

Expert Speak

Recent transformative influences on India's F&G sector and the trends ahead

Page 68

Down Memory Lane

Best selections on food retailing topics to commemorate the anniversary issue

Page 82



PROGRESSIVE GROCER

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INDIA EDITION

Page 18

PRIMING UP FOR HIGH OCTANE FESTIVE SALES

NEW PRODUCTS, SPECIAL FESTIVE
RANGES, GIFT PACKS AND INNOVATIVE
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There's nothing a retailer or manufacturer likes more than a consumer happily soaking herself in retail therapy. The months of October, November and December pack a festive punch for the shoppers and retail industry. The festive season is the time when shoppers in India get into the mood to spend and splurge.

The festive months offer a wonderful opportunity for retailers, brands and manufacturers to pull out all the stops and bring out newer products and promotions, and lay out the special festive spread for consumers. In anticipation of the good times, businesses start planning for the months ahead – fine-tuning their marketing and product strategy, allocating budgets, firming up the priorities and looking at how to make the bucks count.

To cash in on the exuberance, this festive season too, food and beverage companies have stitched up well-planned marketing strategies with the aim of showcasing their products as ideal gifting and shopping options. Today, gift-ready packs, high on hygiene and variety, have successfully engaged the consumers, and help F&B companies gain a bigger market share during the festive season.

As a magazine for the modern trade, we bring you the inside track on what brands and retailers are doing to break numbers and bust sales during the festive months ahead. With so much to look forward to during the months ahead, the festive season this year has lots of promise in store for all – producers, consumers and retailers. Here's wishing you all a wonderful festival season and great celebrations ahead.


Amitabh Taneja
 Editor-in-Chief

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14 RETAIL INSIGHT

Channel Integration for Better Retail Margins

16 SUPPLY CHAIN

Palletization in Logistics Management

56 FRESH FOOD

The Arrival of 'Free-of' Food

62 READY TO EAT

Pioneering Microwaveable Packaging for Convenience

102 PROFILE

Instituting Quality in Affordable Products

106 WAREHOUSING

A Warehouse Space Odyssey



110 FOOD PROCESSING

How are we going to feed Asia?

112 TECHNOLOGY

'Incentive' Begins With 'I'

IN EVERY ISSUE

08 MARKET UPDATE

A round-up of important industry events of the past month

114 WHAT NEXT

A lowdown of new product launches across food categories

COVER STORY

18

THE SEASON OF BUMPER SALES

The festive season is crucial for most brands and retailers as sales volumes go up significantly with consumers in the mood to spend and take advantage of the sales and discounts to make purchases for themselves and their families and friends. We take a look at the opportunity for retailers and brands to grow their business during the months ahead and their plans for communicating and reaching out to their audiences.



Expert Speak

68

**A Peek
into the
Future
Contours
of Food
Retail**



Memory Lane

82

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THE SEASON OF BUMPER SALES

The festive season is crucial for most brands and retailers as sales volumes go up significantly with consumers in the mood to spend and take advantage of the sales and discounts to make purchases for themselves and their families and friends. To cash in on the festive mood, companies get creative by launching new promotional and marketing campaigns, product lines and sales strategies to make shoppers feel an emotional connection with brands. We take a look at the opportunity for retailers and brands to grow their business during the months ahead and their plans for communicating and reaching out to their audiences.

By Sanjay Kumar



It's that time of year again. With Rakshabandhan, Onam and Janmasthami acting as precursors to the great Indian festive season that will peak around Diwali and culminate with Christmas and New Year, the air's abuzz with the celebration of good food, drinks and more retail therapy than usual. While festivals and holidays occur throughout the year in India, the second half of the year is widely considered the festive sales period, as it fits in nicely with a lot of celebrated holidays. Traditionally, customers in India wait for the festive season to make bulk purchases and indulge in premium purchases. Taking this behavior into account, brands and retailers set in motion their plans to cash in on the festive spirit by launching new promotional campaigns, product lines, attractive product assortments, great deals and sales strategies. The season is particularly important for the retail business, given the fact that sales volumes go up significantly during the period, thus boosting the yearly performance.

For most retail businesses, the season is a financial windfall, and there's plenty of revenue for the taking. Festive shopping accounts for about 40 per cent of annual sales for most retailers. Delhi-NCR based 24 SEVEN convenience stores chain anticipates a surge in business during the festive season this year as has been customary in the past as well. For the retailer, business fares much better this time around as the consumer sentiment is more upbeat and shoppers spend not only on gifting to others but on self as well. That is why retail sales during the festive months have traditionally outperformed business activity in rest of the year and this spike in consumer activity bodes well for businesses in general and the retail industry in particular. Shoppers enjoy the mass festive sales as many of them hunt for good bargains and merrily part with their money in festive cheer. To meet this

trend, 24 SEVEN portfolio will also be brimming with new items and will see the return of favorite hot sellers from last year to satisfy the overall gifting needs. The stores will also be decked up during this period to convey the joy, happiness and spirit of the season. The chain is also working on joint business plans with brands – from creating unique assortment to special offerings and to bring about improvement in its fill rate – with the sole agenda of connecting more meaningfully and reaching out to its customers in bigger ways this festive season as compared to the previous years.

Likewise, Ludhiana-based Kipps Mart is preparing to roll out the red carpet this festive season. “Every year, we expect something new and exciting to enter the market in the festive season. This year too, we are planning some innovative ideas for the coming months and expect a good response from customers. We are looking to combine the occasion of Diwali with the wedding season this year, which witnesses a gifting spree and a boom in the demand for items like gift baskets. Mid-November is the timeframe we are targeting to roll out our festive offers. At the moment the market is dull but we expect things to pick up soon. We witness slow business traction around Dussehra and the nine-day Navratri celebration as consumers seldom purchase market products during religious fasting. This is an obstacle in an otherwise profitable season,” says **Hitesh Arora, Director, Kipps Mart** whose product range mostly focuses on gourmet items with almost all its products imported and sourced from international brands.

According to market surveys, shoppers resort to a higher spend in almost all key categories – a 25 per cent increase in average monthly spend on staples and packaged foods during the three months of the festive season (October–December), compared to the average monthly spend in the previous six months till September. It is estimated that there is



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— **Hitesh Arora**
Director, Kipps Mart

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The Arrival of ‘Free-of’ Food

Consumer desire for transparency is behind this up-and-coming trend.

By Carol Radice

Knowing where their food comes from — including how it’s grown or raised, and what went into it — is increasingly important to consumers, who are just as attracted to what’s in a product as what’s not. When it comes to purchasing fresh foods such as meat, seafood, dairy, produce and deli/prepared foods, the cleaner and simpler the profile, the more appeal it holds.

Some are calling this burgeoning trend the “free-of” movement and predict that its ability to positively affect fresh food sales will be significant in the coming months.

According to Meagan Nelson, associate director for Nielsen Fresh’s growth and strategy team in New

York, the overarching theme driving this movement is consumers’ need for transparency. “People just want to understand what’s in their food and how it is produced,” Nelson says. “They want to know where the produce was grown, who the farmer is, how the beef cows or chickens were cared for, and what they were fed.”

Consumers are clearly aware of, and making conscious decisions about, what they put in their bodies these days. Research conducted by Schaumburg, Ill.-based Nielsen in 2016 found that 67 percent of consumers want to know everything that’s going into their foods. In addition, nearly three-quarters of consumers — 73 percent — feel positively about companies that are transparent

→
IQBAL FAZLANI
 CEO, Fazlani Exports
 Pvt. Ltd.



Pioneering Microwaveable Packaging for Convenience

The ready-to-eat category is expected to double in size and rake in INR 50 billion by 2023 at a CAGR of 12%. Food manufacturers are looking to adapt better technologies to extend the shelf life of packaged goods and deliver on nutritional fronts as well. A pioneer in the use of high barrier retortable packaging, Fazlani Foods offers a wide range of ready-to-eat products that come in microwaveable packaging and provide a healthy alternative to fast food and take-away meals.

Specializing in ready-to-eat solutions and ready-to-use ingredients, Fazlani Exports Pvt. Ltd. provides quality products to Indian and International customers under the brand name, Fazlani Foods. Starting off as an export-oriented business, the company has a vast supplier reach in the USA, the UK, New Zealand, Australia, the Middle East, South Africa and Russia. In addition, they now market and sell their products through a strong distribution network in India as well. Due to the change in buying preferences and also in the lifestyle of Indian consumers, the firm saw immense potential in the ready-to-eat segment in Indian markets and started retailing here on a small scale in 2012. Their target customer base includes anyone that requires ready-to-eat packaged Indian food in the

modern format. This target list comprises individuals living away from their family, those with tight work schedules, people residing abroad without easy access to raw materials needed to make Indian dishes at home and individuals who simply may not have the time to cook everyday.

Fazlani Foods provides solutions in the form of ready, packaged meals that are nutritious and home-made. The firm's product line boasts of a delicious range of vegetable curries, seafood curries, rice, pickles, chutneys, combo meals in microwaveable tray packs, cooking pastes and desserts, made from recipes that are crafted from the finest ingredients and spices. With a shelf life of 18 months, their products constitute the same nutritional elements as a freshly prepared meal. With hygienic manufacturing processes, Fazlani Foods aims to provide end





consumers with only the best packaged food in the market. Emphasis is placed on preserving the natural health benefits of all ingredients and their entire value chain from procurement of raw material to final packaging and transportation of finished goods is supervised to ensure ethical and professional standards.

The company packages its products in high barrier retortable pouches, trays and bowls. A user can simply cut, open the pouch, place it in a microwave and heat it before consumption. There is no need to empty the pouch into a different container for the purpose of heating. The packaging is microwaveable and does not contaminate the food with harmful plastics or synthetic agents on exposure to microwave radiation. The technology makes the use of a product easy and quick, and enables shelf storage for 18 months without the use of refrigeration. This acts as a differentiating factor for the brand and fulfills the need of the modern consumer.

CEO **Iqbal Fazlani** spoke to Progressive Grocer about the growth of his company and the reformist technologies that have aided convenient solutions.

How do you view the growth rate of the RTE category? What challenges act as hindrances for food manufacturers in this segment?

This category is very nascent and has only now

started winning the attention of retailers and customers alike. There is a lack of awareness not only around the segment but also about the technology of retortable packaging. Consumers in countries like the USA are aware of the benefits of this packaging technique and know how to interact with products that use it. The challenge that we perceive is the mind set or perception that the average Indian consumer has toward packaged food. Indian consumers still harbour questions about the presence of additives and preservatives in packaged foods. They aren't yet comfortable with the fact that the food they are consuming has been sitting on a shelf for more than 15 months without even seeing the inside of a refrigerator. The technology of retortable packaging is not easily understood or trusted to be natural and healthful. In addition to awareness being an inhibiting factor for the category, the availability of food in India also has a role to play. A consumer looking for a quick meal late at night can conveniently call a food service outlet and get a hot, freshly prepared meal delivered to him or her in a short duration of time. That contributes to the decreased popularity of the ready-to-eat segment. Our loyal consumers are often well-traveled, aware of our unique packaging technology and trusting in the nature and quality of packaged materials.

Outline your company's vision for the future.

Our plans for the future, as a brand, are very straightforward and aligned. We want to become synonymous with the ready-to-eat food category and lead the way in terms of market share. We want to enter every buyer's grocery list and become a regular household name.

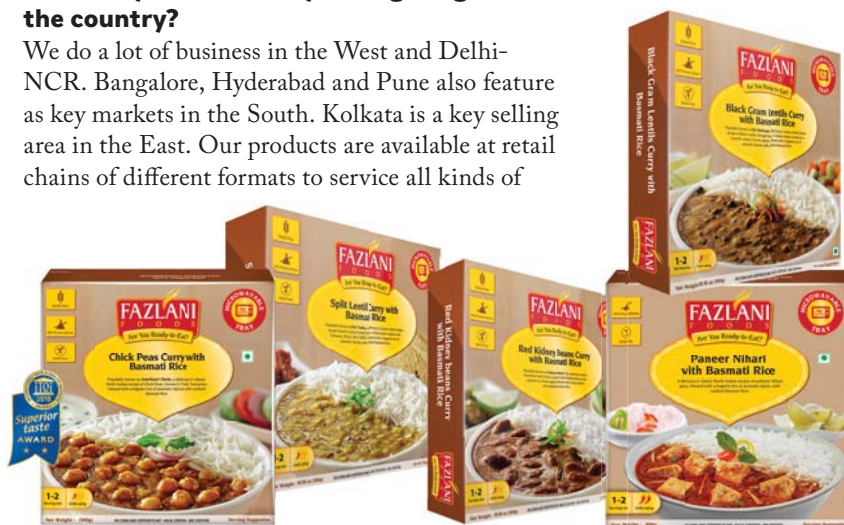
Which key markets are you targeting within the country?

We do a lot of business in the West and Delhi-NCR. Bangalore, Hyderabad and Pune also feature as key markets in the South. Kolkata is a key selling area in the East. Our products are available at retail chains of different formats to service all kinds of

Retortable packaging technology makes the use of a product easy and quick, and enables shelf storage for 18 months without the use of refrigeration.

WHAT IS RETORTABLE PACKAGING?

A retort pouch or retortable pouch is a type of food packaging made from a laminate of flexible plastic and metal foils. It allows the sterile packaging of a wide variety of food and drinks handled by aseptic processing, and is used as an alternative to traditional industrial canning methods. The food inside is cooked in a similar way to pressure cooking. This process reliably kills all commonly occurring microorganisms, preventing it from spoiling. The food-grade, FDA-approved materials used to construct this type of packaging undergo a sterilization process that extends the shelf life of the product inside while preserving all nutritional constitution of the food item.





A Peek into the Future Contours of Food Retail

To celebrate Progressive Grocer's 11th Anniversary, we spoke to leading retailers and manufacturers about what they think of the development and trend arc in F&G retailing and how various product categories are shaping up in the face of evolving market dynamics and maturing consumer behavior. The retailers and producers we spoke to agree that the food retailing landscape in India is changing and the market is abuzz with new ideas and propositions. The consensual view is that much like in the other parts of the world, factors such as convenience, hygiene and health and wellness are transforming the way Indians eat. A growing awareness and

influence of globalization in the F&B space, changing lifestyle, evolving tastes and preferences of consumers means that shoppers are increasingly moving towards purchasing healthy, branded and packaged food and beverages which, in turn, is leading to a boom in modern retail and the launch of natural, nutritious and better-for-you products.

Progressive Grocer posed the question: What have been the most impactful trends and developments in your retail format in recent years and what further changes do you envisage in your category, going ahead? We bring you the thoughts and reactions of the retailers and manufacturers that we spoke to.

Instant feedback is changing how brands and consumers interact

Over the years, with the increase in the availability and accessibility of information and educational material, consumers are becoming more health conscious. Unlike a few decades ago, today's consumers are extremely sensitive of the ingredients used in a product, the manufacturing processes followed and, more importantly, the value proposition a brand and its products represent. The end consumer wants to imbibe these big ideas and value systems into their lives. We also see an increase in public awareness around a company or brand's CSR initiatives and the need for transparency. What a brand is doing to give back to society is a frequent topic of debate and discussion. Excellence and prompt communication in these areas lead to a successful and widely accepted brand.

Additionally, social media has transformed the methodologies through which consumers and companies engage with each other. Communication



has become instant and is no longer unidirectional as there are several ways a consumer can now connect with a brand easily. Impact is measurable and data systems are frequently used to elevate a brand's communication strategy. The feedback system has become more direct, transparent and immediate. The age-old belief of the customer being always right still holds true and more businesses are adopting consumer-centric approaches to sales and marketing.

“

Today's consumers are extremely sensitive of the ingredients used in a product, the manufacturing processes followed and the value proposition a brand and its products represent.

— Arvind Varchaswi
MD, Sri Sri Tattva

Wholesome diets over indulgence elevate the breakfast cereal market

When it comes to breakfast options, the Indian palate is still majorly catered to by traditional Indian dishes and their RTC versions. However, ready-to-eat cereals are steadily and surely making inroads into India's breakfast menu. Euromonitor International pegs the breakfast cereal market in India to hit Rs. 2,160 crore by 2020. The burgeoning Indian middle-class and double-income households hold sizeable potential for the category. The need of the hour is to provide healthy and convenient breakfast options addressing this increasing demand. That is what we aim to do with our brand, Kwality.

With increased options, price competitiveness, enhanced variety and innovation, competitors must utilize sampling processes to stand out in the customer's eye. We see more competition not only at regional levels but also across categories. As innovation becomes a vital part of the product's journey, traditional staples transform into their modern avatars and battle for a share of the market. Increasing awareness among urban audiences also accounts for more focus on quality standards and lifestyle needs, both in terms of product and



packaging. A widening consumer base means that players will have to make cereals more accessible and affordable through a strong distribution network. Due to multilevel marketing approaches and consumer-to-consumer strategies, regional players have an advantage here.

Nevertheless, urbanization, health consciousness and emergent lifestyle diseases tilt the balance in favor of the market. The maturing market opts for a wholesome diet over indulgence. Brands that develop a certain affinity by understanding and addressing the consumer's behavior and palate will prosper in this environment.

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Increasing awareness among urban audiences also accounts for more focus on quality standards and lifestyle needs, both in terms of product and packaging.

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

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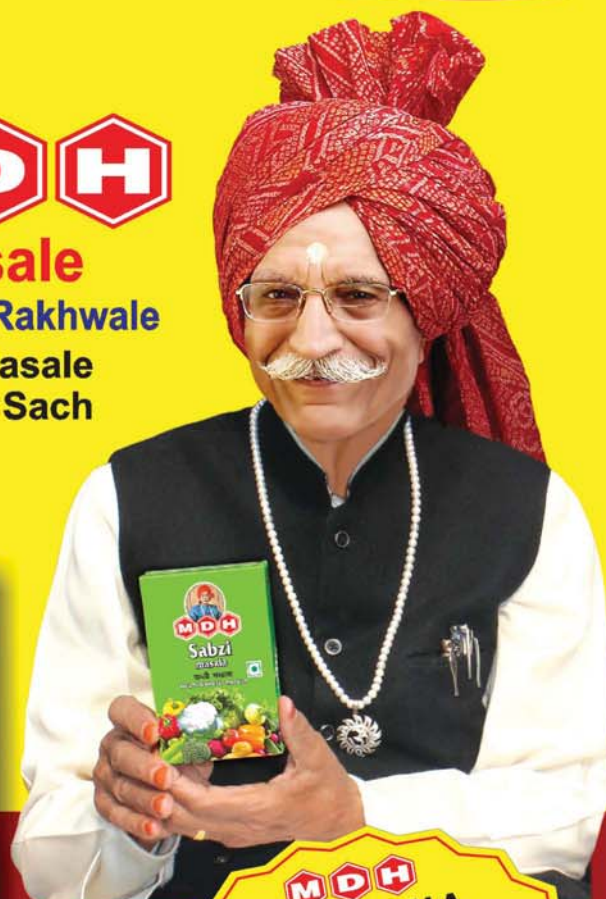
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