding working class population support the growth of the almond milk market. Increasing consumer interest in a healthy lifestyle, various weight-loss diet trends and rising concern on animal welfare and environment will fuel the sales of almond milk across the world in the future.

Today, almond milk is commercially available in great abundance and is convenient to get. The retail industry is playing a significant role in expanding and growing the almond milk market. Sales of almond milk are climbing ever higher on the back of favorable demographic trends, changing dietary patterns and on account of various socio-economic factors. Considering the food habits of the youth, food manufacturers are focusing on youth marketing and almond milk has emerged as a hot favorite, finding ready acceptance and popularity among the young generation.



**Today, almond milk is commercially available in great abundance and is convenient to get. The retail industry is playing a significant role in expanding and growing the almond milk market. Sales of almond milk are climbing ever higher on the back of favorable demographic trends, changing dietary patterns and on account of various socio-economic factors.**

— Sheena Jain  
Co-founder, SAIN Milks



Young parents Sheena and Tarun Jain launched SAIN Almond Milk under the banner of SAIN Milks upon spotting a gap in the market for vegan and lactose-free food items. The duo quit their cushy jobs in M&A banking in London to start a purpose-driven venture as they were passionate about curating healthy food options – not just for children but for the

entire family. Says Sheena, “With such hectic lifestyles, long hours and skipped meals in today’s world, what if being healthy took less time and effort? With this thought, we have introduced SAIN almond milk in the Indian market as it is a fresh, tasty and nutritious option for all age groups. The best part is that it is freshly prepared and absolutely

authentic, encased in hygienically packaged bottles. It’s time people acknowledge that health and nutrition are of prime importance today.”

While markets are full of tetra packs and PET bottles of numerous almond milk brands, many of them contain preservatives & chemicals. On the other hand, SAIN almond milk has no added sugar and is completely free from preservatives, chemicals, stabilizers and emulsifiers. Every bottled product is full of healthy fats that improve metabolism and eliminate frequent cravings. The almond milks are free of saturated fat and cholesterol, ensuring a healthy heart. The making process uses plant-based proteins in abundance, which are easy to digest and energize the



**Asia-Pacific will be the fastest growing region in the almond milk market and witness high growth in economies such as China, India, Japan and ASEAN countries. The region is estimated to clock sales of USD 2.16 billion by the end of 2022.**

— Tarun Jain  
Co-founder, SAIN Milks

body. The high content of Vitamin E adds lustre to skin and hair. The abundance in magnesium boosts immunity and strengthens muscles and bones. "SAIN almond milk is 100% natural and is made fresh every morning based on the number of orders we get. A perfect choice for vegans, lactose intolerants and those with a yen for a healthy lifestyle, SAIN nut milk is prepared and packaged fresh to deliver wholesome goodness. One can order SAIN fresh almond milk on SAIN website [www.sainworld.com](http://www.sainworld.com)," says Tarun Jain. One will have to pre-order the milk, which is then delivered to the given address freshly prepared. This eliminates the use of preservatives and ensures freshness, purity and quality.

"SAIN nut milk's USP lies in its taste and authenticity and it is the first-of-its-kind almond milk in India," says Sheena. The brand uses the best quality almonds for its nut milk. Since each variety of almonds has its own unique balance of macronutrients, over 20 varieties were tested to find a nut with just the right proportion of high proteins, healthy fats and other vitamins & minerals. "SAIN has created the smoothest nut milk for health enthusiasts in Delhi-NCR by transforming the handpicked almonds into nut milk, perfected over many months of recipe testing. Each batch of nut milk is custom blended, which allows for seasonal fluctuations



in the flavors and textures of the nuts. The milks are made every morning so that it remains fresh every day," informs Sheena, adding that SAIN is the only plant-based company that blends traditional techniques with cold press technology. From the right organic sourcing to pursuing the magic of natural fermentation, the focus is on offering the most authentic and fresh almond milk that you can get.

Available in both sweetened and unsweetened varieties, one can choose from seven almond milk variants: Original (unsweetened); Seeded (unsweetened); Vanillin; Cacao; Tropical; Kafecchino and Cardamom flavors. The duo is also contemplating on increasing the product-mix to include more variants such as dairy-free almond butter, almond yogurts, etc. According to Sheena and Tarun, SAIN almond milk

contains a wealth of vitamins and minerals and is loaded with more than 25% almonds. "It has a creamier consistency without compromising on the full nutrients and live enzymes of almonds. A daily intake means nourishment for your body. SAIN nut milk is actually synonymous to whole-hearted lipsmacking nutrition," avers Sheena.

SAIN offers its customers a number of subscription plans that can be completely customized on the website, i.e. customized delivery, customized flavors and a plenty of plans to choose from. The products are being delivered in Delhi-NCR currently with plans to expand geographically to other metro cities across India. Deliveries are done from Monday to Saturday and the cut-off time to place orders is 7 pm for next day delivery. The price range starts from INR 145+ taxes.

According to industry reports, the Asia-Pacific region is expected to retain its dominance in almond milk sales in the foreseeable future. The market is projected to grow at a steady pace, registering a decent CAGR of 15.44%. "Asia-Pacific will be the fastest growing region in the almond milk market and witness high growth in economies such as China, India, Japan and ASEAN countries. The region is estimated to clock sales of USD 2.16 billion by the end of 2022," predicts one such report.

### Milk alternatives are here to stay

The bottom line is that almond milk is a heart-healthy, low-calorie, nutrient-dense beverage. However, one should choose unsweetened almond milk to avoid extra calories from added sugars. Just like cow's milk, almond milk is perishable and should be used within four days after you have opened the pack. Remember, if you can't consume dairy or choose not to do so for personal or health reasons, then you will probably want a viable alternative to cow's milk. And there's nothing better than almond milk. **PG**





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# App Quest

Success has been spotty, but progress is being made.

By John Karolefski

Shoppers can load onto their smartphones a wide variety of popular third-party grocery apps to help them save time and money. Meanwhile, grocers themselves also offer shoppers store apps, which should be the cornerstone of their mobile strategies. The overall idea is to create loyalty to the store as well as helping shoppers save time and money.

of price information available at our fingertips, and the disaggregation of the food retail chain, meaning there are now many alternatives available should you prefer never to set foot in a supermarket if you choose not to. Therefore, what would be the upside to engaging with a specific retailer's app? You might need three or four of them to cover the majority of your grocery spend satisfactorily."

“  
The grocer needs to focus on educating the consumer about their app so that the consumer is fully aware of its benefits and how it could save the consumer money.

— Barry Stone  
Digital Social Retail

## How successful have grocers' apps been?

"I say most shoppers have not downloaded their grocer's app to their mobile device," asserts Barry Stone, director of marketing for New York-based Digital Social Retail.

"There are very few grocers, if any, who have an app with more than 5 percent shopper adoption," notes Mike Grimes, chief revenue officer of Mobee, a Boston-based provider of real-time crowdsourced data and insights for retailers and brands. "Why? Because grocery shoppers won't use an app unless they have a real compelling reason to do so."

David Shukri, of Mindtree, agrees, saying, "Anecdotally, I believe penetration of such apps remains relatively low." The "retail champion" at the Warren, N.J.-based IT services and consulting firm believes that one reason is shopper behavior.

"For many people around the world, loyalty to a specific grocery retailer has never been lower," he explains. "Many factors contribute to this modern reality. They include the development of the convenience sector, the wealth

## Promoting Value

A recent survey by 3Cinteractive validates that point. Research by the Boca Raton, Fla.-based provider of mobile marketing services found that more than half of customers polled (56 percent) said they use only one, or maybe two, grocer apps on a regular basis, despite most saying they downloaded as many as four apps to their smartphones. This signals a need

for grocers to move beyond a pure app strategy and develop new mobile tactics designed to maximize engagement.

Grocers would be wise to leverage an SMS strategy to keep reaching smartphone users even after app notifications have been turned off, say officials for 3Cinteractive.

"Unless you spend money to have more storage space on your mobile device, these shopping apps can consume most of your coveted storage space," points out Mark Heckman, a consultant based in Bradenton, Fla. "But more importantly, each of these shopping apps requires a requisite amount of time and energy to use.





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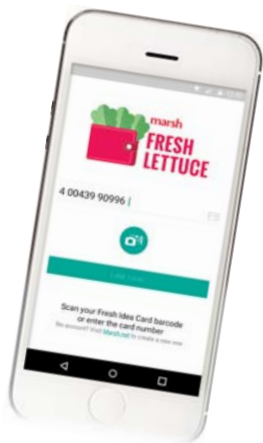
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For shoppers who are now shopping more retailers — both online and in-store — for all of their needs, it is just not practical to use more than one or two of these apps, at the most.”

Stone, of Digital Social Retail, places the blame for the lack of success of grocers’ apps on the grocers themselves, since they don’t give shoppers a good enough reason to download their apps. For example, he says that downloading an app could give shoppers 5 percent off every purchase or 20 percent off a first purchase.

“The grocer needs to focus on educating the consumer about their app so that the consumer is fully aware of its benefits and how it could save the consumer money,” he advises. “In the end, that’s what consumers want to hear. When you can get the message across that you are saving the consumer money, more times than not, the consumer will not only download the app, but also interact with it regularly.”

Mindtree’s Shukri suggests that grocers should promote the value of apps in terms of price, quality and convenience, or some combination of these three levers. He adds that for now, these apps seem to be more about “first-mover” advantage — and, of course, data collection — on the assumption that mobile wallet and payment adoption will take off at some point in the future.



**The grocer needs to focus on educating the consumer about their app so that the consumer is fully aware of its benefits and how it could save the consumer money.**



Heckman, the consultant, agrees that incorporating payment options and other perks will make apps truly worthwhile for the shopper. For example, he points to the SmartPay app offered by Framingham, Mass.-based Cumberland Farms’ convenience stores, which enables customers to receive a 10-cent discount off each gallon of gas they purchase when they use SmartPay.

“This attractive discount is covered in part due to the much lower transaction-processing fees of a ‘private label’ payment system linked to the shopper’s automated clearinghouse, [rather than] using a bank-based credit card,” he explains. “The

technology is easy to use and the value proposition is easy to understand and ergonomic. In this instance, the retailer has made technology the focal point of the customer proposition, and it is working because it benefits the shopper first and foremost, and is easy to engage.”

### Fresh Lettuce and More

There is growing evidence that some grocery retailers are enhancing their own apps to engage shoppers and provide more value. For example, Marsh Supermarkets is offering its Fresh Lettuce for free download in the iTunes and Google Play stores. The Indianapolis-based retailer claims to be the country’s first retailer to launch an innovative mobile app that pays its customers for interacting with national brands. After engaging with their favorite national brands through short ads and videos, shoppers earn cash that’s loaded directly to their loyalty card. Earnings are then applied during checkout, regardless of what products are in their shopping cart.

“Fresh Lettuce turns our customers’ downtime into dollars they can use to spend on anything they want in our stores,” says David Palmer, SVP of marketing, sales and advertising for Marsh. “The customers are in control of what ads they see, when they choose to see them and how they want to spend their earned dollars in our stores.”

Meanwhile, Weis Markets recently redesigned its mobile app and website. The Sunbury, Pa.-based retailer says that both now offer a digitally optimized experience and easier navigation functions.

“We’ve worked hard to enhance our website and app to make them more useful to our customers on a daily basis,” notes Brian Holt, Weis’ VP of advertising and marketing. “The improvements we’ve made are designed to give our customers a better mobile experience, with easier navigation and an easier-to-read circular.”

According to Mobee’s Grimes, Meijer has created an app linked to its popular mPerks loyalty program. With active usage of the app, the retailer can add features around convenience that would otherwise go unnoticed, such as joining department-level savings clubs. “These are examples of desirable virtuous cycles that increase loyalty through app features that are built atop high consumer-value propositions,” Grimes sums up. “Tech is not a panacea, and while an app is easy to put together, it’s not going to get the job done on its own. It’s the hard work of forging unique value propositions that makes things click, and makes it possible for supplemental technology to further that success.” **PG**



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# New mantra for retail – social media, personalization...

**With social media growing in importance and becoming increasingly influential amongst the younger demographics, brands and retailers would do well to encourage people to create and share user generated content, and engage with shoppers via social media.**

**R**etailers today are increasingly tapping into automation and social media to attract the new generation of shoppers. A new study on the subject has noted that there is a growing demand for retailers to deliver more personalized experiences with nearly one in five (17 per cent) of 16-24 year old respondents asking for more personalized engagement from retailers throughout the purchasing cycle. Recent studies by technology company Mindtree also highlights the influence of social media on shopping decisions. Today's generation of digital natives are young shoppers who are fully versed in social media, user generated content and peer to peer recommendations. Consequently, social media offers one of the most lucrative ways for retailers to influence these fledgling consumers.

The Mindtree study reveals that Facebook has been reaffirmed as the most influential social platform with just under one third of consumers (32 per cent) acknowledging it as a major influencer for shopping and purchasing decisions. Another study says that about one in five shoppers belonging to the digital generation use social media sites such as Facebook to inform their shopping choices, making it a channel that retailers ignore at their peril. Consumer reviews on the web attract a

similar amount of attention, with one quarter (25%) of young shoppers becoming aware of personal care products through online reviews from other consumers.

With social media growing in importance and becoming increasingly influential amongst the younger demographics, brands and retailers would do well to encourage people to create and share user generated content, and engage with shoppers via social media.

According to the Mindtree study, over half of young shoppers in the age

group of 16-24 years are comfortable with the idea of automated technologies and would visit robot-driven stores, Whereas 78 per cent of older shoppers over 55 years of age were apprehensive about this trend, says the study. Organized retailers therefore need to harness social media channels to drive brand loyalty by harvesting the growing volumes of customer data available across multi-channels. Consumers should be reached through social channel engagements that are personalized around preferences that the retailer is looking at, the study noted.

As more consumers go online to make purchases, it is important that retailers create content that is optimized for mobile platforms. They should focus on building strong digital relationships with customers, providing the blueprint for successful conversions both in-store and online. The study reveals on how rapidly evolving digital trends like social media, mobile applications and automation are reshaping the way retailers engage with customers. The study has identified widely diverse shopper preferences across age and gender pertaining to new retail technologies like automation, artificial intelligence and robotics.

Opinions were divided by gender with 44 per cent of men happy with a robotic shopping experience, compared with just 30 per cent of women. In order to address this sharp divide, retailers should adopt a balanced mix of technology and human assistance to accommodate customers of different ages and genders, said the Mindtree report. "The retailers who can most successfully navigate the right balance of robotics, and other automated store activity will be in the best position to drive more in-store shopping purchase conversion."

It's time for the retail universe to keep evolving in order to grow. But that is possible only when the current trends and preferences of the buyers are kept in mind always. Brands and retailers need to innovate and adapt the latest social media outreach strategies for winning their marketplace battles and growing their customer base. **PG**



**The author, Rakesh Gambhir, has over 30 years of experience in Food Retail, New concept/ brands, FMCG and Organised Retail. Currently, he heads Dubai Overseas Trade office in India and is on the Board of Skill Development – SME for Retail – besides also advising on international food retailing in India. He is reachable at [rakeshgambhir@imagesgroup.in](mailto:rakeshgambhir@imagesgroup.in)**



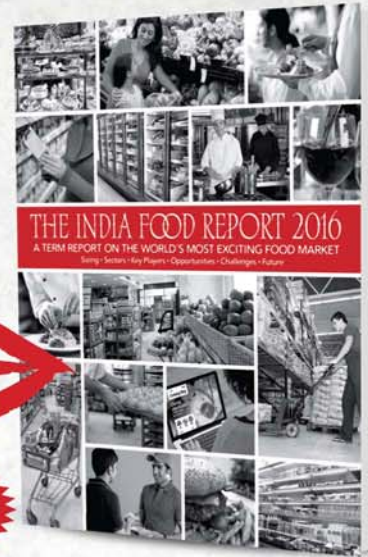
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- Kiosk/Express Format

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- QSR: Foreign Origin
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- Casual Dining
- Pubs & Bars
- Kiosk/Express Format

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