

Retail Insight

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PROGRESSIVE GROCER

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OUR VISION IS TO PROVIDE A FINE LIVING AT AN AFFORDABLE PRICE

SHASHWAT GOENKA
SECTOR HEAD, SPENCER'S RETAIL LTD
RP-SANJIV GOENKA GROUP

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MEAT & SEAFOOD

As consumers want convenient meal solutions, they are going for high value, technology oriented, branded packaged products



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The emergence of Modern Trade and E-commerce has made it easy to be a single product company and has fostered innovation and entrepreneurship. Launching a new FMCG product is no longer the domain of multinationals or big players with financial and distribution muscle. Small and medium enterprises that were previously deterred by the huge capital investments required for distribution networks while launching new products can now easily develop and bring their products to the market in a cost effective manner. This has had a profound effect on the number of launches of innovative products in the market.

Quinoa puffs, butter spreads, health and energy bars, pasta kits, packaged ready to cook idli/ dosa batters, raw juices, water based functional beverages are all excellent examples of new age products built and marketed by small companies being widely accepted by the consumer base. Milk and value-added milk products too are increasing their share and we envision this trend to become stronger in the times to come.

This shift towards fats and proteins from the traditional intake of carbohydrates is the biggest food consumption trend, which cannot be missed. It can also be seen as the reflection of the dietary habits of a younger India. As enablers in the consumer's shopping journey, recognizing and translating these trends into viable business opportunities remains a key concern for manufacturers and retailers today.


Amitabh Taneja
 Editor-in-Chief

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COVER STORY

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“Spencer’s wants to become the most profitable retailer with lucrative expansion through hypermarkets and small format stores”

Spencer’s Retail is one of the earliest entrants in the retail space in India, and currently runs 138 stores across 36 cities in both large and small formats. The retailer takes pride in constantly innovating to expand its offerings. Says Shashwat Goenka, Sector Head, Spencer’s Retail Limited, “Consumers view us as being synonymous with quality and, hence, from being their preferred food destination, we have now extended a similar offering in the non-food space with categories like apparel and general merchandise.”



CATEGORY WATCH

Meat & Seafood

30

The Meat of the Matter

A young demographic, rising disposable income and time-pressed urban consumers looking for convenient meal solutions without compromising on health aspects are the factors driving the market for meat and seafood. But brands need to differentiate and offer value-added products. They need to constantly innovate on the product front and price their products in a manner that makes the consumer appreciate the value in terms of taste, flavor, and convenience.



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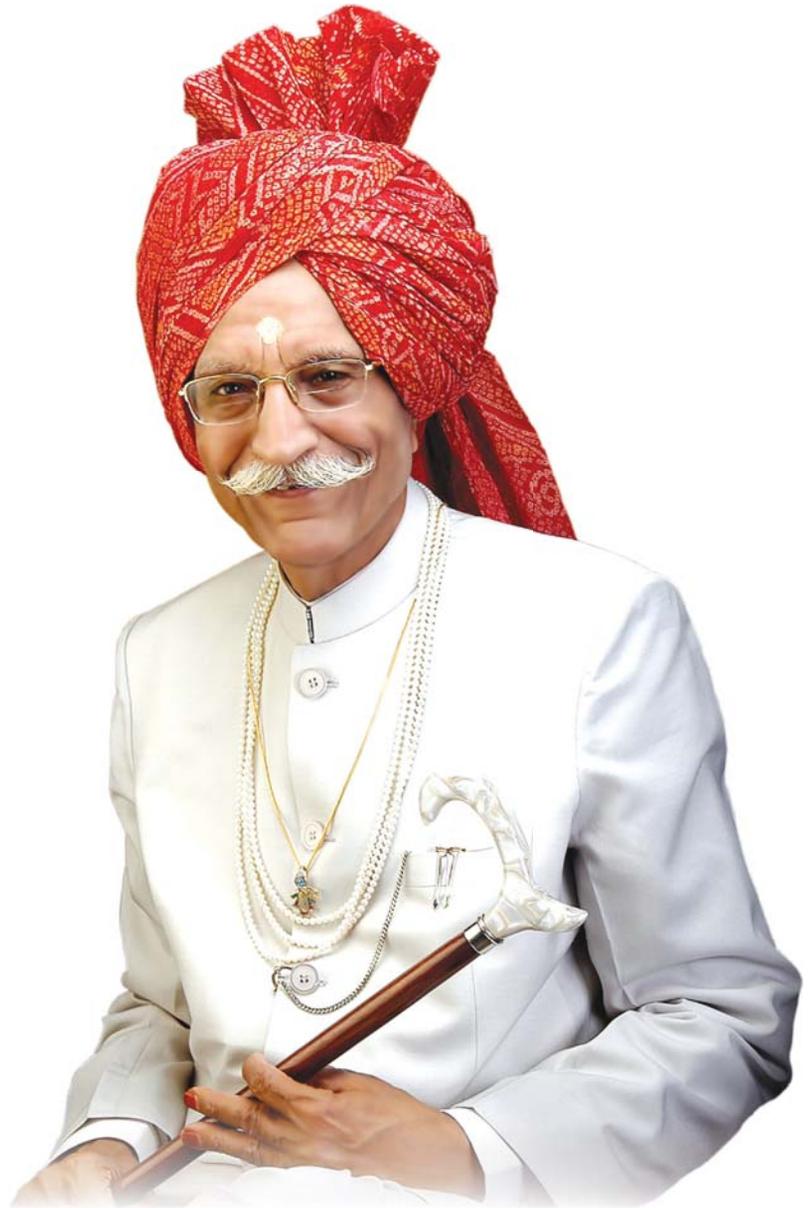
“Our seafood products are seeing higher growth due to our omnichannel retail presence”



“The success of MDH provides me the zest to devote myself to the service of humanity”

Mahashayji Dharampal Gulati, Founder and CEO of Mahashian Di Hatti (MDH), shares his thoughts on the essential attributes and traits of being successful in business and his philosophy of life and work.

By Premjit Mohapatra



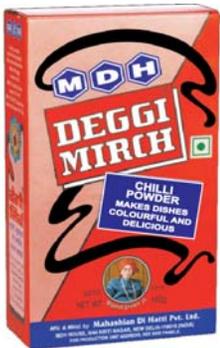
What is the secret behind your success and zest for life?

In life, irrespective of the choice of your profession, you need the support of your family and friends to succeed. We live in a society and are part of a highly interconnected, collective and cooperative community. Success in any field just isn't possible alone; rather it is dependent on support and collaboration from others. These can be partners, employees, conscious collaborators besides having a strong and stable infrastructure to work and grow. Simply put, no one is an island and no single person can survive without the support of fellow human beings. Just as multiple beads carefully and harmoniously strung together make a resplendent necklace that enhances the beauty of the neck, similarly our capability and effectiveness flourishes when we connect with society. The string of

successes that MDH has forged fills me with zest and provides me the vigour to devote myself to my people.

Which attributes have helped you build a successful career as India's best known spice tycoon?

My involvement with business started when I was still a child. At an early age, I joined my father in his spices business. My close interface with running the various facets of business made me realize the effectiveness and value of working together in a collaborative spirit. It also taught me about the myriad struggles of going it alone. I am a firm believer in teamwork and its efficacy as a game changer. To be honest, since the inception of the company, I have seen myself as the captain – responsible for all the decisions and equally





“Spencer’s wants to become the most profitable retailer with lucrative expansion through hypermarkets and small format stores”

Spencer’s Retail is one of the earliest entrants in the retail space in India, introducing consumers to the concept of organized retailing. The aspirational food retailer currently runs 138 stores across 36 cities in both large and small formats. As a consumer-centric company, the retailer takes pride in constantly innovating to expand its offerings. Says Shashwat Goenka, Sector Head, Spencer’s Retail Limited, “We are focusing on strengthening our non-food portfolio and improving the shopper’s experience in the food range. Consumers view us as being synonymous with quality and, hence, from being their preferred food destination, we have now extended a similar offering in the non-food space with categories like apparel and general merchandise.”



SHASHWAT GOENKA
Sector Head, Spencer’s Retail Limited





More recently, Spencer's omni-channel business, www.spencers.in, and its foray in fashion with 2Bme range of apparel for men, women and kids, has been highly accepted and appreciated by its customers, which ties in with its mission of "delighting the consumer" by creating a 360 degree memorable brand experience. It is also aiming to grow and strengthen its retail network in the north, south and east of India. "Over the years, Spencer's has been able to recognize the needs and aspirations of the customers in the specific geographies it operates in. They are looking for an international shopping experience at Spencer's. Thus, we have been focused, innovative and protective while catering to the organized retail market. With this approach, we have matured and evolved as a retailer and it has given us the chance to grow and preserve our strong customer base," observes Goenka, in an interview with *Progressive Grocer* with whom he shares his vision and future roadmap of Spencer's.

What is the customer proposition and marketing positioning of Spencer's store chain?

Spencer's Retail's brand proposition "Makes Fine Living Affordable", promises a great shopping experience to the customers. We offer a wide range of assortment from every category – fresh fruits and vegetables, staples and grocery, fish and meat, bakery items, beauty and personal care products, apparels,

electronics and electrical items, and home essentials – to cater to the needs of all. With more than 25,000 SKUs (stock keeping units), we are in tune with our customers' "fine living" quotient, which also generates an experiential shopping journey at Spencer's. Currently, Spencer's runs 138 stores across 36 cities in two retail formats – large and small.

Our brand proposition personifies Spencer's philosophy of delighting the shoppers with the best products and services by empowering shoppers to make smart choices. Spencer's key USP is to focus on customer-centric innovations under one roof, with an experiential play. More recently, our omni-channel business, www.spencers.in, and our foray in fashion with 2Bme range of apparels for men, women and kids, has been highly accepted and appreciated by our customers.

"Delighting the consumer" by creating a 360 degree memorable brand experience is what Spencer's aims for. Today, consumers are highly stressed, so shopping should be enjoyable and engaging. Therefore, rather than choosing to play the price game, Spencer's focuses on establishing itself as the preferred shopping destination for young customers looking for an extensive range of quality products and a global shopping experience.

Spencer's has been able to create a brand promise with its retail design strategy. This has evolved to cater to the well-travelled and globally exposed new-age shoppers seeking an international experience at the store level. Our vision of providing a fine living at an affordable price is translated through our store

With more than 25,000 SKUs (stock keeping units), we are in tune with our customers' "fine living" quotient, which also generates an experiential shopping journey at Spencer's. Currently, Spencer's runs 138 stores across 36 cities in two retail formats – large and small.



The **MIEAT** of the **MATTER**

A young demographic, rising disposable income and time-pressed urban consumers looking for convenient meal solutions without compromising on health aspects are the factors driving the market for meat and seafood category. As foodies invent ever-new ways to create and consume food, it's natural that more retailers and suppliers are excited by the opportunity of growth that the market is capable of and the newness that they can offer to consumers in the meat category. But brands need to differentiate and offer value-added products. They need to constantly innovate on the product front and price their products in a manner that makes the consumer appreciate the value in terms of product's taste, flavor, and convenience. It is a promising market for manufacturers that can deliver high value, technology oriented, branded packaged products in a fast emerging organized segment.

By Sanjay Kumar

The Indian meat market is currently worth US\$31 billion, according to market estimates. It is growing at a CAGR 20% and will reach US\$65 billion by 2022. Out of the total \$300 billion Indian grocery market, this is the only largest category that is largely unorganized and where 90% of the meat sold annually is handled outside the organized market. The annual per capita consumption of retail processed meat and seafood products, though still low at 29.36 gram and 6.65 gram respectively is growing in the country, according to Mintel Market Sizes. India's per-capita consumption of meat puts it at the second position on the list of countries with the least meat consumption per person. But while this distinction can be attributed to our 2,000-year-old tradition of vegetarianism, yet like all old cultures, this one is changing as well. The demand for meat is expected to grow faster in India with sustained economic growth, rising per capita income, strengthening urbanization trends and increasing awareness of the nutritive value of meat and meat products. By 2020, the demand for meat and eggs is expected to reach eight million tonnes.

Fish production in the country during 2015-16 (provisional) was 10.79 million metric tonnes with a contribution of 7.21 million metric tonnes from inland fisheries and 3.58 million metric tonnes from marine fisheries. The total fish production in 1990-91 was 3.84 million metric tonnes, which increased to 10.79 million metric tonnes in 2015-16. The share of inland fisheries in total fish production has increased from 60% in 1990-91 to 66.81% in 2015-16, thereby reducing the share of marine fisheries from 40% in 1990-91 to 35.93% in 2015-16. Though India is second in seafood production throughout the world, our per capita consumption of fish is at 10kg/ person/ year. In China, the per capita food consumption of fish has increased from 30kg/ person/ year in 2007 to 42kg/ person/ year in 2016. The global OECD average of fish consumption is at 25kg/ person/ year. Over the next decade, Chinese per capita consumption of fish is projected to grow further to 50kg/ person/ year. (Source: OECD-FAO Agricultural Outlook 2017-2026).

Meat, seafood and poultry products are nutrient dense and rich in protein, vitamins and minerals. A three-ounce serving of meat or poultry contains between 160 and 200 calories and has all the nine essential amino acids, which is why meat is considered a 'complete protein.' Meat provides more protein per serving (25 grams per 3 ounces) than dairy (8 grams per cup), eggs (6 grams each), legumes (12 grams per ¾ cup), vegetables or nuts (2 to 5

grams per serving). Protein is critical for developing, maintaining and repairing muscles and is needed to make enzymes and hormones besides being a basic building block of bones, cartilage, skin, and blood.

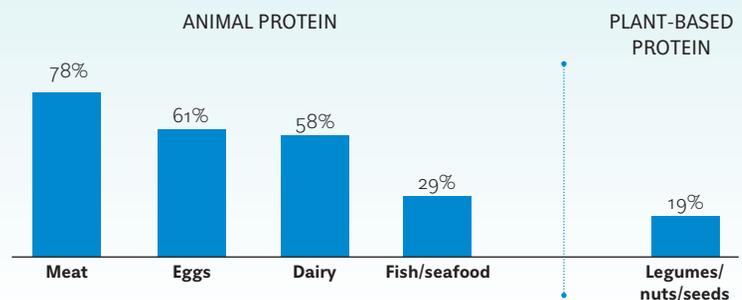
With incomes rising, protein consumption will continue to grow and will intensify even further with increased use of bigger home refrigerators, which will spur an increase in the ticket sizes. Our country's growing middle-class will push the growth of the meat sector by showing a preference for high-protein food like meat. This is evident from India's largest household consumption survey conducted by the National Sample Survey Office (NSSO), with a sample size of over one lakh households. In fact, a recent survey has busted the myth that India is a vegetarian country; 72% of Indians have non-vegetarian dietary habits with south India being a heavy meat consuming region compared to central & north India. So, while vegetarianism is often believed to be widespread in India, influenced by religion and other factors, the data seems to suggest otherwise. Rather, India is projected to be one of the largest growth areas for consumption in chicken, beef, and mutton. According to the sample registration system (SRS) baseline survey 2014 released by the Registrar General of India, 71 per cent of Indians over the age of 15 are non-vegetarian.



“
Chicken consumption has grown the most with India becoming the fourth-fastest growing market for the product in the world. The proportion of households consuming chicken has shot up significantly, while that of the fish-eating households has increased marginally.

— Yogmaya Chatterjee
 Food and Drink Analyst,
 Mintel

Meat, Eggs and Dairy are consumer's primary sources of protein
 (Top five protein sources via consumer survey)



Source: Nielsen

Good Eggs

Producers, brands get cracking on innovations that appeal to consumers.

By Lynn Petrak

“

There is also a protein story to tell with eggs. Eggs are all-natural, high-quality protein.

— Ashley Richardson
American Egg Board

For a food that doesn't stand upright, the egg doesn't seem to need much help staying on top these days. Per capita consumption of eggs is expected to hit 274.6 in 2017, up from 267.4 in 2016 and 252.9 in 2015, according to the U.S. Department of Agriculture (USDA).

Once associated with breakfast and as an ingredient in various hot dishes and baked goods, eggs are being consumed in more ways and on more days. “What we are finding is consumption across all ages is up, and not just at breakfast, but at lunch and dinner,” notes Ashley Richardson, senior director of marketing and communications for the Chicago-based American Egg Board (AEB).

Despite seasonal volatility in egg prices, the simple fresh egg — once by and large a foam-container commodity at retail — is more diverse and

innovative in form, packaging, merchandising and applications. “The trends in the market are reflected in the mix of products at retail,” says Kristin Herzog, chief marketing officer for San Francisco-based Happy Egg Co. USA, noting the cage-free, pasture-raised, caged, liquid eggs, hard-cooked eggs and egg replacements that are part of the current market.

For Goodness' Sake

The uptick in egg consumption and accompanying product diversity can be attributed to a variety of factors in the marketplace, particularly burgeoning interest among consumers in foods deemed wholesome and healthy.

Those broad descriptors cover a lot of attributes that apply to egg products sold in supermarkets.

Consumer demand for the humane treatment of hens is one major influencer in the current egg marketplace. In recent years, hundreds of grocers and manufacturers have switched to or expanded cage-free egg offerings or production, according to the USDA, with an optimal timetable of 2020-25 for conversion.

Despite the fact that cage-free hens are currently producing about 10 percent of the total egg supply, and that cage-free eggs require considerable investments by farmers and producers to be passed on as a higher price point for consumers, sales of cage-free eggs are continuing to climb, while other product-related claims, like pasture-raised and free-range, are also emerging and expanding.

Earlier this year, Boise, Idaho-based Alberstons Cos. revealed the expansion of its commitment to carry only cage-free eggs by 2025 to include liquid eggs. “Broadening our cage-free commitment will keep the conversation going and, hopefully, continue the industry's work in humane sourcing and corporate social responsibility,” remarked Shane Sampson, chief marketing and merchandising officer, at the time of the announcement.

Fresh Thyme Farmers Market, a Chicago-area-based specialty retailer that focuses on healthy and organic products, pledges to sell 100 percent cage-free eggs by 2022. “My customers are buying more cage-free eggs than ever before. They are ‘voting’ for





Omnichannel Made Easy

Omnichannel communication connects with customers by placing them at the core of the marketing strategy of a brand or modern retailer. Such an approach delivers personalized conversations via interconnected channels to create a unified experience that synchronizes naturally with the consumer's journey in the marketplace. Progressive Grocer observes one such digital solution offered by online shopping app Fynd and the functional principle it is based on.

Omnichannel seeks to provide customers with a seamless shopping experience, whether they're shopping online from a desktop or mobile device, by telephone, or in a brick-and-mortar store. The term itself may be a marketing buzzword, but it refers to a significant shift: marketers now need to provide a seamless shopping experience, regardless of channel or device. Consumers can now engage with a company in a physical store, on an online website or mobile app, through a catalog, or through social media. The entire process entails viewing the business model through the eyes of the customer, orchestrating the customer experience and rendering it more integrated and consistent. It anticipates that customers may start in one channel and move to another as they progress to a resolution or buying decision. Making these

complex 'hand-offs' between channels fluid for the customer is what omnichannel retailers aim to do. According to research from Vantiv, young adults aged 18-34 are more likely to own a smartphone and are more likely to use mobile devices to cross traditional channel boundaries when shopping. The spending power of Millennials is growing as they enter their peak earning years, meaning that cross-channel interactions from these consumers are expected to grow as well. But it's not just Millennials that are crossing traditional channel boundaries. The research also identifies that a significant number of older consumers are also adopting the attitudes and expectations of omniconsumers. There are pockets of older consumers that have a youthful enthusiasm for mobile payments, while higher-income consumers are also more likely to be interested in cross-channel behaviors. As consumers become more comfortable using their smartphones and tablets, they will become increasingly comfortable interacting with a brand on their devices. A senior citizen looking to buy a smartwatch might be texted a recommendation by a grandchild, then walk into a physical store to purchase. That same grandchild, on the other hand, might spend weeks parsing smartwatch reviews, adding, then abandoning items in their cart on both mobile and desktop, before finally purchasing because of an enticing e-mail offer. It is imperative that brands and retailers realize this erratic browsing and buying behavior and adapt their strategies to accommodate the modern consumer. Marketing approaches must be geared and oiled to enable customers to convert on any channel while interacting with a brand. There are a number of online tools that can assist brands in targeting a vacillating audience via a number of outreach programs to ensure brand visibility.

Online fashion startup Fynd follows an online-to-offline model, where it showcases fashion products from a brand's in-store inventory on its app. Essentially, it allows consumers to choose products from a neighborhood store, based on their respective location. The company picks up the product from the stores and delivers them to consumers. Fynd also dabbles in hardware. It also developed Fynd Store, a screen that allows consumers to browse all products sold by a particular brand. These screens are placed inside the brand stores. A variant of a product that is unavailable in a particular store can be ordered on Fynd Store and sourced from the nearest outlet that stocks the product. While acting as omnichannel partner for fashion label AND, Fynd was able to help plug in lost sales due to unavailability of the product and act as a digital catalog for customers to

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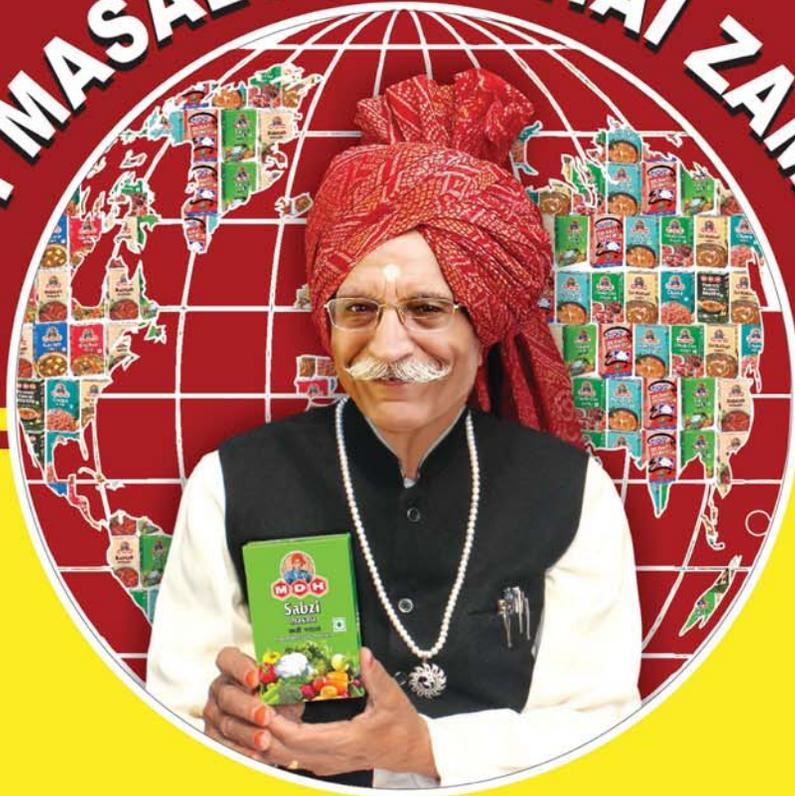
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