

Trends

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PROGRESSIVE GROCER

March 2018 Volume 12 Number 3 - Rs 100 www.indiaretailing.com

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 Publisher: **S P Taneja**
 Chief Operating Officer: **Bhavesh H Pitroda**

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Editor in charge: **Sanjay Kumar**
 Sr. Correspondent: **Rachita Sehgal**

Conference Content: **Mohua Roy**
 Contributing Editors: **Zainab S Kazi**

Creatives

Art Director: **Pawan Kumar Verma**
 Dy. Art Director: **Deepak Verma**
 Sr. Layout Designer: **Naresh Mahaur**

Production

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Subscription

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ADVERTISING

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Lokesh Arora, Sr. Vice President
 lokesharora@imagesgroup.in | Mob: +91 9999033612

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CONSUMER CONNECT

Anil Nagar, Vice President

anilnagar@imagesgroup.in, Mob.: +91 9811333099

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Over the years, we have seen a steady expansion of food and grocery retail in India. Many under-penetrated and nascent food categories have witnessed a surge in demand. Products and brands today jostle for space on supermarket shelves and vie for a share of the consumer wallet. The market is increasingly becoming crowded and at the same time competition keeps ratcheting up for the players involved. The stakes are naturally high and only the best products and the most credible brands will win in the long run.

To be on the right side of the market and consumers, brands and retailers are now moving concertedly to work together around a mutually beneficial relationship. There are many reasons for brands and retailers to join forces as partnerships can be a highly effective way to build businesses. It allows for both partners to leverage each other's strength, amplify the messaging to reach new and broader audiences, compete in new markets, offer unique competitive advantages in their own markets, gain new distribution and create a bigger impression than one would on their own.

In this issue, we bring you an exclusive feature showcasing some exemplary partnerships between brands and retailers. The cases exemplify stunning success stories of collaboration in building new consumption/ product categories or transforming a traditional category with innovation. Read the cases to find out how the alliances were made, the manner in which the plans were executed and the payoffs that eventually came the way of collaborating brands and retailers.



Amitabh Taneja
Editor-in-Chief

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Printed & published by S P Taneja on behalf of Images Multimedia Pvt. Ltd. Printed at Modest Print Pack (P) Ltd., C-52, DDA Sheds, Okhla Industrial Area, Phase 1, New Delhi - 110020 and published by S P Taneja from S-21 Okhla Industrial Area Phase - 2, New Delhi. 110020 Editor : Amitabh Taneja

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26 A value retailer pioneering modern trade in small towns and cities

V-Mart – one of India’s largest value retailers – was incorporated in 2002 in West Bengal. A year later, it opened its first V-Mart store in Ahmedabad, Gujarat. Since then, V-Mart Retail stores have expanded and opened in prime states and cities and V-Mart has been a pioneer in setting up modern ambience stores across small towns and cities like Sultanpur, Ujjain, Motihari and many more such places. What has made V-Mart successful and what are its plans for expansion in the future?



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Market Update

LOTS Wholesale Solutions creates opportunities in progressive farming



LOTS Wholesale Solutions, a 100 per cent subsidiary of the Thai retail chain Siam Makro – a part of USD 50 billion dollar Charoen Pokphand Group (CP Group) – which is working to launch its India operations in the wholesale cash and carry space, recently organized a workshop for farmers in Bhatinda, Punjab. The focus of this workshop on ‘Opportunities in Food Processing Sector’ was to provide a platform for farmers to interact with industry leaders so as to get their insights on procurement models and practices for backward integration. More than 1,500 farmers attended the workshop, which was facilitated by the Ministry of Food Processing Industries (MOFPI).

Farmers interacted with LOTS Wholesale Solutions team and learnt about the company’s legacy of having

worked with local farmers in Thailand. Guided by the concept of ‘Local Love’, the team reiterated its commitment to sourcing fresh produce from local farming community, share know-how on packing and storage so that farmers can reduce wastage and boost income.

The company also has plans to further support the community by opening cold storage chains as well as distribution centres that would feed its stores in northern India. LOTS Wholesale Solutions plans to invest over INR 1,000 crore (10 billion INR) in the first five years and open fifteen wholesale distribution centres across northern India. The first two stores will be opened in Delhi-NCR later this year. The intended investment by the company will generate over 5,000 direct and indirect jobs.

“In CP Group, CP stands for Charoen Pokphand which literally means ‘prosperity in agriculture’ and this is our clear motto. In Thailand, our parent company Siam Makro has been able to create several success stories by working with small and medium farmers. Today some of them are even international exporters of fresh produce. In India too, we would like to nurture such success stories. I am confident that together with MOFPI and farming communities across the country we will achieve this,” said Tanit Chearavanont, Managing Director, LOTS Wholesale Solutions.

SIAL China 2018 to host EU as Region of Honour

The European Union (EU) will be the Region of Honour this year at SIAL China, Asia’s largest food and beverage innovation exhibition, which is scheduled from May 16th to May 18th, 2018, in Shanghai. As the Region of Honour, the EU pavilion will celebrate the strong economic relationship between the EU and China with some 25 EU member states showcasing their products in an area covering over 6,000 sq.m. of exhibition space.

China has become an important market for EU food and beverage products. In 2016, China was the second-largest importer of EU agricultural and processed agricultural products, receiving 8.7 per cent of all EU agricultural exports. EU imports from China represent 4.5 per cent of EU total agri-food imports.

Besides, China and the EU have also collaborated to promote food safety and tackle food fraud.



At SIAL China 2018, the EU pavilion will offer exciting activities, including cooking demonstrations, innovative EU-Chinese product pairing demonstrations by famous chefs, and information sessions on EU food quality and safety policies to complement the wide variety of safe and quality agricultural food and beverage products presented at the EU member states pavilions.

Oats fortified with vitamins and minerals

Kwality, from the house of Pagariya Food Products Pvt. Ltd, has introduced for the first time in India oats fortified with vitamins and minerals. High quality oats are procured from Australia and then processed and packed by the company in attractive packaging. The packs come in 500 gm and 1 kg pouch priced at Rs. 85 and Rs. 190 respectively. Pagariya Food is ISO 22000 certified and continues to work on innovating in the cereals category in India. The company

exports to more than 20 countries and is second-largest cereals range manufacturer in India.



Tabasco Sauce celebrates 150 years of flavoring food and drinks around the world

An often unsung kitchen hero, Tabasco Pepper Sauce is about to clock up a special anniversary.

If you've ever slurped a spicy oyster, sipped on a Bloody Mary or enjoyed a splash of something hot with your meal, then now is the time to raise a toast to a man named Edmund McIlhenny. Although you may never have heard of him, McIlhenny invented one of the world's most popular sauces. The condiment in question is Tabasco, and this year the famous hot sauce celebrates a remarkable historical milestone: its 150th birthday. "This anniversary is definitely a special one," says Harold 'Took' Osborn, executive vice-president of McIlhenny Company, the fifth generation family owned business that still makes the sauce.

Every bottle of Tabasco is still made on Avery Island, Louisiana, where Edmund McIlhenny created the first batch. Located 140 miles west of New Orleans, the island is not only home to the company's heirloom Tabasco pepper fields but also a processing plant, cooperage and dozens of home for workers and their families. Here, Tabasco chillies are mashed and aged for upto three years in former Kentucky bourbon barrels, where they mellow and become infused with the natural sweetness of oak.



Finally, the mash is combined with salt and vinegar before being filtered and packaged in the brand's iconic red-capped bottles, whose unusual shape is inspired by 19th century cologne containers. "The process is everything; it's what sets us apart from all other pepper sauces," says Osborn. "Today, the recipe and the ingredients remain virtually unchanged and the product is a pepper sauce that offers more than just heat. It awakens the flavors in foods, and never masks them. It's also unique in its versatility, proven by the infinite number of dishes and drinks that Tabasco is used in all over the world," he adds.

Today, around 7,00,000 bottles of the sauces are produced daily, more than Edmund McIlhenny made in his lifetime. The brand can be found in more than 185 countries, labeled in 22 languages. And it is one of just three US brands to receive a royal warrant of appointment, recognizing it as a supplier to The Queen. In terms of its appeal, the sauce appears to know no boundaries. You can find it in almost every restaurant imaginable, whatever the cuisine; and this is because it can be used with pretty much anything. Its real strength is not its heat but its vinegar acidity, which makes it a great pairing with rich and creamy dishes.



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Demand for PET rising in the edible oil category

Edible oil in PET bottles is slowly gaining acceptance in India over traditional pouches and tins. According to Emami, which is witnessing a healthy growth in the PET segment, the demand for PET is growing at 15 per cent per year versus a 10 per cent growth recorded by pouches. Like Emami, other brands like Sundrop, Sunrise, Fortune and Dhara are also aggressively marketing their edible oil in 1 litre and 20 litre PET bottles, specifically targeting supermarket customers.

Manjushree Technopack, India's leading packaging company, observes that 1 litre edible oil PET bottles are hugely popular among Indian consumers, followed by 5 litre and 500 ml PET bottles. So much so, that Emami's requirement for PET bottles has gone up 40 per cent in the last year, clearly demonstrating the demand for PET packaging in the edible oil segment. The popular small sizes of PET bottles range from 200 ml, 500 ml to 1 litre. The growth has also been phenomenal. While the 1 litre bottle is registering a 13-15 per cent growth, the 500 ml category is seeing 15-18 per cent growth. The combined growth of all three PET categories stands at about 14-15 per cent. Pouches, on other hand, in the small size category, are not growing more than 13 per cent. In fact, 200 ml pouches have witnessed less than 13 per cent growth.

Presently, PET packaging of edible oil stands at 7 lakh metric tons. With more brands shifting to PET, Manjushree expects to grow at 30-40 per cent from its current growth rate of 25 per cent in the edible oil segment. Currently, the segment contributes up to 10 per cent of the total revenue of the firm. Manjushree works with some of the biggest names in the edible oil segment including Emami, Adani, Rithika, Cargill, Karnataka Oil Federation, and Gemini, among others. As a packaging partner, Manjushree is credited with several innovations in edible oil packaging. A recent development featured a special patented short neck preform & cap that makes bottles 15 per cent lighter and ensures cost optimization. Manjushree is also the only player to produce 2 litre edible oil bottles in India, which come with an external handle for easy pouring.



Launch of new varieties of namkeens

Munchon's has added seven new varieties to its namkeen basket – Bikaneri Bhujia (Queen of Namkeens), Navratan Mix (Delicious Mix), Khatta Meetha (Sweet and Salty Mix), Chatpata mix (Fun and Gup-Sup Time), Moong Dal (All Time Favorite), Aloo Bhujia (Never Ending Taste) and Mast Bahar (Royal Choice). These namkeens are made in ultra-modern, state-of-the-art hygienic plant and are marketed in a 200 gm family pack size at a price point of Rs. 46 other than Mast Bahar, which is priced at Rs. 58.



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1. Place of Publication	New Delhi
2. Periodicity of Publication	Monthly
3. Printer's Name	S.P.Taneja
Whether citizen of India?	Yes
If foreigner, state the country of origin	Does not apply
Address	S-21, Okhla Industrial Area, Phase-II, New Delhi - 110020
4. Publisher's Name	S.P.Taneja
Whether citizen of India?	Yes
If foreigner, state the country of origin	Does not apply
Address	S-21, Okhla Industrial Area, Phase-II, New Delhi - 110020
5. Editor's Name	Amitabh Taneja
Whether citizen of India?	Yes
If foreigner, state the country of origin	Does not apply
Address	S-21, Okhla Industrial Area, Phase-II, New Delhi - 110020
6. Names and addresses of individuals who own the newspaper and partners or shareholders holding more than one percent of total capital	<p>Owner: Images Multimedia Pvt. Ltd. S-21, Okhla Industrial Area, Phase - II, New Delhi -110020</p> <p>Shareholders:</p> <ol style="list-style-type: none"> Mr. Amitabh Taneja S-21, Okhla Industrial Area, Phase - II, New Delhi-110020 Mr. Hemant Sood N-67, 1st Floor, Greater Kailash Part-I New Delhi - 110048 Images Employee Stock Trust S-21, Okhla Industrial Area Phase-II, New Delhi - 110020

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“Our products are known for their traditional hygiene, quality, and innovative packaging”

Rashmi Sahoo, Director, Om Oil & Flour Mills Limited, which operates brand Ruchi, spoke to Progressive Grocer about the brand’s focus on developing health-positive products and how it has strengthened its hold in the traditional markets of eastern India and is now spreading its wings to south & west India.



Ruchi has grown to spawn a multi-product portfolio, which includes spices, vermicelli, pasta, instant mixes, frozen food and other products that are marketed in India as well as in different parts of the world. We produce about 300 varieties of ground spices, whole spices, vermicelli, pasta and frozen foods.

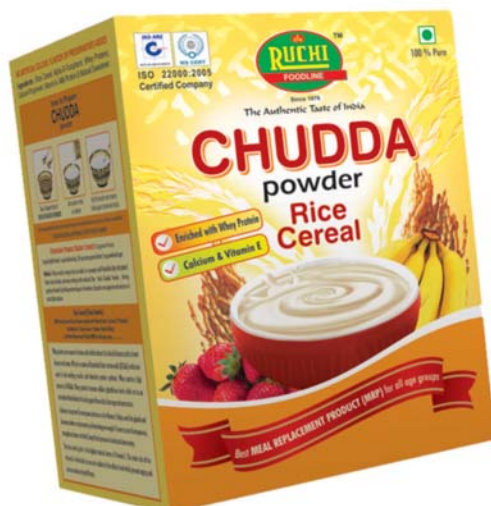
— **Rashmi Sahoo**
Director, Om Oil & Flour Mills Limited

Tell us about your company and how it has grown over the years.

With a 40-year-old legacy behind it, brand ‘Ruchi’ is an established name in Odisha. It has carved a reputation as a leading quality food processing unit. From its origins in Om Oil and Flour Mills Ltd., brand Ruchi has grown to spawn a multi-product portfolio, which includes spices, vermicelli, pasta, instant mixes, frozen food and other products that are marketed in India and overseas. We produce about 300 varieties of ground spices, whole spices, vermicelli, pasta and frozen foods.

Which consumer segments are your products targeted at?

Our products are primarily aimed at the middle class and the upper middle class segment in both Tier I and Tier II cities. Our focus is to make our products appealing to the home maker, which is the ‘housewife’.



What has been the growth rate of your product offerings and what is the projected growth rate? In your opinion, which are the factors driving the growth for your products?

We have had a consistent 40% and above CAGR every year, which is expected to continue for the coming financial year also. Our consistent quality and commitment to bring newer products to our loyal customers has been the main factor in driving this desired growth.

Which are the key markets for your products?

The key market for our products is eastern India, and it has been our traditional stronghold.

What is your strategy for taking your products to newer markets and demographics?

The valued patronage of our loyal customers over the past 40 years – a large number of whom have spread across the nation – is helping us to experiment with newer markets such as those in south & west India.

With the emerging trend in favor of more health-positive products, what have been your initiatives and interventions on this front?

In keeping with the emerging health trend, our Frozit division has developed a wide range of food products, which appeals to the good health consumer philosophy and reaches out across all demographics and cultures. Over the past six months, we have seen a significant increase in and acceptance of our products. Not only through the new Frozit division, but also across our traditional offerings in pasta and vermicelli. In fact, our Kheermix has

not only local but universal acceptance. Though health positive products are trending now, we have been propagating the same over the past few decades. Even today sooji, sagoo, daliya, sattu, chuda powder, among others happen to be our fast moving products. In our communication, we have been consistently focusing on driving the health message of our products across to the young generation. Recently, our Ruchi chana sattu has been endorsed by the Indian Council of Medical Research (ICMR).

What is the contribution from MT and GT to the overall sales of your products?

We are a company whose products are placed largely in the general trade and exports. However, in the coming financial year, we will be making the foray into select modern trade.

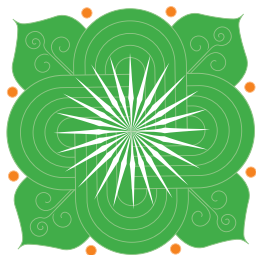
What are the competitive advantages of your products?

Our products are known for their traditional hygiene and quality assurance, innovative packaging for national and international markets and affordable prices. Ruchi delivers top class services through

distributor channels, whole selling, super stockists, Co-op societies, institutional sales and retail sales. With over 200 dealers in Odisha and more than 40 super stockists all over the nation, Ruchi is royally building on its active customer base. Also, we have been offering general use products in smaller packs, which has found an increased acceptance in the lower economic strata of the society.

What is your marketing strategy for promoting the products?

For promoting our products, we carefully select the visual merchandise at every POP besides undertaking wet sampling and participating in every important food exhibitions such as Aahar, Annapoorna, World Food India and others. Our marketing success has brought us several accolades – Spice House Certificate, Agmark, ISO 22000:2005, CRISIL, etc; Ruchi has also bagged several Government and NGO awards to its credit. We have won the Odisha Business Award, Best Industry Award, Best Entrepreneur Award, MSME Export Achievement Award, and some more. **PG**



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Customer experience and marketing trends ahead

In 2017, chatbots and artificial intelligence were in the spotlight of all the tech, e-commerce and marketing media. So, where are we on the subject at the beginning of this year? What should we expect in 2018 going ahead? What are the customer experience and marketing trends? Here's a look at the latest four customer engagement trends.

Conversation is the new marketing

The end of complex interfaces: Online trade was born more than 20 years ago. And for the past 20 years, we have been conducting research, we have been visiting various websites in order to compare product pages, we have been completing complex contact forms with several steps.... However there's a change under way. Going ahead, this year will see the rise of intuitive and natural conversational experiences online, which will ensure that the consumer will not have to do any of the 'heavy lifting'.

Messaging has become universal and in 2018, no company will be able to bypass this trend. Messaging apps account for more than five billion monthly users. Millennials as well as baby-boomers use them because they serve the primary form of communication and conversations.

Messaging to help advertising: At the end of 2017, major advertisers such as Mars and Lidl announced their intention to boycott YouTube after a Times Investigation claimed ads were being served against "inappropriate" and "exploitative" content. In late October, Procter & Gamble, the world's largest advertiser, cut 40% of its online advertisement.

Marketers are increasingly questioning the display's return on investment. Other critical parameters such as the user experience and brand image are now being taken into account.

At the same time, web users actively fight intrusive ads by massively installing adblockers (32% of US internet users use adblockers with a 34% increase each year). If we are not about to see the end of digital advertising in 2018, we should witness the rise of messaging, which encourages interactions that are more authentic and less intrusive. 2018 will see the rise of conversational formats!

Rich content: Emojis, gifs, images, documents... they are a sign that conversations between a brand and customers can be as warm as a personal exchange. These tools, available for brands to use, are intended to create an authentic and highly personalized exchange with customers. The current year will be the year of hyper personalization.

Artificial intelligence: advances and limits

We will undoubtedly hear more about artificial intelligence (AI) this year. Last year, artificial intelligence was everywhere, in every industry:



economy, transportation, medical industry, and many more. And the customer experience has not been left behind. Artificial intelligence is so promising that it is sometimes difficult to tell the difference between fantasy and reality.

Technical advances in terms of voice recognition are numerous and, last year, they enabled us to continue to improve personal assistants on connected objects such as Siri, Cortana, Echo, Home or Clova. Thousands of hours of conversations have trained the neuron networks of the largest university and company laboratories. In February 2017, a team from Microsoft announced that they had surpassed the human intelligence for the comprehension of phone conversations with only a 5% error.

But the very large majority of both written and spoken virtual assistants do not use artificial intelligence. They give the impression to their interlocutor that they understand them. How? Thanks to the talent of scenarists who pre-write their responses. In 2018, AI will be, first and foremost, a tool destined to enhance the performance of human agents thanks to these suggested responses.

Chatbots: what can we expect this year?

In 2017, many companies tested conversational robots – more than 200,000 have been created on Messenger. Implemented with precaution, they have dedicated bots for specific objectives and utilize them for one single and unique channel: application or website, pre-qualification or the resolution of commonly asked questions, etc. This trial phase will enable to expand uses in 2018 and create multi-channel chatbots.

But companies must keep one thing in mind: if the dialog you can have with a robot is, indeed, conversational, it's far from being able to offer conversations as rich in emotions and intelligence as conversations held between two human beings.

Thus, you will need to think bots as elements of a global strategy and connect them to platforms that enable you to manage online interactions. Bots can replace human agents for low added value tasks, collecting information that will enrich your database. Above all, the technology must be able to seamlessly transfer a conversation to a human agent as soon as the chatbot is no longer able to provide a satisfactory response. This transfer must be smooth and preserve both the user and agent experience. .

Authenticity, trust and conviviality: key values for brands in 2018

This year, communities and independent

ambassadors will continue to embody these values and will become the face of brands, which will win their customers' trust. Internet users don't want to be sold products, they want to be advised on buying a product or service that will be personal and relevant to them. Also, they feel more confident when they talk to their peers. Thus, brands will rely on independent and savvy sales forces, which embody this authenticity, but which are also flexible to face the ubiquity challenge: to answer everywhere online, at any time while controlling costs.

Customer Lifetime Value: the indicator you should follow in 2018: Being authentic and collaborating with ambassadors means betting on a long term customer relationship. And that's a good thing: the probability of selling a product would be between 60% and 70% for an existing customer against 5 to 20% for a prospect. This data speaks volumes on the importance of investing in customer loyalty. To

We will undoubtedly hear more about artificial intelligence (AI) this year. Last year, artificial intelligence was everywhere, in every industry: economy, transportation, medical industry, and many more.



monitor this data and determine your actions' return on investment, the Customer Lifetime Value should be the indicator guiding businesses in 2018. The calculation of this indicator relies on your customer segmentation and analysis of their behavior.

The Customer Lifetime Value is not a static concept. Businesses will need to constantly remain attentive, be available where their customers need them and personalize the interactions they have with them. **PG**

The article has been contributed by iAdvize, a conversational marketing platform that connects customers or prospects in need of advice with experts who are available 24/7 via real-time messaging.

Redefining Ayurveda in the era of modernization

Sri Sri Tattva focuses on transforming lives by offering health and wellness solutions through Ayurveda and health products as well as services. The brand carries an extensive range of 350+ excellent products that are researched extensively and formulated with the best technology and manufacturing practices.



Arvind Varchaswi
MD, Sri Sri Tattva

Sri Sri Tattva focuses on transforming lives by offering health and wellness solutions through Ayurveda and health products as well as services. The brand carries an extensive range of 350+ excellent products that are researched extensively and formulated with the best technology and manufacturing practices. The brand aims to present Ayurveda and natural ingredients in the most beneficial form, in an easy to use manner to appeal to a growing audience of health conscious individuals. With a vision of leading modern world towards health and happiness, the brand has a strong commitment to support social and welfare initiatives of the Art Of Living.



Tej Katpitia
CEO, Sri Sri Tattva



This distinguished brand has a holistic approach to ensure good health and happiness through various product categories such as Personal care, Health care, Home care, incense and fragrance that have been formulated by the dedicated researchers and scientists. Sri Sri Tattva's frontrunner products include Immunity Builder SHAKTI Drops, Sudanta, a non-fluoride herbal toothpaste, a brilliant Health drink Ojasvita which is made of 7 powerful herbs, Cow's pure Ghee and 100% Natural Honey. The brand utilizes world-class research and development facilities and its owns manufacturing facilities to ensure high quality production.

Another unique and useful offering is that of Sri Sri Tattva Nadi Pariksha or Pulse Diagnosis. This offers a holistic Ayurveda and lifestyle consultation to patients through expert Nadi Vaidyacharyas across the nation. Multiple health camps and Mega Nadi Camps are conducted through every district across the country to reach the benefit of these camps to the maximum number of people

With the modern world's extended accessibility to information through contemporary mediums, people are now more aware about the benefits of Ayurveda, and are enthusiastically willing to adopt natural and healthy alternatives. To cater to these growing demands, Sri Sri Tattva effectively and efficiently facilitates its retail presence with an Omni channel approach covering General trade, Modern trade, exclusive Franchise stores, Panchakarma and treatment Centers, Ayurveda Spas as well as E Commerce. The brand has an established presence through its online portal, www.srisrisattva.com and is also exclusively available as a mobile app for Android and iOS users. Sri Sri Tattva follows a 'customer-first' policy, and unceasingly works to deliver its products to the customers at their doorstep all over the country in the most competent manner. The brand is also present on mainstream e-commerce majors like Big Basket, Amazon, Flipkart, eBay and more.

Sri Sri Tattva, currently operating in more than 33 countries of the world, has plans of spreading across the globe extensively to bring its authentic and high quality offerings to maximum beneficiaries. **PG**

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- Sahib Singh**
Key Account
Manager- MT, HUL
- Swati Maheshwari**
National Account
Manager-HUL
- Ganesh Mishra**
Head-Commercial,
Trent Hypermarkets
- Jayakumar Dr**
Head - Processed
Food, Future Group
- Unmesh Khambete**
Associate Director
- Sales - Modern
Trade, Mondelēz
International
- Raunaq Sharma,**
Deblina Das,
Urv Bhatt
Big Bazaar
- Johnson John**
Head Foods, Reliance
Retail
- Saurabh Saith**
MT Head, PepsiCo
- Geetha Mahadevan,**
Brand Intelligence at
bigbasket.com

Moderators

Standing on the left
Dheeraj Arora
VP – MT, Ecom and
IB, HUL;

on the right

Damodar Mall
CEO, Grocery,
Reliance Retail
and Author –
'SupermarketWala'



Partnering to win together and create new experiences in “SMART SPACES”

Strategic partnerships between brands and retailers can be a mutually beneficial relationship. There are many reasons for brands and retailers to join forces as partnering can be a highly effective way to build businesses. It allows for both partners to leverage each other’s strength, amplify the messaging to reach new and broader audiences, compete in new markets, offer unique competitive advantages in their own markets, gain new distribution and create a bigger impression than one would on their own.

By Premjit Mohapatra

Brands and retailers are natural allies, but they don’t always collaborate and it doesn’t mean the partnership will always be a success. While teaming up together can result in a win-win outcome for both, striking up those winning partnerships is not always a cakewalk. For a partnership to truly work, it has to be a win-win for all players in the game. Both brands and retailers have to work together to make sure brands are accurately represented, responsibilities are clear to both, each party’s needs are met, and that the integration between the two converts the shoppers into spending customers and both parties end up happy with more customers and sales.

The past year saw many such innovative brand-retailer partnerships that struck gold. These exemplary cases were discussed and showcased at the 11th edition of India Food Forum 2018 at a session moderated by Damodar Mall, CEO, Grocery-Reliance Retail and the author of ‘SupermarketWala’ and Dheeraj Arora, Vice -President-MT, ECom & IB-Hindustan Lever. The session saw finalists present their stories of partnerships that came to

fruition to a jury consisting of eminent members of the industry with BS Nagesh, Founder of TRRAIN in the jury chair.

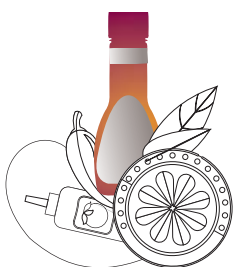
Progressive Grocer takes a look at five stunning success stories of collaboration in building new consumption/ product categories or transforming a traditional category with innovation and to find out how the alliances were made, the plans executed and the payoffs thereof.

Big Bazaar & Mondelēz

Presenters: Jayakumar Dr, Head - Processed Food, Future Group; Unmesh Khambete, Associate Director - Sales - Modern Trade, Mondelēz International

Goal: To revive the sales of the slowdown-hit chocolate category and drive the conversion.

Context: Chocolates and impulse munching are very good categories when it comes to general trade in India. In Big Bazaar stores, there is no dearth of footfalls and the opportunity to sell these categories is immense but the sale of these categories



was relatively low. Towards the end of 2016, the chocolates category was facing a slowdown in sales and this necessitated a relook to find the best possible way to sell the chocolates category in Big Bazaar. The challenge was to create better point-of-sale displays and planograms that would get the customer attention besides triggering impulse at the right price points.

Execution Strategy: A detailed shopper research helped determine the right purchase instinct hierarchy for the chocolate category, which the shoppers processed in their mind and the same was replicated in the store in order to make it more convenient for the shoppers to find exactly what they are looking for at the time of purchase. When chocolate is impulse, more than 60 per cent of purchases of chocolate category takes place from the main shelf. So what was required was category alignment at main shelf in line with the shopper purchase instinct hierarchy.

Mondelēz had a winning solution with a portfolio called Home Treats to drive the consumption. It was ensured that the Home Treat portfolio had a disproportionate focus in terms of three things. First – strategic placement of Home Treats at the main shelf. Next was to focus on expansion across Big Bazaar stores. To expand the distribution of these packs across all Big Bazaar stores, Mondelēz participated in the right promotions and offered the right value for the shopper to purchase these packs. The big size of the packs made them less prone to pilferages. They also helped in increasing the average bill value for the category at Big Bazaar. The year 2017 saw the launch of Silk Oreo, with an exclusive launch preview for Big Bazaar coupled with a lot of investment in the digital campaign to spread the awareness to the shoppers. Third, in-store visibility was increased across the stores and the speed-to-market helped generate timely buzz and excitement among the customers. Focused shelf designs to guide customer choices and specially created displays increased impulse purchases. Specifically designed checkout counter solutions were devised to place the fast moving single lines and bar chocolates, which prompted shopper attention at the point of checkout and triggered impulse to drive the conversion.

Results: The joint effort of both teams helped revive the chocolate sales in Big Bazaar, which grew in high double digits, not just for Mondelēz but the category as a whole. It led to increased consumption growth and customer base growth for the category, increased impulse purchases and reduction in pilferages. All this resulted in 3x growth in the chocolate category at Big Bazaar. MT grew at 10% and Mondelēz grew at 33 per cent at Big Bazaar.

Bigbasket & Ayush

Presenters: Lipsa Das, National Account Manager-MT, HUL; Geetha Mahadevan, Brand Intelligence at Bigbasket.com

Goal: To create a master brand in Ayush on Bigbasket

Context: There is a pan-Indian revolution in favor of natural products and the contribution of the naturals segment in Indian personal care industry has been increasing every year. Rapid changes in lifestyles have caused consumers to switch to instant ready-to-use natural ingredients solutions and they want customized treatments that suit their skin and hair. Naturals is the fastest growing segment where 41 per cent of the personal care market is naturals and the segment is growing 2x times of the overall personal care category. HUL, the consumer goods trailblazer but not in the naturals space wanted to claim a greater share of this market through Ayush, in a space where other dominant players had already established themselves.

Execution Strategy: Research indicated that 50 per cent of the people have tried purchasing beauty and personal care products online and 41 per cent people purchase beauty and personal care products online and offline at the same frequency. So, Bigbasket was the perfect partner for a pan-India Ayush launch for their in-depth top notch services across India's top cities and also because Bigbasket shoppers seek convenient solutions to meet the daily needs and appreciate the availability of a wide range of products.

Strategy Executed to Reach Shoppers in their Path to Purchase:

Step 1: Capture. Reaching out to the right shoppers by leveraging an integrated online and offline media plan to capture shoppers. Partnering to feature in retailer's print ad in top cities and effectively targeting the shopper base; Digital campaign driving traffic to retailer for instant conversion.



We had lot of confidence on the new offerings of Mondelez. They were extremely open to growing the category, not only the brand but also to invest in the category and we were more than willing to support them with the new launches.

— Jayakumar Dr
Head Processed Food,
Future Group



Dheeraj Arora
VP – MT, Ecom and
IB, HUL



Given the national reach of the e-commerce channel, we activated Ayush for the e-commerce customers. And Bigbasket was our first choice because of the platform's presence at 32 centres in the country.

— Lipsa Das
National Account
Manager-MT, HUL



When we tracked those customers to see whether they are showing a similar behavior or have gone back to their brands after the activation, we found a very healthy trend with lots of customers remaining loyal to Ayush.

— Geetha Mahadevan
Brand Intelligence at
bigbasket.com



The golden event organized by Reliance on Independence Day witnessed a great increase in footfalls and this presented an opportunity for both Knorr and Reliance to come together to drive the consumption of soups.

— Johnson John
Head Foods, Reliance
Retail



We have a range of soups that's available but what we had seen before this activation was that only our top two variants did well. This activation helped us to get people to try the fairly wide spread of soups and the premium ranges available with us.

— Sahib Singh
Key Account Manager- MT,
HUL



We were failing to get growth by doing just price promotions. So along with PepsiCo, we designed an activation around 'Karwa Chauth', where we offered a fruit juice alternative for breaking the fast instead of fruit.

— Rahul Chowdhary
Head Beverage, Reliance
Retail

keywords. For driving awareness, personalizing communication by dividing shopper base into cohorts; targeted notifications and e-mailers based on shopping history and personalization of product, communication of contest, range, etc.



It was an exciting story of how a partnership helped us grow the category based on fundamental and robust shopper insights driving the core drivers for the category

— Unmesh Khambete
Associate Director -
Sales - Modern Trade,
Mondelēz International

Step 4: Community. Collaborating with retailer to socialize it! Facebook engagement with Bigbasket directed almost three lakh shoppers to the site. Every step of the contest was promoted on FB and the winners were announced on social media to leverage the contest buzz.

Results: The performance of Ayush was phenomenal and a master brand was born on Bigbasket. The impact was 2.5x sales growth in value, 5x sales



Damodar Mall
CEO, Grocery,
Reliance Retail and
Author –
'SupermarketWala'

growth in volume and 180x increase in the number of households purchasing Ayush. Offtake has increased and has been sustained through activation.

Reliance Retail & Knorr

Presenters: Johnson John, Head Foods, Reliance Retail; Sahib Singh, Key Account Manager- MT, HUL

Goal: To drive in home consumption moment for the soup category and bucking the slowdown Reliance was facing in the category.

Context: Sale of soups as a category was declining year over year at Reliance and the basket size was stagnant with no new customers. In the past, soup was activated only in winters and the monsoon represented a possible consumption occasion for soups.

Execution Strategy: A 360 degree JMP was conceived to bring alive the entire Knorr range of products at Reliance retail stores. The idea was executed through a three-pronged approach.

Step 1: Drive footfall in store – Knorr drove footfalls by deploying a two month print plan. Reliance drove footfall by reaching out to all Reliance-One loyalty card holders and by communicating exciting offers on Knorr soups at the Reliance ACME outlet.

Step 2: Excitement generation in the store – Knorr range was brought alive through prime placement via



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“
If the retailer and the brand owner come together and use each other's strong point, then they can go about changing the narrative of the game.

— **Saurabh Saith**
 MT Head, PepsiCo

Reliance hotspots as well as by multiple secondary assets. Consumers were further engaged in the store by organizing Knorr masterclasses from chefs and through sampling.

Step 3: Drive assortment selling – Knorr drove assortment selling by activating bundled offers of B2G1

Results: The activation saw exciting results. From July-Sept. 2016 to July- Sept. 2017, offtake value growth was 7x. Range selling went up and monsoon momentum sustained till the onset of winter. The overall category growth was around 5x and Knorr as a brand grew at 7x.

Reliance Retail & Tropicana

Presenters: Rahul Chowdhary, Head Beverage, Reliance Retail; Saurabh Saith, MT Head, PepsiCo

Goal: Improve the sale of juices as a category at Reliance, ensure growth for Tropicana and get juices back on the growth track. PepsiCo partnered with Reliance to grow the juice category differentially.

Context: Tropicana and the category overall was struggling – it was in high double digit negative growth even though juices is almost 50 per cent of non-carbonated portfolio within beverages. While the category overall was growing at 35% all over India, it was almost stagnant at Reliance.

Execution Strategy: The key strategic decision for scripting a turnaround was for the retailer (Reliance)



Left to right:

- Ganesh Mishra**
Head-Commercial, Trent Hypermarkets
- Jayakumar Dr** Head - Processed Food, Future Group & **Unmesh Khambete**, Associate Director - Sales - Modern Trade, Mondelēz



Ferrero and Star Bazaar's philosophy is enhancing the consumer experience. Keeping this philosophy in mind, we came together to provide experiences that consumers never imagined were possible in retail environments.

— **Ganesh Mishra**
 Head-Commercial, Trent Hypermarkets



Our drive towards increasing premiumization started 13-14 months back with Star Bazaar. From upgrading the customer for an experience of Nutella and moving Rocher into the grasp of a very normal person, Star Bazaar has been a very good partner.

— **Sameer Sapre**
 MT Head, Ferrero

and the brand owner (Tropicana) to come together and leverage each other's strong point. Jointly – between the key accounts team, the buying team in Reliance and the customer marketing team – a decision was taken to change the game and narrative beyond pricing with the launch of the brand Tropicana Essential (functional juices range designed to address specific needs) where there were two flavors; Tropicana Essentials Fruits & Veggies and Tropicana Essentials Iron. The target was the health-conscious consumer and the communication emphasized that functional juice Tropicana Essentials would help 'address nutrient gaps in the local Indian diet'.

Together, it was decided to use the store as a marketing platform/ medium for driving the Tropicana business through cross-category activations, cash-till drive to induce basket incidence and use of loyalty data to build up the sales. Tropicana partnered in the juice fest, which is one of the biggest platforms for Reliance and leveraged key Reliance properties like hotspot, spotlight and 'bachat budhwar'. They also attempted to premiumize the Tropicana Essentials brand.

To communicate the benefits to the consumer, the entire POSM that was deployed in the store – be it the tent card, enclap cladding, wobblers, shelf strip – communicated the health and nutrition benefits of the new variants of iron and fruit and vegetables juices.

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Unmesh Khambete
Associate Director
- Sales - Modern
Trade, Mondeléz
International

Results: The partnership was a win-win for both where Tropicana grew but also ensured growth for the category. Juice growth at Reliance Fresh was 14 per cent led by Tropicana contributing 64 per cent of this growth, which continues to sustain.

Star Bazaar & Ferrero

Presenters: Ganesh Mishra, Head-Commercial, Trent Hypermarkets; Sameer Sapre, MT Head, Ferrero

Goal: To expand the entire expandable consumption category within chocolates and increase the drive towards premiumization

Context: Consumers today want to buy the best quality products at the best prices at a place where they feel happy at the end the shopping trip. Today, with various organizations offering me-too products in me-too environments, what will draw consumers to the stores is a differentiated consumer experience. Ferrero and Star Bazaar have one thing in common – emphasis on consumer experience and the shared belief that the combination of best quality products, healthy environment and great consumer experience will attract the shoppers and trigger premiumization.

Execution Strategy: The aim was to deliver the best-in-class product with a touch of love.

Step 1: In-store activities for creating the great shopping experience – Impactful presence of Ferrero brand inside the store; creating in-store taste experience of FR with key ingredients; in-store set up for roasting-sampling-tasting. Pralines range extension to Ferrero collection and Raffaello; Bouquet of FR for your Valentine as an in-store activity.



From the supermarket point of view, our primary contract is with the customer; and our contract is to increase choice. We are a theatre of choice and are clearly in the business of increasing choice; and as long as you keep launching relevant products and expand choice and consumption in the end, you will always find us amenable and willing.

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



When we invest in a brand, we don't look at the sales that happened only in those three months but beyond – in terms of what it did to brand equity, what it did to sales in a sustained manner. Many a times the numbers don't justify that kind of investment but what we need to look at is what it did to the brand over a long term.

— **Dheeraj Arora**
Vice -President–MT,
ECom & IB-Hindustan
Lever

Step 2: Driving premiumization with Nutella – creating a taste experience supported with immediate on-purchase gratification by way of personalization. Impactful presence of the brand inside the store – POSM placements across the category on shelf and secondary placements. The payoff – 179 days, 134441 pre-sampled, 28,133 jars sold and 21 per cent conversion.

Results: As a consequence of all these activities and a brilliant shopping experience, the basket size per purchase increased. The bill size increase for Nutella and FR was 31 per cent and 27 per cent respectively. FR grew by 227 per cent; Nutella grew by 92 per cent; while the entire ready-food category grew at 42 per cent. The Ferrero portfolio of spreads and coated chocolates grew at a staggering 109 per cent. In the past three years, Nutella has grown at a CAGR of 74 per cent. In 2016-17, in spite of the jam and spread category delivering 22 per cent growth, 61 per cent was contributed by FR. In 2016-17, in spite of new entrants like mango and peanut butter in the category, FR still recorded a healthy 36 per cent growth. **PG**





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A value retailer pioneering modern trade in small towns and cities

V-Mart – one of India’s largest value retailers – was incorporated as Varin Commercial Private Limited under the Companies Act in 2002 in West Bengal. A year later, it opened its first V-Mart store in Ahmedabad, Gujarat. Since then, V-Mart Retail stores have expanded and opened in prime states and cities such as Bihar, Chandigarh, Gujarat, Haryana, Jammu and Kashmir, Madhya Pradesh, New Delhi, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh. V-Mart Retail has been a pioneer in setting up modern ambience stores equivalent to large retail malls across various small towns and cities like Sultanpur, Ujjain, Motihari and many more such places.

By Sanjay Kumar

LALIT AGARWAL 
CHAIRMAN AND MD, V-MART RETAIL LIMITED

Based in Gurgaon, the company's operations are today spread across northern, western and eastern parts of India. As of March 2018, V-Mart operates 170 stores in 144 cities across 14 States & Union Territories with 14.20 lakh sq.ft. of retail area under operation. "At V-Mart, we recognize that in a country marked by extensive under-consumption in organized retail, there would always be a premium to expand across Tier II, III and IV cities," says **Lalit Agarwal**, Chairman and Managing Director, V-Mart Retail Limited, in an exclusive interview with Progressive Grocer.

In terms of stores' presence and location, 105 of V-Mart stores are located in Tier III and IV cities, 42 stores are located in Tier II cities and just 23 stores are located in the metros and Tier I cities. V-Mart has the strongest presence in Uttar Pradesh with more than 72 stores, where the election of a new pro-business and investor-friendly government will likely translate into increased disposable incomes and consumer spending, thus strengthening the retailer's prospects further. V-Mart's uniqueness lies in its regional cluster-based store expansion strategy, which acts as a bandwagon for driving top line growth.

As a strategy, the company opens stores only within 50-100 kilometres of its existing stores, which helps in supply chain management and achieving operational efficiency. The stores are the first of its kind retail experience in all the places it sets shop. Basically, these are places where people have newly increased purchasing power and aspire for a better shopping experience. The stores mimic retail outlets in urban places, are equipped with trained staff, air-conditioning, escalators, toilets, etc. The company's motto is to provide modern retail at affordable prices by focusing on value and playing on the shift from unorganized to organized retail. "Our location strategy is to pursue a cluster approach under which our expansion footprint, until now largely focused on Tier II and III cities of India, will likely gain traction in Tier IV regions. This approach will help us bridge the gap for the aspirational consumers who do not have access to organized retail," says Agarwal.

Store formats

V-Mart stores are categorized under different formats, which have been designed keeping in mind all its consumers. V-Mart Aspire houses products for the youth in line with the latest trends. V-Mart Plus addresses consumers across age groups; stocks clothes and discretionary products and the stores

are located in densely populated areas. V-Mart Corporate targets office goers and its product line is known as Gold Line Fashion with stores located in areas inhabited by working professionals. V-Mart Values stores comprise cost-competitive products addressing all age groups.

V-Mart's business can be classified under three business verticals: Apparel, General Merchandise and Kirana Bazaar (FMCG and pack staple food). V-Mart was among the first consumer retail companies to be positioned around the concept of family fashion offering value-for-money products for the fashion-conscious middle-class youth in Tier II, III and IV cities. Over the last decade, the company has evolved into a one-stop brand of choice, offering an extensive range of products around the concept of 'Price Less Fashion' in non-metro cities. Maintaining high standards in quality and design, V-Mart offers fashion garments at down-to-earth prices and, over a period of time, has emerged as the destination of choice for bargain hunters and the fashionable alike. Likewise its Kirana Bazaar has a reputation for serving customers with a well curated assortment of products that are high on quality and freshness and sold at a very competitive price in keeping with the company's tag line "Price Less Fashion". The Kirana Bazaar range include products such as biscuits, fruit juice, hair oil, soap, atta, masala, rice, tooth paste and tooth brush, energy drinks, liquid antiseptic, shampoo, etc.

Based in Gurgaon, the company's operations are today spread across northern, western and eastern parts of India. As of March 2018, V-Mart operates 170 stores in 144 cities across 14 States & Union Territories with 14.20 lakh sq.ft. of retail area under operation.



V-MART: VITAL SPECS

Retail format of stores: **Value**

Number of stores currently in operation: **170**

Launch of first store: **2003**

Average size of stores: **8,500 sq. ft.**

Total retail space under operation: **14.20 lakh sq. ft.**

Operating model: **Company owned stores**

SKU count in stores: **approx. 1200**

Average weekly footfall at stores: **5-5 lakh**

Average bill size/ transaction: **Rs. 725**

Average sales per sq.ft.: **Approx. Rs. 850**

Average monthly turnover of stores: **Rs. 100 crore**

Size of supplier base: **Approx. 5,000**

Catchment of customers: **Young shoppers in Tier II, III, IV cities**

Sales growth y-o-y: **25%**

Latest revenue/ sales figures: **Approx. 1,200 crore**



V-Mart was among the first consumer retail companies to be positioned around the concept of family fashion offering value-for-money products for the fashion-conscious middle-class youth residing in Tier II, III and IV cities.



Focus on value, quality and price

The focus on quality and price integrity has brought rich dividends for the retailer. So even though the financial year 2016-17 was one of the most challenging for retail-driven Indian companies, owing to the market skittishness triggered due to currency demonetization, V-Mart sailed through the troubled times quiet comfortably. "The demonetization move created a temporary shortage of high denomination currency notes within the economy, which cascaded into a crisis

in consumption confidence. Buyers backed off and retail sales declined. V-Mart tided over the crisis by taking some smart initiatives. We introduced the 'Smart ATM concept' to help customers get cash, which saw us acquiring new customer streams as well, and drawing operational efficiencies by automation in our supply chain. During this Smart ATM drive at our stores, we started dispensing the collected cash to anyone who needed it by swiping cards on our stores' credit card swipe machines, irrespective of whether the person was buying or not buying from our stores. This drive saw long queues outside all our stores across the country. Our store teams took the initiative to lead these people to explore our stores, often resulting in sales and new customer formation. This, along with better supply chain management, led to robust sales during a period that saw almost all industries, including retail, witness a massive downfall in demand," says Agarwal.

The retailer led and showed the way on how to convert a threat into an opportunity, which Agarwal affirms is a core part of the way of doing business at V-Mart and the way it approaches its external macro environment. At a time when consumers cut down on consumption as they struggled with inadequate currency, when buyers deferred purchases and retail offtake was affected, V-Mart reported one of its best years in business in 2016-17.

One part that played a key role in catalyzing the retailer's stellar performance is its deft inventory management. Those in the retail business recognize that inventory management is one of the key parameters that make or break a retail business. As changing fashion trend can lead to inventory erosion, the cluster-based approach helps VRL in inter-store stock movement and easy stock rotation from its stores. Being entirely focused on Tier-II and Tier-III cities, VRL easily rotates out-of-fashion stock within the vicinity of nearby stores as semi-urban areas tend to catch up with the changing fashion trend at a slower pace compared to Tier-I cities.

A strong believer in targeted merchandising, V-Mart believes that there are a number of different countries within the geographic boundaries of India. "There are diverse regional markets with distinct consumer preferences that are completely different from each other at even a distance of 100 kilometres. The success of any retail enterprise depends on how well we map consumption patterns and address emerging demand in these different markets. Through a combination of consumer insight and technology, we believe that we are getting better at providing just what the market needs at right prices

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“As a value retailer we target the aspiring middle class consumers”



“
Our stores operate on key guiding principles of “Price Less Fashion” and they primarily operate in Tier-II and Tier-III cities, with a chain of “Value Retail” departmental stores offering apparels, general merchandise and kirana catering to the entire family.

— Lalit Agarwal
Chairman and MD,
V-Mart Retail Limited

How would you describe the key attributes of your stores and its journey over the years?

With a vision to establish the concept of organized value retailing in certain untapped regions of India, I started my venture under the brand name “V-Mart” in 2002 by launching V-Mart’s first life-style store at Ahmedabad in 2003. This store was recognized as the First Organized Life Style Retail Store in Western India for the middle and lower segment. The company caters to the ‘aspiring class’ and ‘middle class’ population with an added focus on youth and young families. Our stores operate on key guiding principles of “Price Less Fashion” and they primarily operate in Tier-II and Tier-III cities, with a chain of “Value Retail” departmental stores offering apparels, general merchandise and kirana catering to the entire family. Today, we have a team of 20,000 people who work directly and indirectly with the organization. V-Mart stores attract a footfall of 30 million every year and the count is growing.

What do you feel are the marked differentiators for your stores that put them apart from the other retail players?

The key differentiators that put V-Mart stores in a league of its own are its offerings of fashionable products at affordable prices, store ambience, customer service, pricing strategy, promotions/ schemes/ offers, loyalty program and its young buying team, which understands the youths’ taste preferences.

Tell us about your business model.

The company follows the concept of “value retailing” to target the expanding “aspiring class” and “middle class” based on the customer’s socio-economic conditions, purchasing power, demographic details and customer trends. The key elements of our business model are as follows:

Store size: We target an average store size of 8,500 sq. ft. This is based on our experience as the optimum size which is financially viable and sustainable in the geographies where we operate.

Cluster based approach: All new stores which we open are within a distance of 100-150 km of an existing store. This gives us obvious benefits in terms of cost savings and at the same time giving us

the benefit of having a sense of the customer taste and preferences.

Geography: The company is focused towards the Tier II, III & IV cities. It has been our experience that these cities offer much better financial viability based on the latent demand and under serviced appetite for quality products.

Debt: The company follows a conservative approach of relying on internal accruals to fund growth. The capital assets are fully funded through internal accruals and some portion of the working capital is also funded from the same. The board has mandated a limit of 0.75x in terms of the permissible level of gearing.

Controlled growth: The company is of the view that for growth at the front end to be sustainable, capability at the back end also needs to scale up at the same pace. If there is an expectation that growth at the back end is not going to keep pace with the front end, the company is sure that the growth plans will be moderated.

Which are the new and emerging food categories at your stores?

In kirana, the emerging hot categories are Canola Oil, Savlon Handwash, Manpasand Mango Sip, Patanjali products, YoliYola soft fruit candy, Lion dates, and herbal brand Joy in personal care.

What is your share of private labels? In which categories do you have private labels?

The share of our private label stands at 54 per cent, and the target is to increase the share to 80 per cent, which will help us to gradually improve margins. We are aggressively planning to have more private labels in kirana – in pulses, rice and masala.

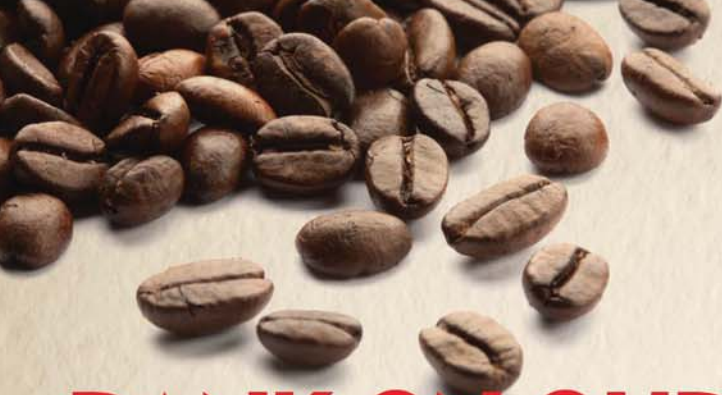
What is the scope for utilizing and leveraging technology for your store format?

We are using ERP/POS, HRMS, VM –Space Planning tool and WMS system, besides introducing our own mobile app.

What’s in store by way of your expansion?

V-Mart aspires to open 30 stores per annum on an average. We aspire to go to the Northeast in the future.





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at the right time, the result of which is visible in our improved inventory turns,” points out Agarwal. The past fiscal saw V-Mart improve its inventory turn to 3.73, which was better than what it clocked in the previous year at 3.96. Correspondingly, inventory (days of sale equivalent) declined from 88 days to 86 days thanks to prudent technology investments.

Similarly, V-Mart’s gearing or its debt-to-equity ratio stood better at 0.13 in 2016-17 than in the previous year (0.12). In a business that warrants resources to build stocks and widen store rollout, the company remained virtually debt-free even in a particularly challenging year. Total footfalls in 2016-17 at V-Mart stores climbed to 25 million, up from 20 million in the year-ago period. Average selling price in 2016-17 jumped to Rs. 208 from Rs. 195 in the previous year and the ticket size increased to Rs. 713 from Rs. 663. Same store sales growth in apparel rocketed to 13.3 per cent in 2016-17, a dramatic shoot-up from 0.4 per cent in 2015-16. The company also went on to launch 20 new stores in the most challenging year for Indian business. It also bettered its average revenue per square feet in 2016-17 at Rs. 799, which was a sharp improvement from Rs. 756 a year ago. In 2017, the company also achieved a financial landmark, crossing Rs. 1,000 crore in revenue, and also winning the best short-term ICRA rating of A1+. Most notably, the company reported profitable growth – revenues increased 24 per cent and profit after tax strengthened 43 per cent. The results validated V-Mart’s long-standing focus in extending the benefits of organized retail to a non-metro India, an under-consumed India and an aspiring India.

At a time when consumers cut down on consumption as they struggled with inadequate currency, when buyers deferred purchases and retail offtake was affected, V-Mart reported one of its best years in business in 2016-17.

“At V-Mart, we have consciously selected to extend the standards of a well-consumed India to an under-consumed India – extending across tier II, III and IV cities and towns. The result is that V-Mart reported a CAGR in revenues of 27 per cent and a CAGR in profit after tax of 22 per cent in the five years ending 2016-17, making the company one of the most exciting proxies for India’s consumer retail industry,” says Agarwal, whose company hit Rs.1,000 crore revenue milestone within 14 years of operations. He informs that the company is also targeting over four-fold jump in revenue to touch Rs. 2,300 crore (US\$ 391.71 million) by 2020 with smaller towns expected to be its key growth drivers. “About 68 per cent of our revenue comes from apparel, 19 per cent comes from Kirana Bazaar, 6 per cent of from Non-Apparel and the remaining 6 per cent from Home Mart,” he reveals.



Going ahead, V-Mart has singled out effective automation, warehousing, packaging, and assortments as the other priority areas. Another focus area for the retailer – which currently employs over 7,000 people that directly and indirectly support several more individuals and MSMEs across India – is to further build on its people capabilities. “At V-Mart, we believe that all corporate growth essentially begins with people. During the past few years, even during periods of economic and retail sluggishness, the one investment that we continued to emphasize on was our investment in human resources, which are the true assets on our balance sheet. In addition to recruitment in line with growth in the number of retail stores, we have enhanced the capabilities of our people through training to better manage consumer needs. The result is reflected in increased productivity: revenue per employee, which increased to Rs. 22.39 lakh as on 31st March, 2017, from Rs. 20.96 lakh as on 31st March, 2016. The

TECH ADOPTION FOR RETAIL EFFICIENCY

Strong IT Infrastructure, systems and processes: VRL has a strong focus on systems and processes. It invests Rs.100 million per year on technology. It uses a software called ‘Ginesys’, which fulfils all business requirements right from sourcing, making payment to vendors, understanding the requirement of supply chain, maintaining customer database and, last but not least, managing the accounts by using the complete ERP solution. It also uses a software called ‘Oracle Discoverer’, which is an efficient tool for comprehensive analysis of data pertaining to operations of the company and one which enables the management to exercise control over the stores, supply chain and financial management. In addition, management information system (MIS) appraises the management on critical areas relating to operations of the company at regular intervals.

Customer database: VRL currently has a database of about 9mn customers, which helps it to track customer purchases and preferences. Out of all the customers who make purchases at its stores, VRL manages to obtain phone numbers from 50 per cent to 65 per cent.



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fact that a number of our customers were willing to buy from us indicates a stronger connect between our employees and customers,” notes Agarwal.

Faith in technology

One investment that has been critical to V-Mart’s aggressive growth is its belief in developing robust and scalable technology. This has made it possible to locate inventory, analyze consumer trends and measure its performance in real time. “In the past few years, we have made proactive investments in advanced IT tools and software for informed decision-making. I am pleased to point out that each time we scaled the business, this technology foundation made it possible to amortize costs better, providing our business with the room to enhance our competitiveness,” says Agarwal. Over the years, V-Mart has consistently invested in cutting-edge technologies to enhance operational efficiencies. The company invested in the ‘put to light’ sorting system to improve inventory management and reduced dependence on pre-packing materials. V-Mart automated priority-based inventory allocation, helping identify stores to be stocked with the fastest-moving products. In FY17, the company improved flexibility in stock packing and supply; it introduced ‘Ginesys-Quick view’ facilitating retail analysis, strengthened Vinculum INFOR (warehousing management system) and introduced Safron (biometric for syncing daily store attendance) to reduce human dependence and related errors.

“At V-Mart, we have invested in strengthening our supply chain with the objective to accelerate deliveries from vendors (making them responsible for on-time delivery). We invested in technologies



that would provide an informed understanding of what product lay in which warehouse, minimizing mismatches between demand and stock,” reveals Agarwal. Similarly, the retailer has been steadily ramping up its warehousing capability: V-Mart has been investing in warehouses with the objective of leveraging a hub- and -spoke delivery model. The company sources about 95 per cent of its products from these centralized warehouses. It has commissioned a centralized warehouse of 2.2 lakh square foot in Bilaspur, its geographic location helping moderate inward product movement from vendors and outward deliveries to stores. It has also made a large investment in a warehouse management system (INFOR, the world’s leading such system)

V-Mart has the early mover advantage in Tier-II and Tier-III cities with about 85 per cent of its stores in these cities. Sales from these cities are growing at much faster rate for almost all consumer items due to faster growth in disposal income and wealth, coupled with increasing awareness and aspiration.



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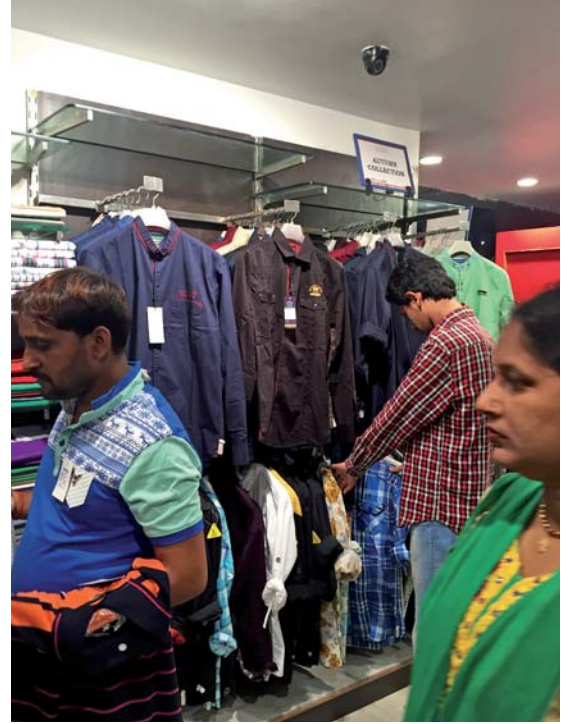


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The past fiscal saw V-Mart improve its inventory turn to 3.73, which was better than what it clocked in the previous year at 3.96. Correspondingly, inventory (days of sale equivalent) declined from 88 days to 86 days, thanks to prudent technology investments.

for improving warehousing and supply chain efficiencies. In FY17, the company implemented a warehouse stacking mechanism to optimize space utilization and it standardized processes that enhanced inventory visibility and management.

In the days to come, V-Mart is looking to further sharpen its focus on technology, which is in keeping with its goal for FY 17-18. The company's theme this fiscal is 'Aligned with Customers, Prepared for Growth', which reflects its core belief of keeping the ever evolving needs and wants of its customers in the center and aligning all its operations and growth strategies around it. Amongst the several identified areas that V-Mart has been focusing on is fashion forecasting, fashion designing, quality assurance, data analytics & business intelligence across the entire value chain, investments in technology & customer experience, Big Data applications in supply chain / merchandising / logistics / retail operations to ensure better cohesiveness and relevance of support functions to its retail operations to ensure better and more relevant / fresh bouquet of products to offer superior value to its customers.

"We are focusing on enhancing the customer shopping experience – making it stand out as a distinguishing feature. Our newly launched customer loyalty program V-Mart Value Club – is being expanded to offer even better value to our customers. We have started to outline our strategy for omni-channel retail to future-proof our business and provide multiple modes to our customers to engage with us. Treating each day as a new avenue for more learning, we listen to our consumers, understand the shifts in the market and consumer behavior, and experiment and prototype to come up with new workable ideas. To do all this effectively, we have increased our spending on information technology. We invested in one of the world's

best warehouse management system (INFOR); we wired our systems better; we connected our various stores; we standardized the warehousing processes; we document every sale; we analyze our costs sheets and we study sales data closely. Most industry experts said that this was unlikely to yield significant benefits. The reality is that we reduced our overheads, made our pricing more affordable, widened sales, generated superior procurement economies and increased surpluses without charging the customers higher," discloses Agarwal.

Optimistic outlook

V-Mart has the early mover advantage in Tier-II and Tier-III cities with about 85 per cent of its stores in these cities. Sales from these cities are growing at much faster rate for almost all consumer items due to faster growth in disposal income and wealth, coupled with increasing awareness and aspiration. Tier-II and Tier-III cities contribute to around 60 per cent of the company's revenue, which is expected to increase to 70 per cent by the end of this fiscal. The company enjoys higher margins as compared to its urban counterparts on account of lower rentals, due to its significant focus on Tier II and Tier III cities. The retailer is looking at further improving its per square foot sales, open new stores, launch new festival collections, and target even better marketing for primary customer segments in rural as well as urban areas and enhance its fashion offerings at superior price points – all part of the company's key drivers for growth. The company also plans to launch private labels across all divisions along with aligning with and becoming stronger in the basic 'Never out-of-stock' merchandise. V-Mart aims to increase the share of its margin-accretive in-house brands (Flick, Twist, Desi Mix, Charcoal, J White) to 80 per cent by offering new variants. Increased emphasis on



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wedding apparel and winter wear for all age groups could augur well for the company's revenues, too. Its blueprint for the future includes leveraging its strengths, reducing internal weaknesses, mitigating the threats to business model to make the most of the opportunities in the markets that it operates in.

"We believe that farm loan waivers announced by the UP government should translate into increased income in the hands of farmers, strengthening rural offtake and benefiting consumer-facing companies like ours. We feel that Goods & Services Tax is the most decisive initiatives for the benefit of the value

of V-Mart. As a result, rent per sq.ft over the past five years has hovered around Rs.28. That is, almost no inflation for five years in rent," points out Agarwal. The retailer's focus is on volume-driven growth by adding to its customer base in price-sensitive Tier IV zones. V-Mart is unlikely to increase the average selling price of its products, which is typically in the range of Rs. 280-290 per unit, roughly 60-65 per cent lower than most of its organized counterparts. "At V-Mart, we have resolved to maintain or reduce sticker prices instead of pursuing the objective to enhance profits. We recognized that the only way



Going forward, V-Mart's growth agenda includes commissioning a larger number of stores in non-metro locations, widening its product categories and the merchandise and servicing a larger number of customers.

retail industry, wherein apparel with a sticker price of less than Rs.1000 has begun to attract the lowest tax slab of 5 per cent. This augurs well for a company like ours where we derive around 85 per cent of our revenues from products priced at Rs.1,000 or lower, making it possible for the market to widen on the one hand and for a company like V-Mart to widen its industry share. We believe that as incomes and media exposure increases, consumers will consume more and a larger breadth of products. At V-Mart, we are attractively placed to capitalize on this phenomenon; our technology investments will make it possible for our supply chain efficiencies to be leveraged better, making it possible to respond to the wider and larger needs of customers," says Agarwal.

With an aim to increase its top-line, V-Mart plans to add 25-30 stores every year with a targeted area addition of 12 per cent. The investment required to open a new store is also low, roughly Rs. 1400 per sq. ft. for capex and another Rs. 1700/ 1800 per sq. ft. for inventory. This also results in higher RoE as compared to urban retailers. The company secures long term leases (9-10 yrs) with all the rental locations with escalation costs of 10-12 per cent every three years, and the termination would be at the discretion

to achieve this challenging objective is to question every paradigm, every practice, every process with the singular objective to do things faster, better and at a lower cost," says Agarwal. With technological integration undergirding its expansion plans, V-Mart's long-term strategy is to foray into the online space by spending 2 per cent of its operating income every year. Though e-commerce could be potentially disruptive, the impact of the same may not be very significant (at least not in the initial stages) since customers in smaller territories still prefer brick and mortar outlets.

Going forward, V-Mart's growth agenda includes commissioning a larger number of stores in non-metro locations, widening its product categories and the merchandise within and servicing a larger number of customers. "We will grow with speed but to the extent that our balance sheet permits without jeopardizing our financial integrity. We will seek synergic sectoral opportunities that make it possible to explore alternative revenues engines that sustain our corporate ambition. We have the resources to map our own journey; we know where we are headed and we have the right team of professionals in all areas of retail trade," avers Agarwal. **PG**



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Cothas Coffee has always been distinct due to its flavor and mouthfeel

Progressive Grocer spoke to C.K. Sreenathan, Managing Partner, Cothas Coffee, about the journey of the brand over the years and the attributes that makes it stand out in India's coffee market.

“

Tamil Nadu and Karnataka are the strongest markets for filter coffee and Cothas has been a dominant player in these parts. There is a scope to grow more due to more brand switch happening in these two states. AP/ Telangana, and metro cities like Mumbai, Delhi and Kolkata are also priority markets.

— C.K. Sreenathan
Managing Partner,
Cothas Coffee



Give a brief description of your company and its products.

Cothas Coffee was founded in the year 1949 in Bangalore to supply and market roast and ground filter coffee powder through four neighborhood stores in the city. Seeing the ever increasing demand for the unique taste and flavor of filter coffee, a centralized coffee roasting plant was set up in the early 1980s with state-of-the-art roasting, grinding and packaging machines brought from Europe. With better technology and processes, the company was able to enhance the quality and became the most favorite filter coffee powder in Karnataka in the 1990s and in the other parts of the country by the turn of the century.

The company is fully owned and run with the help of a professional management team that includes my son C.S. Nitin – an Industrial engineer and a management graduate. Today, we operate from a much bigger plant at Jigani, Bengaluru, which has an installed capacity of close to 4,000 tons per

annum of finished coffee in the form of roasted beans and roast and ground filter coffee. The products are exported to all the overseas countries that have a reasonable number of South Indian immigrants. Cothas Coffee has recently ventured into supplying authentic filter coffee to corporate offices and high footfall areas with the aid of indigenously developed bulk coffee brewing equipment.

Tell us about your product/ s competitive USP and differentiators. What are your product features that consumers strongly identify with?

The taste of Cothas Coffee has always been distinct due to its flavor and mouthfeel. Families hailing from South India have been strongly connected with the brand for many years. Once they consume “Cothas”, by and large the consumers don't switch to any other brand as the company has been able to maintain the same taste and quality for many years and cup after cup. Apart from homes, most of the South Indian



vegetarian restaurants strongly believe that a good cup of coffee after a meal / tiffin can satisfy their customers fully and Cothas Coffee has been one of the most preferred filter coffees in such restaurants.

Which are your stronghold markets and which markets are you focusing on for greater market share and growth?

Tamil Nadu and Karnataka have been the strong markets for filter coffee and Cothas has been a dominant player in these parts. There is a scope to grow more due to more brand switch happening in these two states. AP/ Telangana, and metro cities like Mumbai, Delhi and Kolkata are also priority markets and company sees a good potential to grow faster in these markets.

How would you describe the market size and growth of the category in recent years and what are the market projections for future growth?

The market size is approximately 10,000 MT a year and it is growing around 1.5% CAG. But Cothas has been able to register more than 15 % CAG in the last three years due to better distribution network and sound brand building exercise. The company is confident of growing more than 15% in the next few years, which will be propelled by aggressive marketing strategies.

How large is there an opportunity for players like yourself to grow and expand the market for your products?

The filter coffee category is a tough category to crack. But if the quality and consistency of the product is acceptable, which is proven in the case of Cothas Coffee, there is a great opportunity to grow with new users as well as consumers switching from the other brands.

Any noticeable consumption trends in the category that you would like to highlight?

As families become more and more health conscious, they look for food/ beverages that are conventionally



prepared (not the instant ones) and filter coffee is one such category. After trying the instant coffees, consumers realize that the filter coffee drinking is far more satisfying and that it is the real coffee with good flavor and mouth feel. They also realize that it takes just 10 minutes to prepare a good cup of filter coffee and it is worth the time.

What is the scope for greater value-addition in your product range (by way of intrinsic value addition to the product, packaging, etc.) and are there any such innovations being done or planned by your company?

The biggest issue for the filter coffee market in India is knowing the right way of preparing the coffee. As a pioneer in the filter coffee arena, we promote various filter coffee equipment (for both homes and hotels) and give insights to consumers as to how to prepare coffee in various apparatus with video links and direct demonstration at various food fairs being held in the country. The effort is huge but is paying back as more and more consumers from non-conventional markets are trying filter coffee these days.

Going ahead, what are your plans for the future?

There is a good market for filter coffee in India and consumers across the geographies in the country love filter coffee. But many are not aware of the preparation methods. With consistent communication on the advantages of filter coffee and education through various touch points on preparation methods, Cothas Coffee is confident of becoming a major beverage player in the country. With Indian filter coffees also gaining momentum in the international markets, Cothas coffee will certainly play a strong role towards this opportunity. **PG**



The filter coffee category is a tough category to crack. But if the quality and consistency of the product is acceptable, which is proven in the case of Cothas Coffee, there is a great opportunity to grow with new users as well as consumers switching from the other brands.



Create products with a distinct consumer proposition that make healthy eating easier

Companies that align innovation initiatives with changing consumer preferences and demands and deliver effectively on innovation initiatives – be it high-quality ingredients, innovative packaging, flavor, etc. – will get the right products to the market with speed, be able to tap new markets, increase sales and establish a significant competitive differentiation.

By Premjit Mohapatra



Left to right:

Ganesh Mishra (right),
Sameer Sapre (left)

Innovation is key driver in helping companies achieve sustainable growth and profitability. Product innovation is one of the key ingredients necessary for achieving the strategic goals of a company and more so for the food sector. Today, new lifestyles, higher incomes and consumer awareness are creating consumer demand for a year-round supply of high-quality, diverse and innovative food products. So the companies that align innovation initiatives with changing consumer preferences and demands and deliver effectively on innovation initiatives – be it high-quality ingredients, innovative packaging, flavor, etc. – will get the right products to the market with speed, be able to tap new markets, increase sales and establish a significant competitive differentiation.

The Grand Finale session at the 11th edition of India Food Forum 2018, moderated by Damodar

Mall, CEO, Grocery- Reliance Retail and the Author of 'SupermarketWala' and Dheeraj Arora, Vice -President-MT, ECom & IB-Hindustan Lever, saw the finalists present their stories of food innovations to a jury consisting of eminent members of the industry with B.S. Nagesh, Founder of TRRAIN in the jury chair. Progressive Grocer brings to you the top five innovation stories in food ingredients, products and process. The five winners were selected on the basis of uniqueness of the idea, execution and the impact on the company's strategic objectives and bottom-line.

Desi Atta Company, Future Consumer Limited

Product: Desi Atta (Flour). Wheat flour is a staple of India and used to make chapatis, naan, paranthas, roti, etc. Desi Atta aims to transform the way Indians think about flours and consume it by introducing over 100 variants of flour and flour-based ready mixes – from ancient Indian grains, millets and pulses to people across the country. The idea was conceived from the thought of bringing convenience to the traditional ways of using the flours and placing atta at the centre of the plate. And so Desi Atta brand was launched. In doing so, Desi Atta brought the otherwise unavailable and inaccessible flours to modern retail stores across the country.

Product Innovation: Drawing on the diverse atta palate of the nation, Desi Atta brought many varieties of regional flours under one umbrella. Product Range: Introduced a wide range of flours like Madhya Pradesh Jowar Atta, Rajasthan Bajra Atta, etc. Desi Atta has also developed products such as millets, lentil flours, which are rich in essential nutrients. Examples include maize atta, pearl millet atta, amaranth atta, moong dal atta, urad dal atta, buckwheat atta, water-chestnut atta, multigrain dosa atta, multigrain bhatura atta, oats atta, besan laddoo atta, etc. The company has a

unique range of gluten-free flours made especially for people who are sensitive to gluten. Another important innovation is the value-added flour range, which includes products such as beetroot wheat atta and spinach wheat atta.

Packaging: Traditional designs gave way for a triple layer packaging solution, which increases the shelf life from three months to six to nine months. Smaller packets of 200 gm and 500 gm were created instead of the traditional package of 5 kg or 10 kg to mitigate the storage problems associated with large quantity flour.

Communication & Consumption: Potential consumers were identified and were targeted with highly directed communication strategies. Specific cultural groups where festive celebrations involving flour-based foods are popular were reached. The products were positioned as part of the complete lifestyle and not just limited to being an ingredient for chapatis and paranthas. Recipe videos and other digital properties were created, focused on expanding the use of flours for food preparations and were promoted as offbeat usages of traditional flours such as ragi atta to prepare brownies. Brand properties like desi flavour fests, food masterclass with renowned chefs and interactions with top food bloggers were created to amplify the reach and to let people experience the innovation achieved in the products.

Business Impact: Desi Atta is currently available in Future Group stores only and has a presence in eight merchandising categories. It has 90 per cent share in three merchandising categories and a 60 per cent share in another three categories.

Verdict: “Taking a traditional product and adding a layer of modern branding to it – be it packaging, communication, branding, etc., is admirable. The Indian consumer loves it when a tradition is draped with modern elements without sacrificing its distinct character and provenance,” observed Damodar Mall.

Cornitos

Product: Healthy Snacks. Nacho crisps and taco shells are made from the natural extract of spinach, beetroot and white beans. In view of the evolving palate of consumers and the continuing demand for better-for-you options and nutrient-rich foods as well as the shift towards healthier food options, Cornitos introduced branded nachos as an ideal healthy snacking option. The products are 100 per cent corn hence rich in protein fibres and minerals, prepared in healthier corn oil, has zero trans-fat and zero cholesterol, and is gluten free.

Product Innovation: The veggie nachos have the goodness of corn and spinach, are loaded with vitamin A and Vitamin E, have white beans rich in antioxidants, protein, and beetroot, which is a good source of vitamin C. They are made from non-GMO corn, which is blended with natural vegetable extracts in healthy corn oil. The tri-color veggie nachos have an enhanced flavor with health benefits from vegetable extract added to the corn. The colorful party mix veggie nacho crisps come in a three-in-one pack for customers.

Cornitos has also introduced two new wholesome flavors in its taco shell category – spinach garlic taco shells and beetroot chilli taco shells. Spinach garlic taco shells are prepared using a unique recipe that has the natural extract of spinach and garlic in taco shells. Similarly, beetroot chilli taco shells are prepared using a unique recipe, which has the natural extract of beetroot and chilli in shells that imparts lots of flavors and colors to the shells besides making them nutritious and tasty. These shells are gluten free, non-GMO corn, and have a high nutritional value. Shells are cooked in corn oil and have zero cholesterol, making it a healthy snacking option. The products come in a nitrogen-flushed attractive dual packaging and a pack includes 12 pieces of cocktail sized four inches taco shells.

Business Impact: There was significant sales growth in the five months post the launch – August 2017-December 2017. For tri-color veggies, sales



Nacho crisps were launched nine years ago and the category itself has evolved to keep pace with the evolving palate of the consumer and the regular demands for new flavors and healthier alternatives.

— Vikram Agarwal
MD, Cornitos



Sridhar Tapadia
Brand Head, FCL



Rajan Baheti
Manager, Future
Consumer Limited

grew from 6,000 kg in August to 9,000 kg in December. Spinach garlic taco shells saw sales increase from 1,000 kg in August to 1,600 kg in December. For beetroot chilli taco shells, sales grew from 1,200 kg in August to 2,000 kg in December. The products are available at ABRL (More), Bigbasket, Amazon and A-class outlets pan-India and also exported to the Middle East.

HUL

Product: Knorr Croutons. Soup is traditionally not a part of the Indian meal. So one of the tasks at hand for Knorr was to create relevance for the category and at the same time build new excitement.

Product Innovation: Knorr wanted to build relevance for soups for the Indian consumer by making them mealier and position it as perfect snack. Drawing lessons from consumer insights – which wanted something interesting as add-ons to the soup – Knorr came up with the idea of giving free Croutons. Knorr’s solution to the challenge of building relevance for soups was to come up with crunchy Croutons to be given free with delicious Knorr soups. The convenient, crunchy and tasty Croutons scored perfectly with the consumers as it didn’t leave a layer of oil on the soup. The innovation made the soups filling and gave a superior product experience. Knorr has also introduced herbs Croutons so as to add more taste and flavor to the soup.

Business Impact: There has been a 25 per cent increase in volumes against DNDS.



Kosh Wheat + Oats Atta is largely focused on making people aware about oats as a grain and taking it to centre of the plate. Roti, being most centric to different cultures, was a natural choice for the brand. It also provides an option to make everyday meals healthier without compromising on the taste.

— **Rajan Baheti**
Manager, Future
Consumer Limited



We wanted to make high quality honey accessible to everyone and in a form that is convenient so that consumers can have it whenever they want, on-the-go, easy to carry and easy to eat. From the nutritional value of honey to the lingering taste and lasting energy, Honey Chew packs it all in a small and easy-to-open pack.

— **Prakash Kejriwal**
MD, Honey Chew

Future Consumer Limited

Product: Kosh Oats + Wheat Atta. The central thought behind introducing the product was to make Indian consumers adopt oats as a healthier alternative and as the third grain after rice and wheat. The idea was to make it easier for people to assimilate oats in their daily lives, incorporate it into everyday meals and get the grain to centre of the plate.

Product Innovation: To popularize the product on a large scale so that it’s available in every part of the country and gets consumed every day, Future Consumer banked on the ubiquity of the humble everyday roti. Roti is part of the everyday diet all over India, hence the innovation of Kosh Oats +Atta. The product is 90 per cent best quality of Sharbati wheat and 10 per cent oats, so it has the benefits of oats and the best quality wheat in it. Packed with the goodness of beta-glucan, it helps to keep the heart healthy by keeping the cholesterol levels down. Loaded with the power of insoluble fibre, it also helps to maintain healthy digestion. Atta is a very price-sensitive category, so this healthier option of atta was sold at a price that is at par with the whole wheat flour in an effort to popularize it among the consumers.

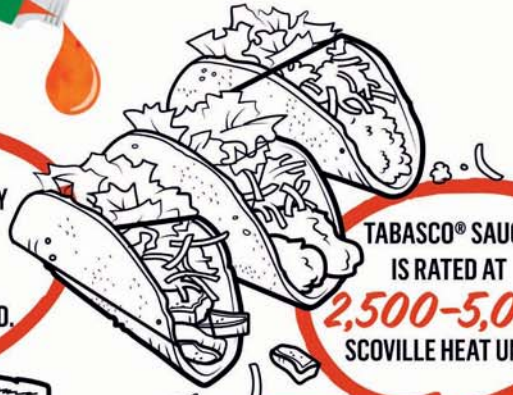


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Soup is traditionally not a part of the Indian meal and we are always in search of an evening snack. So one of the tasks at hand for Knorr was to create relevance for the category and at the same time build new excitement.

— **Maulik Mehta**
 Assistant Brand Manager
 – Unilever



Value Proposition for Customers:

- a) Convenience for customers – wheat and oats premixed in the right proportion.
- b) Health benefits of oats – rich in fibre and beta glucan 3
- c) Price proposition – oats + wheat atta in the price of regular wheat atta.

In terms of distribution, the product is available in most retail channels like Big Bazaar, Easyday, Heritage stores and HyperCity. It will soon be available in general trade as well. The company aims to sell 500 tonnes of the product per month.

Business Impact: The product holds a 5 per cent share of the whole wheat flour category, which at the premium end is quite significant considering that the share of entire multigrain category is 10 per cent.

Honey Chew

Product: Stick Jaws. Honey has been with mankind for many centuries and possesses numerous health benefits besides being a rich source of energy. But over the generations, the meaning of honey as a medicine has been lost and the products on offer are incredibly price driven. To cut through this clutter of price and provide high quality honey, Honey Chew came up with the innovation of dehydrated honey candy, with no added sugar. There is zero per cent added sugar in this honey and the process is patented.

“

Taking a traditional product and adding a layer of modern branding to it – be it packaging, communication, branding, etc., is admirable. The Indian consumer loves it when a tradition is draped with modern elements without sacrificing its distinct character.

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

“

With so much of focus on health coming in recent times, we are seeing a lot of products targeting the entire health benefit with lots of food innovations demonstrating a continued focus on providing healthier versions of food.

— **Dheeraj Arora**
 Vice -President–MT,
 ECom & IB-Hindustan Lever

Product Innovation: Honey, for all the goodness, has some limitations. It is a sticky product, difficult to carry, and even eat. The dehydrated honey candy preserves all the qualities of honey while making it more interesting and accessible to everyone. It is a very convenient product, easy to carry and easy to eat. Honey Chew is a breakthrough product in the range of honey and as a sweet snack it is 100 per cent fat-free and the perfect nutritional replacement to sugar-based chewing gums and stick jaws. Honey Chew packs it all in a small and easy-to-open pack. The product is available in a range of convenient packaging, which just requires one to cut, squeeze and chew on the natural goodness of honey. Honey Chew comes in five exciting flavors – orange, mango, peppermint and ginger, and lemon – along with natural honey so that the taste is not compromised either. The innovation has already caught the attention of consumers and has also been acknowledged by renowned industry bodies. The company has been accorded with Top Innovation Award at ANUGA, Germany, probably the first Indian company to win an award for this innovation.

Observed moderator Dheeraj Arora, expressing his appreciation at the wonderful innovations in food: “With so much of focus on health coming in recent times, we are seeing a lot of products targeting the entire health benefit with lots of food innovations demonstrating a continued focus on providing healthier versions or alternatives of food.” **PG**



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Here's to Summer

The return of warm weather means exciting seasonal beer and wine products and promotions.

By **Bridget Goldschmidt**

When it comes to beverage alcohol, summer is truly sizzling. Suppliers and retailers can leverage the hot season to sell more of the quaffs that consumers love, linking the products to holidays, entertaining and unique events.

Foremost among summer beverage alcohol selections are beer and wine. "Beer sales surge from May through early September, along with sales of rosé and crisp white wines," notes Jeff Cox, wine buyer at Seattle-based PCC Natural Markets, which operates 11 cooperative grocery stores in Washington state and carries a "thoughtfully chosen" selection of wines, beers and ciders spotlighting Northwest producers. "Reds continue to sell, driven by bright, accessible wines that work well with al fresco and barbecue-oriented dishes."

In consequence, the company devotes "a greater percentage of ad activity ... to beer and cider, while white and pink wines drive the wine side. In

storewide promotions, we emphasize items that pair well with seasonal dishes."

As for which beers are most popular in summer, Cox sees "pale ale and pilsner enjoying a resurgence, while many brewers are now producing lighter-style, traditional 'lawnmower' beers at lower prices than their frontline offerings."

Whatever the style, when the mercury rises, a frosty beer is especially welcome. In fact, Nuno Teles, chief marketing officer at White Plains, N.Y.-based Heineken USA, goes so far as to assert, "Summertime is beer time!"

Citing Nielsen figures, he notes that the season "represents nearly 36 percent of total category dollars, and six of the top largest-volume weeks of the year. Heineken USA's portfolio of high-end imported beers enjoys this seasonal spike as consumers flock to cold, refreshing beverages for their warm-weather drinking occasions."

Among Heineken's new season-specific beer products is the "Coolerpack," which Teles describes



as “engineered packaging that turns an 18-pack into a cooler for any occasion,” adding that it brings “convenience and occasion-based purchase choice to beer drinkers everywhere.” Designed to enable consumers to pop open the top and fill the pack with ice to keep their beer suitably cold, the Coolerpack promises to “[drive] incremental sales and profits for retailers who stock and display the innovative new item,” says Teles.

Also on tap – in a manner of speaking – is Amstel Xlight, launching in test markets in Arizona, Texas and Boston. With only 90 calories, 2 grams of carbs, 4.2 percent ABV, and 4 IBUs, the brew “sets the new standard for a sessionable premium-quality light beer with a full beer flavor unexpected from a light beer,” observes Teles. The item comes in 6-pack bottles, 12-pack cans and bottles, and a 24-ounce single-serve can.

“Our lager beers, such as Czechvar, Super Bock [and] Tona, do very well in the summer, as well as our Moosehead Radler, which is beer mixed with juice,” observes Georgia Homsany, senior brand director at Stamford, Conn.-based United States Beverage. “We’ve seen more fruit-flavored beers enter the category, and this is a trend I see continuing.”

Among the company’s recent introductions, Malibu Beer, making its U.S. debut this month, is a shoo-in for summer. Characterized by Homsany as “a lager with a hint of natural coconut flavor,” the Caribbean-imported item, an extension of the popular Pernod-Ricard rum brand, was created based on extensive research carried out over the past few years that pinpointed consumers’ desire for a mainstream lighter-bodied beer with flavor. Available in a 6-pack of 330-milliliter bottles in the Miami/Fort Lauderdale, Fla.; San Diego; and Ann Arbor and Lansing, Mich., markets, Malibu Beer will be supported by a mix of in-store displays, sampling, events and digital media, among other elements.

Passport to Adventure

In the realm of marketing, Heineken is ready with a full slate of ambitious programs. The season kicks off with The Cities Project by Heineken, a partnership with the Bruno Mars 24K Magic World Tour that will support community and philanthropic efforts across the country through one of 11 locally relevant Indiegogo campaigns while awarding consumers concert tickets. “The program will be supported at retail with impactful POS materials and a simple text-donate-get opportunity to attract



more valuable shoppers, drive conversion and maximize basket ring,” notes Teles.

Meanwhile, the company’s Dos Equis brand is rolling out the Taste Adventure All Summer campaign this month to leverage the overall growth of Mexican Imports and the rising popularity of beer served in cans. Inspired by Dos Equis’ Most Interesting Man in the World ads, the beer will help consumers embark on their own summer expeditions through a sweepstakes including Dos Equis Summer Can Buckets for quick cooling and serving outdoors, with a grand-prize sponsored adventure.

“The merchandising materials include colorful can floor standees, and 4-foot dimensional cans and five- to 10-case stackers for floor displays,” says Teles. “Cross-merchandising with On the Border Chips and Salsa provides opportunity for multiple-item purchase. Retailers who support the program and increase Dos Equis’ feature and display to maximize volume and profit can add value to their customers’ shopping experience during the key summer selling season.”

Over at St. Louis-based Anheuser-Busch, sports is synonymous with summer. Budweiser, long known as the King of Beers, has introduced limited-edition customized specialty Major League Baseball team cans featuring unique designs created by local artists in time for Opening Day on April 2, in celebration of America’s beloved summertime sport.

Additionally, the company’s Michelob Ultra light beer brand has become the Official Beer Sponsor of the World Surf League (WSL) in the United States. Through this partnership, Michelob Ultra is the exclusive beer sponsor of such WSL events as the Vans U.S. Open of Surfing in Huntington Beach,



We’ve seen more fruit-flavored beers enter the category, and this is a trend I see continuing.

— Georgia Homsany
United States
Beverage



Calif., which attracts 700,000-plus attendees over nine days in late July and early August. Michelob Ultra will also deploy WSL content across social media channels to further drive excitement among surfers and surfing fans alike.

Other beer brands are also making use of digital resources. “We’ve been having success with Text to Win programs at retail,” notes United States Beverage’s Homsany. “They are simple to execute, and the key is localizing it for the retailer. Our Moosehead brand in particular has a tie-in with [cooler manufacturer] Yeti, which is a natural fit for the Moosehead brand, especially over the summer months when people are barbecuing, camping, hiking and spending more time outdoors. As we drive Moosehead can 12-packs at retail, we’re offering consumers the chance to win a Moosehead-branded Yeti Colster. This year Moosehead celebrates their 150th anniversary, so we’ll have 150 celebration cans in marked 12-packs, for a chance to win.”

“

Consumers are looking for innovation in product packaging that increases portability and convenience, and that’s exactly what canned wines bring to the market.

— Kevin Mehra
Latitude Beverage Co.

Wine and Sunshine

Sure, people like to kick back in the summer with a glass of weather-appropriate wine — something “fresh, light, easy, relaxing [and] sociable,” as Kevin Mehra, CEO of Boston-based Latitude Beverage Co., puts it — but how about sipping it from a can? Mehra, for one, is betting that canned wine will become a more common sight at beaches and on picnics.

“The canned-wine trend is certainly one of the frontrunners on our list” of up-and-coming beverage alcohol items, he asserts. “We saw this segment gain a lot of momentum last summer, and we expect to see this continue ramping up throughout summer 2017. Consumers are looking for innovation in

product packaging that increases portability and convenience, and that’s exactly what canned wines bring to the market.”

Last April, the company introduced Lila Sparkling, the latest addition to its Lila canned-wine portfolio, which also features Lila Rosé and Lila Pinot Grigio. “Lila Sparkling is an Italian sparkling wine produced using the same method as Prosecco,” explains Mehra. “It offers a fun and convenient way to enjoy premium, varietally correct sparkling wine on the go. Over this past winter, we made some major changes to improve the overall quality of our Lila products, including moving all production and canning to Europe, within close proximity of the source wineries.”

As well as improving the product inside the can, Latitude has invested heavily in the line’s packaging. “Our Lila 4-pack boxes are updated with more metallics and a brighter look on the shelf,” says Mehra.

Then there’s the matter of creating an impact at retail. “Most of our support dollars for Lila are being used to support our in-store POS programs,” notes Mehra. “This summer, we’ll have three-case floor displays, counter units, large-format can replicas and counter can feeders available for Lila.”

Beyond the can, Latitude is introducing premium Mija White Sangria, “made just the way you’d make it at home: white wine and real unfiltered fruit juices,” according to Mehra. Other items out in time for summer include 90+ Cellars Lot 138 Reserve Chardonnay from Chalone AVA and Magic Door Sauvignon Blanc from Oakville, both retailing in the \$15-\$20 range, as well as new vintages of all of the company’s most popular rosés, among them the flagship 90+ Cellars Lot 33 Languedoc Rosé, Lot 132 Reserve Provence Rosé and Magic Door Sancerre Rosé.

Indeed, in common with PCC’s Cox, Mehra believes rosé’s reign is far from over. “Rosé — especially French rosé — is still incredibly hot,” he enthuses “This trend isn’t going anywhere anytime soon. There’s a whole culture around rosé now that will continue to drive sales. It’s a versatile wine, it pairs well with almost anything, and it’s just a great wine to drink and enjoy with friends at any summer social gathering.”

Another wine trend Mehra pinpoints is year-round consumption of sparkling wines, particularly during the summer, while Cox notes such alternatives to chardonnay and sauvignon blanc as riesling, gruner veltliner, viura and soave, adding, “We think that vermentino should be on everyone’s summertime list.” **PG**



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How wine retailing is evolving in India

An awareness of 'brand' wine, that is to say wine as a brand in itself and as a social drink, is taking hold with the urban middle class. This is a phenomenon that is an increasing influence on India's retail sector.

By Arun Kumar



In 2016, something close to sixty million bottles of imported spirits hit the shelves in both the domestic market and airport duty free. That's a vast comparative rise on the previous years but it's also a drop in the ocean, if one looks at the country as a whole.

In early 2009, this writer worked on a report commissioned by the European Union to look into the potential of the Indian wine market for European products. The tone of the resulting report was glum. One of the points drew attention to the fact that of the 50-odd Western themed restaurants in Mumbai at the time (both standalone and in top hotels), only seven placed wine-glasses on tables as a standard service. Generally this is considered an encouragement to diners to order wine with their food: a core component of most European cuisines.

Today, the scene has altered radically. The availability of quality foreign and premium domestic restaurants has exploded to what must be close to triple digit percentile annual growth. In Mumbai, eight years on, at least 50 Western-styled restaurants automatically place wine glasses on tables in preparation for the service.

This may be a subjective point but it indicates an awareness of wine's relationship with food amongst restaurateurs, which was barely present a few years ago, or at least suppressed by a lack of confidence in sharing this knowledge with their clients.

With the general urban middle class, an awareness of 'brand' wine, that is to say wine as a brand in itself, as a social drink is taking hold. This is a phenomenon that is an increasing influence on India's retail sector.

Bangalore has had decent wine shops for a while now – places that customers actually enjoy visiting to browse the arrayed wines and spirits, like the fiction section at a good bookshop. In Delhi and Mumbai, the existence of client-oriented spaces designed to make a visit to your liquor store both pleasant and desirable, have only recently taken root.

As consumers become more discerning and soak up more knowledge, they want to do more than pick up the phone and order any old Australian Shiraz. They want to browse, feel and see the bottles, read the back-label tasting notes, and ask staff who (in an ideal world) have tasted the majority of wines on offer and know the spirits with a mixologist's precision. This is the inevitable future of premium liquor retail, as we see it evolving across the globe.

Looking at the world of spirits, things have moved further than with the connected wine market with the early stages of viral consumer knowledge of actual brands, within specific spirit styles. The rise of Jagermeister – the lager brand that Aspri Spirits represents in India – amongst students and young professionals follows a similar global trend. But as this is possibly the first generation to make a mass-move away from an absolute reliance on whisky for its imported spirit, this is really only the first wave.

Walk into a household of the average young, corporate or creative urban professional and the names of at least one or a few imported vodkas, tequilas, liqueurs will trip easily off the tongue. The imported numbers for spirits show too. In 2016, something close to sixty million bottles of imported spirits hit the shelves in both the domestic market and airport duty free. That's a vast comparative rise on the previous years but it's also a drop in the ocean, if one looks at the country as a whole.



And here, of course, is the rub. There are close to 1.4 billion people in India today, consuming about 0.03 of a litre of imported spirits per person. The figures for wine are even more stark especially when compared to the neighbors': in 2016, roughly twenty million bottles of wine (both legally imported & domestic) were consumed in India. China emptied something akin to 2.3 billion bottles of wine in 2016 alone, divided fairly evenly between domestic product and imports.

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In India, we endure the highest alcohol entry and distribution tariffs of any country in the world, coupled with a state system weighed down by complex bureaucracy, where result-oriented timelines are deeply unpredictable.

While this number still hits about 1.6 bottles per person, per annum, it is thought that there were perhaps a mere forty million active buyers, primarily in the Beijing-Shanghai corridor, but also spreading for the first time to regional cities. This may be small beans against figures in established wine markets: Americans drink about 15 bottles per adult, per year, French about 50 bottles and in Argentina a lavish 75 bottles per person per year. But these nations have been drinking for hundreds, if not thousands of years, unlike recent convert China.

So why is there this disparity between India and her neighbors? The biggest culprit in India is the twin barriers of tariffs and bureaucracy. A grumble about taxes is always boring but (!) bear with us here. In India we endure the highest alcohol entry and distribution tariffs of any country in the world, coupled with a state system weighed down by complex bureaucracy, where result-oriented timelines are deeply unpredictable. It's hard for any business. A wine that is affordable in a Chinese supermarket is much more costly in a Delhi liquor store and a strain on income, the last owing to the additional current income disparity.

The job of the importer in India is therefore much more complex. It is about finding suppliers that provide the best value/quality ratio and that are willing to invest in spreading their brand in India. This is for two-fold purposes: One, in anticipation of the eventual drop in taxes and regularization of internal tariffs and paperwork requirements. Two, to tap into the mighty global Indian diaspora.

In spite of the challenges, the importers & distributors on the market do a great job, in conjunction with their suppliers. There has never been as much good wine available in India as today, nor with supply so easily accessible. In this, India follows global trends: a better spread of quality grass-roots wine and spirits, leading to a slow increase of more

premium product sales, primarily brand-led in both spirits and wines. We have yet to hit the space where the majority of sales of expensive wines are made with informed knowledge, but we are not far away. We are cautiously there in whisky, for the first time ever.

In both wine & spirits, it is the grass-roots that are key to healthy growth. When young professionals start to get selective, their tastes and spending abilities rise with their careers (pay-cheques). A phenomenon highlighted in China, since the explosion of the market post-2002.

Style-wise in wines, red dominates – maybe four out of five imported wines sold in India are red. Globally, the figure is a bit over three out of five, so India continues to be pretty close to global norms in its consumption patterns, if not its volumes.

Spirits may be selected by style first (vodka, tequila, etc), and by brand next (vodka: name-brands like Stolichnaya Vodka, Patron Tequila, etc), while



wines are typically selected by either style (full-bodied, fresh) or grape variety (Shiraz, Chardonnay), or a combination of both. This last especially is a healthy sign, as it shows an evolution in market awareness. In 2009, there was limited understanding of grape variety as a flavor profile.

Generally speaking, the industry is bullish. There are huge challenges, but we see a momentum in the market that will grow eventually to grind down the barriers to entry. This will take time, but in the here-and-now wine and spirits in India are healthier than ever before. The fast-growing consumer base is in a mood to explore, to party and enjoy, and it is this rising tide that will bring India in line with the global trends. **PG**



The writer is Co Founder, Aspri Spirits.



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Mind the Gap

Grocers must address the disconnect between their omnichannel capabilities and those that consumers expect from them.

By Randy Hofbauer

Omnichannel is a new norm in retail. Consumers today expect to be able to find and get the products they need when, where and however they want — and have a satisfying experience, regardless of the platform.

But while many retailers have invested in some level of omnichannel capabilities, their operations often aren't on par with their customers' growing expectations, creating a false state of "omnichannel comfort," according to a March 2014 report from Chicago-based technology services company Accenture.

"Features that only yesterday seemed game-changing are rapidly becoming the commonplace," the report notes.

The reality remains the same today in the grocery business, and as competition ramps up in this channel, food retailers, too, will need to make sure that they're doing everything possible to keep their omnichannel capabilities efficient and effective. If they don't narrow the gap between their own capabilities and those expected by consumers, they risk losing market share, especially with Amazon now getting more serious about groceries both online and through brick-and-mortar outlets.

A Daunting Disconnect

First things first: When it comes to omnichannel, all consumers should be seen as the same, no matter what their preferred method of shopping may be. Keasby, N.J.-based retailer cooperative Wakefern Food Corp., which has operated an ecommerce program since 2002 and brick-and-mortar stores under the ShopRite banner for much longer, acknowledges that its omnichannel success largely comes from the fact that it's category-agnostic with its customers.

"We don't categorize customers as either digital/online or in-store customers," says Steve Henig, VP of digital commerce and analytics at Wakefern. "Our customers are our customers because they like our brand, and we give them different ways to shop and engage with us. Our job is to make sure those experiences — both online and in-store — are equally engaging."

It's tough for customers to find consistency across the different ways they interact with a retailer when omnichannel operations are fragmented to begin with, however. For instance, grocers often operate their ecommerce arm today as if it were a separate business, making it a disjointed experience from both the shopper's perspective and the back-office perspective, asserts Randy Evins, senior principal for food, drug and convenience with Newton Square, Pa.-based SAP Retail, which provides omnichannel software.



“Their general category managers, the merchandisers who really run the show in the grocery business, are oblivious to what’s going on in ecommerce — they don’t participate in the determination of the product,” he says. “Their ads are maybe used if there is an ad process inside of the marketing strategy for ecommerce, but generally, the context of what the category manager does is invisible to the process, so they’re separated.”

Therefore, the ecommerce shopper’s experience can differ dramatically from that of the in-store shopper. Promotions, pricing strategies and more are neither the same nor synchronized.

Take ordering online as an example: Grocery ecommerce sites tend to have a lack of integration across the store, website and mobile app, according to Graeme McVie, GM and VP of Precima, a Toronto-based provider of customer analytics solutions. Some grocers outsource their ecommerce site to third parties and manage their ecommerce offering in a separate department.



Further, a number of consumers expect a grocer’s mobile app to have ordering capabilities, much like they would via the Amazon app. However, all too often, this isn’t an option.

“There are instances of grocers having an app that is not enabled for ecommerce, so the customer cannot edit or place their orders from their mobile app,” McVie points out. “Data, analytics and insights need to be integrated across the stores and ecommerce, and not housed in silos, so that customers are understood holistically, and not in isolation by channel.”

Communication Breakdown

But even if apps and websites are fully functional for ordering, incorrect or insufficient information can still make for a bad experience. One out of every 10

items on a grocery list typically will be out of stock on shelves, says Jack Record, CEO of ShopperKit, an Atlanta-based provider of in-store grocery fulfillment software. What’s more, Americans are fine with this — it’s part of the shopping experience.

What isn’t acceptable, however, is when a grocer’s online portal doesn’t communicate a product’s unavailability. If an order is made with a product, but delivered without it or with a substitute, shoppers have every reason to get upset. This creates two different shopping experiences between in-store and online: one where a replacement is easily substituted by the shopper herself, and another where the product and a potential replacement are left out completely.

Then there’s the opposite problem: A product actually is in stock, but its status can’t be determined through a website or app due to search limitations or lackluster content. If a shopper gets fed up with subpar search capabilities and descriptions, he has every reason to drop an order and shop elsewhere.

“Consumers want a positive user experience similar to the experience they have when on a more typical ecommerce site like Amazon.com,” McVie says. “For the most part, grocery ecommerce sites will sometimes have limited search capabilities, incomplete product descriptions, few customer reviews and limited abilities to suggest other products that may be of interest or value.”

This isn’t limited to strict ordering, either, but also in communicating recommendations, thus hurting incremental sales potential. The products are there — so why aren’t the promotions?

“Many grocery ecommerce sites have a limited ability to communicate relevant offers across all channels,” McVie explains. “Consider how Amazon cross-offers with their suggestions driven by ‘Customers like you also purchased,’ and ‘Customers who purchased this item also bought these offer items.’ Some grocers have yet to incorporate this type of data intelligence into their ecommerce offerings.”

This kind of communication offers shoppers exactly what they want from omnichannel — and exactly what omnichannel is supposed to provide: a personalized experience. ShopperKit’s Record notes that one of the main things his company focuses on is communication, which helps not only with substitution orders like those he mentioned earlier, but also with upselling, especially when the customer is essentially shopping by proxy through someone else.

“They’re inside the store doing their shopping for you, and when you get a text from them, after



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— Steve Henig
Wakefern Food Corp.

the third or fourth shop, you start to recognize your proxy [person] who's doing your shopping for you," he notes. So if a new shipment of peaches comes in, and the shopper has the data and knowledge to know the customer has purchased peaches before, she can upsell via text messages or even send a photo.

And the in-store proxy doesn't have to be limited to just the person shopping for the patron. It can even extend to service department experts like the butcher.

"Your proxy in the store is a great butcher, [but] you may not know your butcher's name," Record says. "Now that you're talking through your smartphone via text, you actually do recognize names, and you know that this guy's a great butcher. So when he recommends the ribeyes that you want for the July 4th barbecue, you're willing to take that into consideration and increase the basket size."

Communication also extends to how shoppers get their deals. Wakefern understands that its customers love its sales circulars and coupons, so it makes them available online, just as they still run in print format, Henig observes.

And even interaction with people such as health experts falls under creating a good omnichannel platform. For instance, Wakefern sees dietitians as part of its omnichannel program, helping to create a seamless experience for customers and make their lives easier, Henig says. This is useful for customers with specific diets who need someone in the store who can answer their dietary questions, in the same way that a quick search on Google might help when placing an order online.

Three Tips

There are many ways grocers miss the mark when attempting to deliver a seamless omnichannel experience that customers expect. But there also are many ways they can close the gap between capabilities and expectations. Sy Fahimi, SVP of product at Palo Alto, Calif.-based analytics solutions provider Symphony EYC, offers a few areas where grocers should focus and adopt solutions:

- **Personalized marketing messages and offers:** Grocers should create a single view of the



customer that includes shopping preferences, buying behaviors, order history, contact details, loyalty rewards and other interactions. They can leverage a sophisticated context-marketing engine to deliver timely, personalized offers and messages to consumers.

- **Omnichannel fulfillment:** It's critical for grocers to work more effectively across functions and channels. For instance, click-and-collect requires coordination and quick decisions across online, the supply chain and brick-and-mortar locations, not to mention planning, merchandising and marketing functions, among others. Additionally, the online channel needs to know that inventory is available in the local store. Stores must be able to receive the order, reserve it and provide top-notch service on pickup. Moreover, the supply chain needs to have visibility into the movement of inventory, while marketing must be involved to effectively showcase the offering to shoppers.
- **Inventory assortment and visibility:** Food retailers must ensure three things: First, building the right assortment across channels in a way that makes the most of each channel; second, ensuring that back-end functionality is in line with what shoppers see in-store or on digital storefronts; and third, ensuring that demand-driven, suggestive ordering is the foundation for keeping up with customer service levels and ensuring that merchandise is always available for purchase at the right place and time. **PG**

“
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— Graeme McVie
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Bluetooth WiFi USB



BP03 - R/L Portable Label/Receipt Printer

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Yogurt industry in India: Growth beyond boundaries

The yogurt market in India is a high growth and high profit sector showcasing double digit growth of 24 per cent in 2016, which implies a significant opportunity for the players. The shift of middle-class consumers from home-made products such as curd, lassi and buttermilk towards healthier packaged alternatives has bolstered the growth of the yogurt market.

By N.K. Srilasya



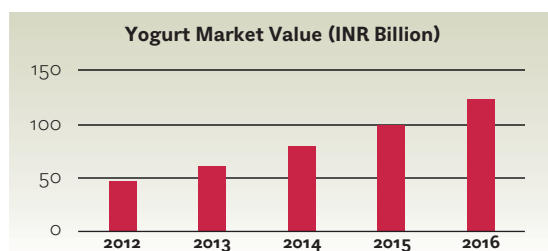
Yogurt has traditionally been a part of Indian cuisine. In spite of being a consumable staple, yogurt consumption in India lags far behind the average consumption in most developed markets. As compared to the high consumption markets such as Germany, Holland or France, the per capita consumption in India is low.

But a sudden surge in the demand of yogurt and fermented milk products has been observed in past five years due to perceived health benefits that the product offers. Consumption of yogurt is on the rise because of its probiotic range of products, high protein content, its ability to improve metabolism, enhance digestion, and support the immune system. Yogurt and sour milk industry is estimated to be worth INR 122.5 billion (2016). Unlike other dairy segments, this segment is organized. It is a high growth and high profit sector showcasing double digit growth of 24% in 2016, implying a significant

opportunity for the sector. The shift of middle-class consumers from home-made products such as curd, lassi and buttermilk towards healthier packaged alternatives has resulted in a bolstered growth of the sector. Consumers from Tier II and III cities are shifting from unpackaged or local dairy curd to packaged products, due to the perceived higher hygiene levels. As is customary in most of Indian households, the consumers habitually finish a meal with something sweet or with curd. Consequently, an increase in health- and weight-conscious consumers buying flavored yogurts, offering a high level of nutritional value while being low in calories, can be witnessed.

At a national level, players like Amul, Mother Dairy, Nestlé, and Britannia constitute a major share of the total packaged yogurt market. Domestic players such as various state cooperatives, Parag Milk Foods, Prabhat Dairy Pvt. Ltd, The Nilgiri Dairy Farm and Milky Mist Dairy also play key role at the local level. International entrants like Danone and Nestle in these markets made the space more competitive in the past. Recently Danone announced its decision to discontinue SKUs in the UHT and fresh dairy products category because of the minor contribution to its overall business in India. This further opens up the market to local players in the industry. These companies offer a varied spectrum of products, which can be categorized as follows:

In spite of being a consumable staple, yogurt consumption in India lags far behind the average consumption in most developed markets. As compared to the high consumption markets such as Germany, Holland or France, the per capita consumption in India is low.



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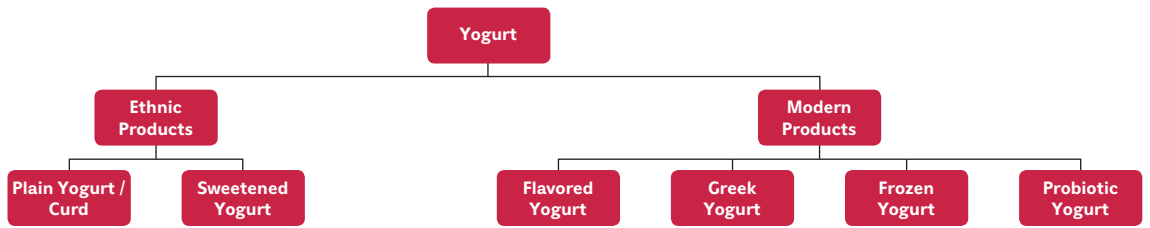
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Ethnic Products: The products can be broadly classified as traditional and modern products. Curd or dahi is a traditional yogurt product, which has always been part of the Indian meal. Most households consume this plain yogurt on a daily basis and have a special liking to its taste. Sweetened yogurt like mishti doi and shrikhand are the other traditional products treated as delicacies and have huge demand during the festive season.

Modern Products: Nowadays, globally popular variants like frozen and flavored yogurt are catching the Indian consumer’s attention and palate. Although it is a new concept for the Indian market, it is well accepted. Under the flavored segment,

marketers have come up with numerous variants like mango, strawberry, vanilla and pineapple. Besides, these companies are also introducing tailor-made flavors to suit the local taste – some of the popular products in this category include green mango or kachha aam, honey banana, among others. Further, DrumsFood International, a leading yogurt manufacturer introduced flavors like imli chutney (tamarind chutney), khattameetha (sweet-sour), and mint raita to mimic the way Indians prefer their dahi.

Greek yogurt is another segment under this category that is gaining popularity. It is a spinoff of a regular yogurt, which is produced after straining and removal of whey that makes it thick and creamy. Greek yogurt is also a nutrient dense food, with an average serving providing up to 15-20 grams of protein and half the carbs as the regular kind. Currently, Drums Food International and Nestle are the companies engaged in the production of Greek yogurt in India. The Epigamia Greek yogurt brand of Drums Food International banks on its natural taste as it contains no preservatives and artificial flavors. Real fruit pulp is used and some amount of sugar is added to it. On the other hand, Nestlé’s a+Grekyo contains added flavor, color and preservatives, but offers a marginally higher calcium content. Instead of fruit pulp, it has added fruit bits to the yogurt.

Frozen yogurt or frogurt is a type of frozen dessert, wherein yogurt is mixed with ice-cream mix (in a definite proportion), sugar, fruits, color and flavor and then is frozen. The result is a frozen fermented product having a consistency similar to ice-cream. In comparison to ice-cream, it has a lower fat content and is a healthier dessert option. Many companies are venturing into this space while providing a wide variety of flavors and styles. The retailers also have an option wherein they provide a custom-made frogurt offering a wide selection of toppings, ranging from strawberries and banana to Oreos, with choice in cups or in cones. Certain sellers also offer sugar-free varieties.

In terms of pricing, the products can be categorized as low, medium and high-end products. Curd is a low-end product, which costs

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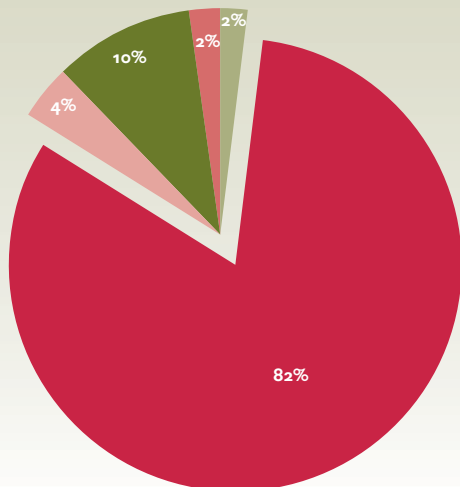


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Yogurt Products: Market Share



The product positioning of yogurt still remains hazy. These can be endorsed as an in-between snack, a quick meal or a healthier dessert offering.

approximately INR 20 for a half-liter. The market structure for this product follows a model of perfect competition, wherein all players offer similar products at identical prices whereas flavored and Greek yogurt manufacturers have priced their products in the mid-price range. Though local brands like Mother Dairy, Amul, The Nilgiri Dairy Farm and others have categorically priced the flavored yogurt around of INR 18-20 for 100 gm cup, MNCs like Nestle, Britannia and Danone have priced their products at INR 30-35 range. The frozen yogurt retail chains have priced their products at the high-end. Cocoberry, Red Mango, Menchie's and Yogurberry are the major players in the segment. They have differential pricing wherein the prices are set according to the flavors and toppings selected. Yogurberry has a price range of INR 70 to INR 250, while Cocoberry has a range starting from INR 60 to INR 260. Usually the price range is INR 180-200 per 150gm.

The product positioning of yogurt still remains hazy. These can be endorsed as an in-between snack, a quick meal or a healthier dessert offering. While most of the frozen yogurt manufacturers are promoting them on the basis of being guilt-free low-fat dessert, packaged yogurt brands such as Nestle, Mother Dairy and Amul are more about healthy options at any time of the day, and can be consumed as a light snack or a meal.

The packaged yogurt brands actively participate in above-the-line initiatives and point-of-sale visibility. The brands also engage in cross-category promotions, and traditional and modern retail. Many of the manufacturers also have tied up with departmental stores and hypermarkets. Most frozen yogurt marketers utilize digital marketing and social media in order to build brand awareness. Encouraging customers to “check in” on social media, providing free Wi-Fi, etc., are efforts in this direction.

Besides curd, all other yogurt products are premium products available mostly in metros. Since the target segment is health-conscious people with high disposable income, the products are typically available on the shelves of supermarkets. Since packaged products need to be maintained at a low temperature, it is necessary to have a cold chain. Most companies have launched the product in Mumbai, Pune, Hyderabad, Chennai and Bangalore. Companies might follow either a single or multiple level distribution channel. For example, Amul or Mother Dairy follow a multiple level distribution where the product flows through distributors and retailers.

Looking at the increasing consumer preference for healthy and tasty food, we can anticipate a futuristic market for yogurt products. As purchasing power and awareness level of an average Indian increases, demand for such products will continue to grow. This will lead to increased competition from traditional and larger retailers seeking to expand their product portfolio beyond fluid milk. With pro-dairy government policies encouraging dairy players to enter into the value-added market, a boost in the number of players venturing into this segment can be expected. On the other hand, since most yogurt products have a similar look and feel, brands need to focus more on mapping out their differentiation strategy. **PG**



The author is an associate consultant with Life Sciences Advisory group at Sathguru. She has pursued her MBA in agribusiness from Symbiosis, Pune and is also a graduate in biotechnology. Previously, she worked with FMCG and in the retail sector, which gave her exposure in the field of operations and supply chain.

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New consumer trends to keep an eye on

Marketers are charging ahead in trying to understand more about Gen Z's shopping preferences in an attempt to start building brand loyalty and a relationship with this digital generation.

Emergence of Generation Z

Ranging from teens to those fresh out of college, this generation has started to find their way into the limelight. However, most conversations until now have been focused on what Gen Z shoppers like and don't like, how they behave, and how they approach the vacations and holidays.

Now that the Gen Z is out of the shadows and in the spotlight, marketers are charging ahead in trying to understand more about Gen Z's shopping preferences in an attempt to start building brand loyalty and a relationship with this digital generation. Gen Zer's, who have already proven they're more comfortable spending than the cash conservative Millennials, will begin acting out their spending power in the world as they enter the workforce.

Live Videos

Audiences love that feeling which comes from getting a front row seat to an event or a 'behind-the-scenes' look at something. Brands and influencers are finding innovative ways to engage with audiences: from hosting shows and education opportunities to interacting with the community on a one-on-one basis.

Expect live videos to innovate and increase the output approach, going ahead. Content creators will be looking for ways to make their live videos stand out and make the experience engaging in ways that pre-recorded videos cannot.

Visual Content

The generation Z of digital shoppers prefer visual content – recorded videos and photos. They read a product description, or see it with their own eyes and decide for themselves how it looked. The visual content tells stories and highlights features and ways a product can be used or worn in ways that written

descriptions cannot. And it is no surprise that some of the most popular social media channels among younger shoppers are visual-based, such as YouTube, Instagram, and Snapchat.

Trust and Loyalty

In a survey by eMarketer, the opinion on ads amongst teenagers was split, with 47 per cent feeling that ads were trustworthy in some respects. These include ads they might find on social platforms like Instagram. The survey shows that teens find trustworthiness in content and ads that their friends share – in a way, vouching for the product or brand they're sharing – or when it comes from an influencer.

Micro-Influencers

Influencers are again going to be a hot topic for marketers as they look to connect with consumers. The value of connecting to and building trust with a shopper (especially a shopper from Generation Z or a younger Millennial) though an influencer cannot be overstated. From a marketing perspective, identifying and building relationships with these niche consumers can come from micro-influencers and there is an opportunity to capitalize on this in 2018. Brands should be looking not just for the largest following count, but the most engaged audience. After all, the strength of micro-influencers isn't in their follower count, it's in their followers' engagement. **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



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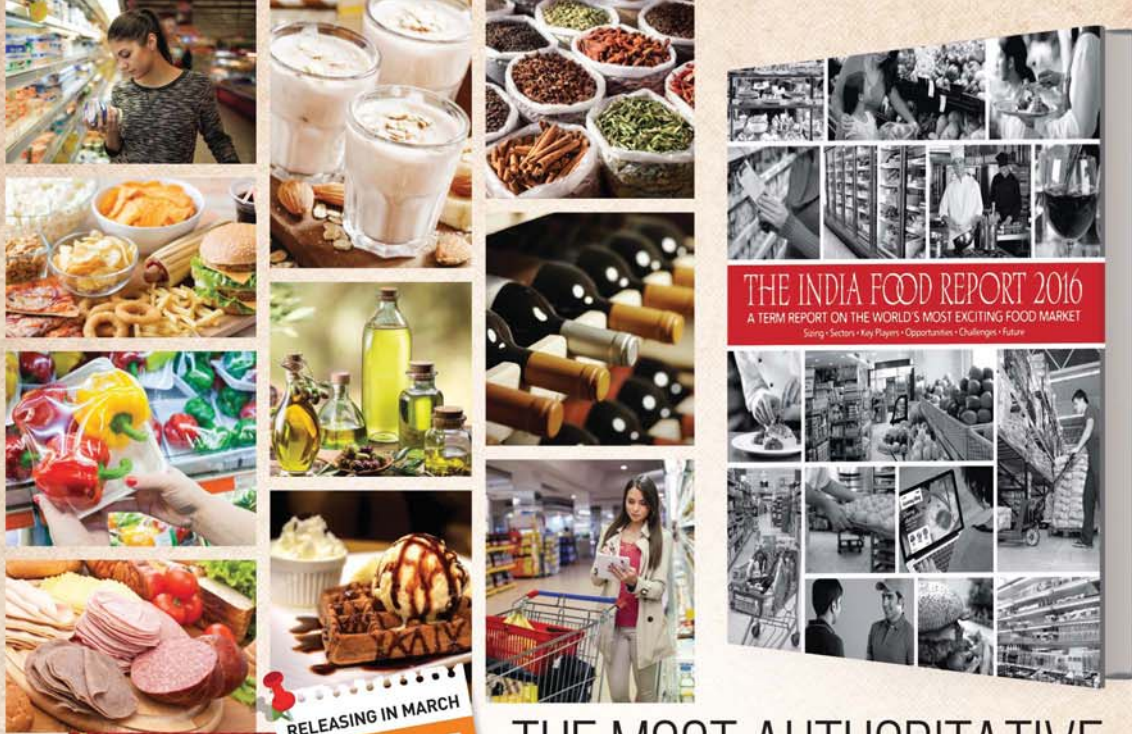
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For advertisement related enquiries, please contact:
Lokesh Arora | Business Head | +91 9999033612 | lokesharora@imagesgroup.in



Delhi:
Ekta Roy: +91-9811635408
ektaroy@imagesgroup.in

Kolkata:
Piyali Roy Oberoi: +91-9831171388
piyalioberoi@imagesgroup.in

Bangalore:
Suvir Jaggi: +91-9611127470
suvirjaggi@imagesgroup.in

Aashraf Alom: +91-9686014260
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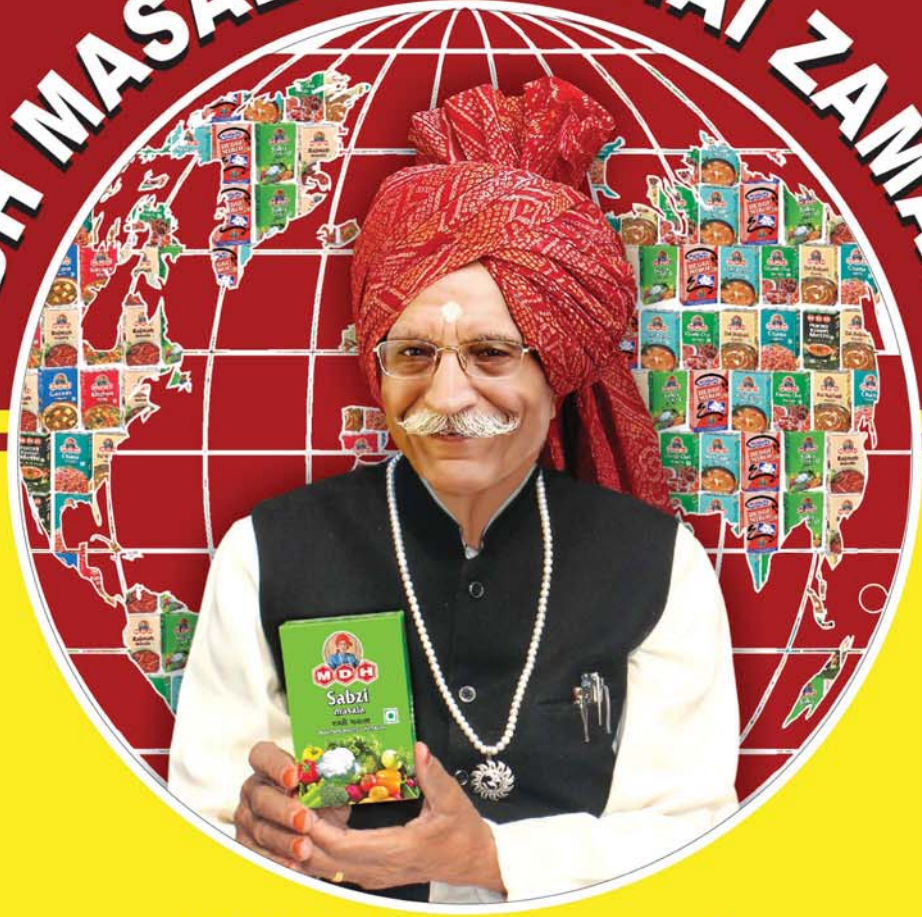
Regd. Office & Works: V.P.O., Khosa Pando, Zira Road, Moga-142001, Punjab, India. Ph.: +91 1636 237177
Corp. Office: 431 (Ground Floor), NH-8, Phase-III, Udyog Vihar, Gurgaon-122016, Haryana, India. Ph.: +91 124 4049277

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