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# PROGRESSIVE GROCCER

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**INDIA EDITION**



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**“OUR CUSTOMERS ARE AT THE CORE OF OUR BUSINESS AND WE ARE A ONE-STOP SHOP FOR ALL THEIR BUSINESS NEEDS”**

**TANIT CHEAVANONT**  
MD, LOTS WHOLESALE SOLUTIONS

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## PROCESSED & PACKAGED FOODS

Busy lifestyles and rising demand for health and convenience are catalyzing a growing uptake in packaged food over unpackaged alternatives



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At the front end of the food business, as most food retailers in India have learned, there is really no one-size-fits-all formula. Brands today have varied formats – from large-scale hypermarkets to smaller supermarkets. The crucial part here is to get the mix right across these varying formats. Retailers will need to strike the right balance to be truly successful.

Large-scale formats work well in key metropolitan cities where the trend increasingly is for families to do weekly shopping trips for household supplies. The challenge on this front often comes from the inadequate supply of space and land bank to build large-scale hypermarkets. With the smaller supermarket format, finding the right location is the key. India's high population density, and the presence of well-entrenched unorganized retail often makes this a challenging proposition.

The focus for most retailers will be to capitalise on smaller formats, which are more cost-effective. Smaller convenience stores and supermarkets are the way forward for most big retail chains. This format will continue to grow in the coming years, as retailers look at sizably growing their presence in the market.

The key future focus across these formats is to improve footfalls and basket size. Brands need to improve in this area while ensuring that they continue to provide excellent customer service, convenience and exceptional value to give customers a truly remarkable shopping experience.



Amitabh Taneja  
Editor-in-Chief

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### COVER STORY

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## LOTS to cheer for the Cash & Carry business in India

LOTS Wholesale Solutions recently unveiled its second Cash & Carry wholesale distribution centre in India at Akshardham in East Delhi. The launch of LOTS' second store follows closely on the heels of its first store three months ago. Inaugurated by Amitabh Kant, CEO, NITI Aayog, this is second of the fifteen distribution centres that the firm is aiming to open in India over the next three years.



### CATEGORY WATCH

Processed & Packaged Foods

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## Food Processing & Packaged Foods: Hitting Great Strides

India, as a country, has progressed from scarcity to surplus in food during the past decade or so. The progress has resulted in an increased trade in the production of food commodities which, in turn, has paved the way for the food processing industry to grow and become profitable. At the same time, the demands of accelerated lifestyles of younger urban consumers and their relatively high levels of health and hygiene awareness are set to be key factors in the growing uptake in packaged food over unpackaged alternatives.



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# Market Update

## FSSAI: Milk in India is largely safe, even though quality issues persist

The Interim report of the National Milk Quality Survey, 2018, released recently by the FSSAI reveals that milk in India is largely safe. In a large number of samples, very few samples were found to be adulterated. Over 90% of the samples were found safe in the survey. This is by far the largest systematic Survey of milk both in terms of sample size (6432 samples) and numbers of parameters (4 quality parameters, 12 adulterants; and 4 contaminants – 93 antibiotics residues, 18 pesticides residues, Aflatoxin M1 and Ammonium Sulphate).

The survey was conducted over a period of six months between May and October, 2018. 41% (2607) samples were for processed milk and remaining 59% (3825) were of raw milk. Of the processed milk, 60% were toned milk, 20% full-cream milk, 15% standard milk and 5% double toned milk. Of the raw milk, one third each were samples of cow, buffalo and mixed milk. The survey covered only liquid milk and not the milk products. The survey also did not cover microbiological examination of the samples.



Key findings of the survey are: 1) Milk in India is largely free from adulterants that render it unsafe for consumption. Merely 12 (out of a total of 6,432) samples had adulterants that affect the safety of milk. The occurrence of such adulterants is insignificant considering the sample

size in the survey. 2) This is the first survey that analyzed contaminants including residues of pesticides, antibiotics, Aflatoxin and Ammonium sulphate in milk. Less than 10% (638 out of 6,432 samples) had contaminants. In all these cases, milk is getting contaminated due to poor quality of feed, irresponsible use of antibiotics and poor farm practices. 3) There is no concern at all due to pesticides residues. Only 1.2% of the samples failed on account of antibiotics residues above tolerance level and it was mainly due to oxy-tetracycline used to treat animals with bovine mastitis. 4) Aflatoxin M1 was detected in 368 (out of 6,432 samples), that is 5.7% of the samples had Aflatoxin at levels above the permissible limit. Occurrence of Aflatoxin does not amount to willful adulteration, but is directly related to feed quality and has bearing on human health. 5) Ammonium sulphate was detected in 195 (out of 6,432 samples), that is 3 % samples of milk. Ammonium compounds including ammonium sulphate are reportedly added to feed to enhance

protein intake of animals. Currently, FSSAI regulations do not prescribe any limits for ammonium sulphate in milk. Further, study is required to verify natural levels of ammonia and its sulphate in milk and fixing tolerance limits, if any for the same. 6) The milk was tested for levels of fat



Pawan Agarwal, CEO, FSSAI

and SNF in this survey against limits of fat and SNF for various types of milk. It is noted that as many as 1261 (19.6%) of the samples did not meet the limit set for SNF. In another 218 samples (3.4%) of the total, Sugar and Maltodextrin was found to be added. Sugar and Maltodextrin is sometimes added to raise the level of SNF. 7) The survey found that non-compliance on Fat and SNF quality parameters is higher in raw milk than in processed milk, but on added Sugar and Maltodextrin, non-compliance is mostly in processed milk. Unlike non-compliance on safety parameters, non-compliance on account of quality parameters is across all States / UTs, even though extent of such non-compliance varies. 8) As far as raw milk is concerned, it must be stated that this could be either due to breed of cattle, its feed and rearing practices or due to dilution of milk with water. Addition of water in itself is not a safety issue unless there is concern about the quality of water added that calls for detailed microbiological examination. 9) Non-compliance on quality parameters in processed milk is quite large, even though it is lower than raw milk. This is a matter of concern and needs to be addressed through various measures. High percentage of non-compliance samples however does not suggest that proportionate volume of processed milk is non-compliant, since samples are not adjusted by capacity of milk processing plants. It is likely that a large number of samples are





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taken from numerous smaller milk processing plants.

Commenting on the milk survey, **CEO, FSSAI, Pawan Agarwal** said that this systematic and very large survey provides us solid baseline data and a robust framework for continuous monitoring of the safety and quality of milk in the country. Whereas, there should be zero-tolerance to adulteration in milk, concerns of quality due to contaminants need to

be addressed over a period of time by taking large scale awareness drive and public education at the primary production level. He expressed concern about large numbers of samples of processed milk found non-compliant on quality parameters. He pointed that the draft report of the survey would soon be shared with all stakeholders and then preventive and corrective action would be taken to further improve the quality of

milk in the country. These measures could include – establishing a robust monitoring system for safety and quality of milk from processing plants in the country including third party audits for root cause analysis, mandatory training of food safety supervisors, identification and registration of milk men that supply raw milk direct to consumers and action to eliminate contaminants in primary production of milk.

### Perpule raises \$4.7 million to fuel omni-channel retail & consumer commerce in India

Perpule, an omni-channel retail tech company and India's first self-checkout enabler, has raised \$4.7 million in Series A funding from Prime Venture Partners, Kalaari Capital and Venture Highway. Today, more than 500,000 consumers are using Perpule across several of India's top retail brands for its self checkout & omni-channel solutions. Perpule intends to use the funds for significant expansion into thousands of retail outlets across 10 cities in the next year. Perpule is working with leading retailers like Big Bazaar, Vishal Mega Mart, SPAR, MORE, HyperCITY, etc., and Quick Service Restaurants (QSRs) such as KFC, amongst others. "We have been working with Perpule for over an year now and are really happy with the team. Their Next-Generation platform is built with the right focus to support the growing needs of Modern Retail and we see it being adopted across our brands. We are happy to be a part of their journey in building next-generation retail together," said **Vivek Biyani, Director, Future Group**.

Perpule gives the control of offline commerce in the hands of customers by enabling self checkouts and self ordering solutions for offline stores, food outlets, malls & cafeterias. This improves the experience of customers, reduces queues at checkouts and makes stores smarter. Customers use it to discover items, scan barcodes, get all the offer and pricing information for the products and can also checkout and pay in the app itself. Shoppers find it more convenient to self checkout with the easy-to-use Perpule app, available on Android and iOS. The company has also partnered with HyperCITY to bring India's first "cashier-less, cash-till less" store.

The company recently launched the Perpule Digital Cafeteria Solution for QSRs, which include cafeterias and food courts in corporate tech parks and malls. Perpule Digital Cafeteria gives its users the power and convenience of self order & collect ensuring a hassle free and queue-less experience while eating. This solution also empowers the food vendors to increase their operational efficiency and overall business. The solution is currently being used by more than 20 companies across India.

The Indian Retail Industry is the world's fifth-largest global destination in the retail space. According to an IBEF report, retail market in India is projected to grow



from US\$ 672 billion in 2017 to US\$ 1.1 trillion in 2020. In a bid to serve one of the largest consumption markets in the world, prominent brands in India are moving towards omni-channel retailing; a fully-integrated approach to shopping to provide consumers a unified experience across online and offline platforms. Reports also indicate that the size of modern retail is expected to witness a substantial rise, from the current 19% to 24% in the next three years in the top six retail markets of the country, driven largely by omni-channel retailing. "This is a great milestone for us and we are delighted to partner with Prime and continue our relationship with Kalaari and Venture Highway. Omnichannel retail and consumer commerce will redefine the shopping experience for customers. We believe that using the right technology and the power of mobile, we can better such experiences and build solutions which work seamlessly across all platforms," said **Abhinav Pathak, CEO & Co-founder, Perpule**.

Perpule is focused on building solutions for omni-channel retail and launch products that will enable brands to provide a seamless customer experience, both online and offline. The retail-tech startup was founded in October 2016 by Abhinav Pathak, Saketh BSV and Yogesh Ghaturlu. The company had previously raised a seed round of \$650K from Kstart, the seed fund of the Kalaari Capital, Venture Highway and Raghunandan G in 2017.

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### ITC net profit up 11.9 pc in Q2

Cigarette-to-FMCG major ITC Ltd has reported a 11.9 percent increase in its net profit at Rs. 2,954.67 crore in the quarter, which ended on September 30 of the current fiscal as compared to Rs. 2,639.84 crore in the year-ago period. Its revenue operations, during the quarter under review, was at Rs. 11,272.51 crore, up by about 15.5 percent from Rs. 9,763.92 crore in the corresponding period last year. Gross revenue from sale of products and services for the quarter stood at Rs. 11,094.89 crore, representing a growth of 14.7 percent driven mainly by FMCG others (other than cigarette), agribusiness and hotels. Its revenue from the cigarette business, during the September quarter, stood at Rs 5,026.06 crore, up by 10.36 percent from Rs 4,554.21 crore in the same period last year.

Revenue from FMCG-Others, which include branded packaged foods businesses, apparel, education and stationery products, personal care products, safety matches and agarbattis, registered robust growth of 12.7

percent to Rs. 3,160.35 crore during the quarter as against Rs. 2,804.11 crore in the year-ago period. The company reported that the segment earnings before interest, tax, depreciation and amortization (ebitda) at Rs. 158.84 crore posted a growth of 77 percent on the back of enhanced scale, product mix enrichment and cost management initiatives, despite sustained investment in brand building, gestation costs of new categories and input cost pressures.

The FMCG major said its agri-business continues to step up initiatives in the area of value added agriculture to create new vectors of growth by leveraging its agri-commodity sourcing and processing expertise and the strong distribution network of the company. During the quarter, ITC forayed into the frozen snacks category in the retail segment and the product range is currently available in Bengaluru, Chandigarh and Ludhiana. "Plans are afoot to rapidly scale up presence in the ensuing months," the company said in a statement.

### Olives From Spain launches its fifth year of promotional campaign in India

For the fifth year in a row, Olives From Spain continues promoting the use of Spanish olives in Indian and Mediterranean gastronomy. The new edition of the promotional campaign was launched recently by hosting an Indo-Spanish party for chefs, bloggers, food specialists and enthusiasts in Delhi-NCR. The activity included a masterclass with chef Saransh Goila showcasing new fusion recipes. Like the past editions, the current edition of Olives From Spain promotional campaign is to raise awareness of the benefits and versatility of Spanish olives and how they can be used in the Indian cuisine.

Chef Saransh Goila, who is famous for his food travelogue show and most recently for his participation in Masterchef Australia, is once again the Brand Ambassador of Spanish olives in India. This year, the campaign kicked off with a welcoming photocall screen with an iconic image of the city of Seville, where attendees could picture themselves as if they were in Spain and soak in the party vibe. Seville is the capital city of Andalusia, the region in Spain where 80% of table olives come from. In his welcoming speech, chef Saransh shared his personal experience on his discovery of the different olive varieties in Spain and how he could figure out different ways in which olives could blend well with Indian flavors and in traditional dishes from all across the Indian geography. He then offered a tasting of three different types of marinades: green olives in garlic chutney, spicy Indian pimento olives and local dill and gondhoraj black olives. Guests had to decide which marinades were their favorites.

Olives from Spain have gained much greater presence in Indian kitchens in the past five years. In 2017, India imported more than 2300 MT of table olives from Spain, doubling the amount imported in 2013. Spain is the first supplier of table olives in the world. In India, Spain is the origin of more than 90% of olives consumed here. Spain is the world leader in table olive production and it exports



olives to more than 120 countries. The main markets for Spanish olives are the USA, Italy, Germany and France. Since 2007, Olives From Spain has targeted other potential markets too. India was then identified as a country where consumption is steadily increasing. To continue with this positive trend, this campaign is focused on presenting ideas for integrating olives into the Indian diet and highlighting its potential as a low-calories and nutritive snack that can be adapted to different palates with many different possible marinades using Indian and Mediterranean spices. It also focuses on sharing the nutritional benefits and the importance of olives in the Mediterranean diet, which is listed as an Intangible World Heritage by UNESCO.

For information about Spanish olives, visit [www.olivesfromspain.in](http://www.olivesfromspain.in) or join on Facebook @ [olivesfromspainindia](https://www.facebook.com/olivesfromspainindia) or Instagram @ [olivesfromspainindia](https://www.instagram.com/olivesfromspainindia) for updates.

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Purple Carrot, which makes kits for plant-based meals, and Whole Foods Market complemented each other's better-for-you image by partnering to sell the kits in Whole Foods stores.

# Match Game

Grocers must consider values, variety, common goals and more when looking to partner with meal-kit services.

By **Randy Hofbauer**

**M**eal kits are a big business, rocketing to \$5 billion in sales today, according to market researcher Packaged Facts. And the Rockville, Md.-based firm expects solid continued growth in the space.

But with an oversaturated market for delivery services and grocers rolling out kits of their own — along with Amazon introducing its own kits and likely to sell them at Whole Foods Market, which it now owns — it's becoming vital for delivery services to seek added exposure and captive audiences inside brick-and-mortar stores, especially as shoppers seek to purchase products wherever, whenever and however they desire.

This has made the market ripe for acquisitions. In September, Boise, Idaho-based Albertsons Cos.

acquired meal-kit service Plated, advancing a shared strategy to reinvent the way consumers discover, purchase and experience food. Additionally, the CEO of Green Chef has said that he's open to accepting offers for his company, while another service, Home Chef, has hired bankers to explore a possible sale, signaling an opportunity for it to be snatched up by an interested retailer. Further, Blue Apron recently shedding 6 percent of its workforce has left industry speculators wondering if it, too, will soon be scooped up.

However, more strategic partnership deals between grocers and meal-kit services have been inked in recent times, including Southern California grocer Gelson's with Chef'd, and Whole Foods with Blue Carrot (the latter of which wound down earlier this year). Moreover, eMeals — which

doesn't individually package portioned ingredients in kit format, but still essentially functions as a meal-kit service — has added Walmart, Kroger and AmazonFresh to its list of grocers willing to offer click-and-collect (and, in AmazonFresh's case, delivery, too) shopping for its meal-building program.

**Consider Carefully**

But with so many meal-kit services out there to choose from for a partnership, how should grocers know which one to team up with?

"It's ... critical for grocers to realize that while they may see similarities in looking across meal-kit brands, there are critical differences that can materially alter the customer experience," says Rich DeNardis, chief revenue officer of Chicago-based meal-kit service Home Chef.

When looking to partner with meal-kit services, food retailers should look for these six things:

**1)** The common, clear goal of a partnership: Working with a meal-kit service can't be a one-way street. For the partnership to be successful,



both parties must get something out of it to make everything worthwhile. These goals will usually reside in the driving of either revenue or profit, says Mike McDevitt, CEO of Baltimore-based meal-kit provider Terra's Kitchen. Understanding what's expected of a partnership — for example, how one defines success — helps ensure that all parties are heading in the same direction.



**STORE SPECIALTIES**  
SoCal grocer Gelson's chose to partner with Chef'd due to Gelson's focus on high-quality gourmet foods, and Chef'd's partnership with renowned chefs and organizations to develop kits for gourmet meals.

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“It’s ... critical for grocers to realize that while they may see similarities in looking across meal-kit brands, there are critical differences that can materially alter the customer experience.”

— Rich DeNardis  
Home Chef

Additionally, “the left hand needs to understand what the right hand is doing, and look for ways to assist and learn from that process while allowing each party to focus on, and be accountable for, their core competency,” McDevitt notes.

**2)** Their own fresh program: Arguably, the most important quality of a meal kit is its freshness. Therefore, the grocer must first be trusted to have a top-notch fresh program, says Nicole Peranick, director of global thought leadership with Stamford, Conn.-based brand strategy and consulting firm Daymon.

“The success of a meal-kit program is closely linked to the overall strength and reputation of fresh foods at the retailer,” she stresses. “If I don’t trust the freshness of your meat or produce, I’m going to be very leery of a meal kit.”

**3)** The service’s ability to provide choice: Michael Lippold, founder and CEO of FreshRealm — a Ventura, Calif.-based platform that helps grocers deliver fully prepped meals and meal kits online or in stores — notes that he has seen how important choice is to consumers in driving success and retention of meal-kit programs: As people begin to adopt meal kits as a regular part of their lives, they want variety in the menu to maintain interest and avoid product-selection fatigue.

“In addition, consumer tastes vary season by season, region by region, even community by community,” he observes.

Bring special diets and allergies into the mix, and variety is even more necessary. eMeals prepares recipes with ingredients necessary to create meals that are diabetic-friendly, heart-healthy and vegetarian. But when a grocer partners with a service that offers many choices, it must make sure that the service has the requisite sophistication in its infrastructure and supply chain to be sustainable. Many current meal-kit companies offer limited to no choice in their menus, due to this complexity.

**4)** The service’s ability to keep things simple: When a grocer looks at a meal-kit service’s offerings, ingredients shouldn’t be too many; recipes shouldn’t be too vague or complicated; and the dish that results should reflect its picture and description.

Additionally, if a grocer is one that truly seeks to empower its customers — even those who aren’t kitchen-savvy — then it needs to make sure that the service offers kits that can be prepared by anyone, regardless of skill level. For example, Home Chef’s DeNardis notes that his company engineers its recipes for easy preparation and appeal to cooks of all capabilities.

“As convenience is critical to the meal-kit customer, a great deal of effort is required to test and hone recipes that are sure to be easy to execute,” he says.



**5)** The service’s experience with making retail-ready kits: Making meal kits for brick-and-mortar retail differs from making them for a subscription mail-order service, notes Kyle Ransford, founder and CEO of El Segundo, Calif.-based Chef’d. From tiny things such as creating barcodes and SKUs, to greater things like inventory management, making meal kits to sell at retail can be more difficult to plan.

“Most of the people in the meal-kit space have very limited inventory management, because they bring it in on a Monday, they package it up on Wednesday, and they ship it out in that cadence,” Ransford explains. “They don’t inventory that stuff. If it’s left over, they send it to the food bank or throw it away.”

They also have to have the ability to continually look at and manage the meal-kit category at store level according to what’s selling well and what isn’t. For instance, while a kit with meatballs might sell well at one store, one with tuna might sell better at another location.

“Retailers should be looking to continually change, update and refresh what is in this category, and they should be thinking about it [in] a store-level way,” Ransford suggests. “Therefore, do they have a fulfillment partner that can help them there?”

**6)** Similar values and culture: Successful companies often have their pillars, the promises they make to their customers that they’ll always fulfill, Terra’s Kitchen’s McDevitt notes. Each party must understand and agree with its partner’s pillars.

“At Terra’s Kitchen, we promise health, convenience and sustainability,” he asserts. “This is what our customers expect of us, and this is what we would look for in a partner to be able to enhance these values for both brands’ customer base.”

Another example is Gelson’s partnership with Chef’d. The Encino, Calif.-based supermarket chain, already known for its gourmet, foodie-focused model, chose to work with Chef’d because of the service’s commitment to providing gourmet meal kits with recipes developed by renowned chefs and organizations. **PG**





# Retelling retail with self-checkout



- ⦿ **Mobile App**
- ⦿ **Handheld POS**
- ⦿ **Self Checkout Kiosk**



# How technology driven features are assisting the Egg Retail market to grow

**A newly launched egg sorting and sanitizing machine, a first of its kind in India, helps to deliver over five lakh sanitised (this is extremely important as an eggshell houses a lot of bacteria, even more than a toilet seat) eggs a day.**

**By Tarun Gupta**

**India is the fastest-growing egg producer in the world and adds three billion eggs to its production volume every year. An egg is a protein-rich, high-fibre food source, which is used in multiple ways all around the world.**

**A**s we enter the era of the internet of things we can surely say that we are more connected than ever. Devices and things around us communicate through cloud internet and are synced for an integrated experience. When we think of retail we have seen a trend emerging where stores behave like websites and websites like stores. Surrounded by the internet, this entails blurring the lines between online and offline. Internationally, technology has been growing for the past decade but in India, we can easily say that the past two years have been paving the way for the digital era of retail in India wherein technology has been enabling commerce like never before.

## Mobile Wallets

When the Indian government decided to go in for the infamous demonetisation, right off the bat we all felt the need for a mobile wallet like never before.

What we did not know however was that we were already passively dependent on mobile wallets. In this way, consumer behaviour and their faith in virtual payments were going to change forever. This historical event paved the way for many technology companies to change the retail landscape in India. Offline integration of these mobile wallets from modern retail giants to general retail shopkeepers has sprouted up swiftly.

## Retail E-Commerce

Retail e-commerce with prompt grocery and food delivery services has mushroomed in the market. These services help people get products at the comfort of their home. As these companies face consumers and stores at an N segment it also solves a very big problem by automating sales orders and the hassle of managing delivery staff. A win-win for both but a great time for consumers as prices online are quite economical compared to a retail outlet. Further,





online subscription based grocery products delivery allows you to schedule daily staples like bread, eggs and milk.

**Supply Chain**

RFID tags in warehouses are quickly becoming a norm. Not only helping in inventory management and stock keeping, this technology has gone a step further by helping supply chain managers to keep track of a lot of perishable products along with their date of manufacturing and expiry. This ensures that the end consumer always gets fresh stock by maintaining a proper FIFO (First in First Out) system.

**Accessibility**

Mobile barcode scanning apps allow shopping assistance to buyers by allowing them to gain more information on the product they are buying.

**Food Processing Technologies**

They say you are what you eat, and the retail consumer nowadays is more aware and conscious of what he/she consumes. Take the example of eggs. Eggs have a history that is riddled by controversies, ever since they were deemed as a cholesterol-laden food. India is the fastest-growing egg producer in the

world and adds three billion eggs to its production volume every year. An egg is a protein-rich, high-fibre food source, which is used in multiple ways all around the world. Apart from being a good quality source of protein, the mineral profile of an egg is also very good. And you get all of it without consuming a lot of calories, which makes it a good snack, or a good option to include in your meals.

Food processing technologies have made possible for large-scale hygienic egg production. For example, a newly launched egg sorting and sanitizing machine, a first of its kind in India, helps to deliver over five lakh sanitised (this is extremely important as an eggshell houses a lot of bacteria, even more than a toilet seat) eggs a day. This allows the consumers to keep themselves and their families stay safe and healthy.

**Auto Checkouts**

A game changer in the retail landscape and a technology that has existed internationally for many years has finally found its way in India. Auto checkout stores allow consumers to avoid billing queues by billing and paying at automatic checkout kiosks. Future group's HyperCITY is one of the first movers with this technology in India.

**The Usual Suspect: Social Media**

Social media is a trending way to engage with consumers in the B2C domain. The bond between social media and shopping retail only becomes stronger with Instagram's most recent rollout of the new shopping tab feature which allows retailers to tag products in their Instagram grid and users to explore products. **PG**

**RFID tags in warehouses are quickly becoming a norm. Not only helping in inventory management and stock keeping, this technology has gone a step further by helping supply chain managers to keep track of a lot of perishable products along with their date of manufacturing and expiry.**



The writer is Co-founder, Henfruit, producer & supplier of eggs since 1989 which has recently launched different assortments of all natural eggs. With three successful startups to his credit, Henfruit is the current passion child of his entrepreneurial spirit.



# Papad Market Growing at 10%, Exports Rising by over 30% Annually



**Harshal Chheda**  
Director, Ganesh Papad

Harshal Chheda, Proprietor and Director, Ganesh Papad, speaks to Progressive Grocer about the growth of papad market in India, the product's impressive potential for exports and the ways in which manufacturers are bringing higher value to the category.

**It's a highly competitive market with more than 1,000 local players across the country. This market is at least INR 1,000 crore and has been growing at 10% per annum with exports rising by more than 30% annually. In future, the market is projected to reach INR 1,500 crore at least, in the next decade.**

**Can you offer a broad overview of the papad market in India? How would you describe the market size and growth of the category in recent years and what are the market projections for future growth?**

When it comes to papad, it's a regional market where every region consumes different types of papad like Appalam in the south or Bikaneri in Rajasthan and in east India. It's a highly competitive market with more than 1,000 local players across the country. This market is at least INR 1,000 crore and has been growing at 10% per annum with exports rising by more than 30% annually. In future, the market is projected to reach INR 1,500 crore at least, in the next decade.

**How is the category shaping up and performing in terms of demand and supply? Which are the factors driving the growth?**

The market demand for papad is steadily growing. The main trigger for growth is coming from the hotel and institutional segment as more people are

eating out these days. Variety, taste and quality are the factors that are driving growth. Especially, in India, where rice is consumed a lot, papad is a must with every meal in every state.

**Which factors are playing an important role in the category's performance?**

When it comes to this particular product category, quality and price play a crucial role. If you want to survive in this market in the long run, the mantra is to keep offering value. People these days are willing to spend an extra rupee to get a good quality product. That's the strategy we follow at Ganesh Papad. If the expected quality is not met even after a premium pricing is charged, the brand loses credibility and, most importantly, 'repeat purchase' doesn't happen. So, maintaining superior quality can justify the pricing.

**What are the new trends and developments in the category that you would like to highlight?**

People in foreign countries are taking a liking to papad as they have greater exposure to Indian restaurants in their countries. This is a positive sign as it's opening more opportunities for the export business.

**Which are the frontline national and regional brands in the papad category?**

Other than Ganesh Papad, Lijjat is one of the oldest papad brands in the national market. There are about a hundred regional players, who are engaged in small-scale business.



**What is the scope for greater value-addition in this product range (by way of intrinsic value addition to the product, packaging, etc.) and is there any such innovations being done by players operating in this category?**

With competition intensifying, market players have to pull up their socks if they want to survive the market. Here, 'value addition' plays a crucial role. When it comes to the papad industry, value addition can be done with ready to eat papads or with packaging like zip pouches to ensure freshness, which many players are doing. Also, new variants like soya-based papads are coming into the market.

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

I believe sky is the limit. Ganesh Papad has already marked its presence nationwide as well as internationally. We keep introducing newer product categories, which keeps adding varieties to customers. We have a digital presence as well, which makes us more accessible to customers. Adapting newer market spaces is a must when it comes to FMCG products.



**Any suggestion for better category management/merchandising by retailers that could help the category grow more impressively?**

Retailers need to give more display as papad is an impulse category product and retailers need to highlight the offers. Higher brand recall converts into positive sales.

**Give us an account of your brand's strength in this space vis-a-vis the competition. Which are the strong markets for your products and what are your plans for strengthening your retail presence?**

We are the leading brand in India. Currently, our main markets are west and central India and in the next five years, we will be available across India. Also, we have a complete presence in a modern trade where we have a strong distribution set-up. **PG**



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# LOTS to cheer for *the Cash & Carry business in India*

LOTS Wholesale Solutions recently unveiled its second Cash & Carry wholesale distribution centre in India at Akshardham in East Delhi. The launch of LOTS' second store follows closely on the heels of its first store three months ago. Inaugurated by Amitabh Kant, CEO, NITI Aayog, this is second of the fifteen distribution centres that the firm is aiming to open in India over the next three years.

**By Progressive Grocer Bureau**

**T**he newly launched store will cater to over 45,000 registered business customers, which include hotels, restaurants, and caterers (HoReCa), kirana stores, corporates, MSMEs and institutions such as government agencies, educational institutes, and hospitals. Spread over an area of more than 53,000 sq. ft., the newly opened store has all the facilities including automatic system orders for re-stocking, predicting the demand as per customer's behaviour, and designated goods receiving and dispatching, live bakery, among many more. Other notable features are transparent pricing, round-the-year promotions, consistent product availability, customized last mile delivery and credit facilities, all of which are tailored to satisfy the needs of its registered members.

"We had promised to open two wholesale distribution centres in India in 2018. Today, that promise has been fulfilled. From our first store, we have exceeded the expectations we had set for ourselves. We have been getting very good response and we are getting 600-1500 walk-in customers daily. We decided to open our second store in Akshardham in view of the unfulfilled potential of the area in terms of wholesale buying options. The facility is all set to cater to the requirements of our members in east Delhi and nearby catchment areas. Through this store, the business customers of LOTS Wholesale Solutions





will have a wide range of more than 5,000 food and no-food products to select from. Besides, they will also benefit from customized delivery solutions, competitive pricing and personalized service through our business development associates,” **Tanit Chearavanont, Managing Director, LOTS Wholesale Solutions**, said commenting on the launch of the new store. With its expanding footprint in Delhi-NCR, LOTS Wholesale Solutions will generate 5,000 direct and indirect jobs over the next five years.

The launch ceremony was presided over by the chief guest **Amitabh Kant, CEO, NITI Aayog**. Also present at the launch ceremony was **Chutintorn Gongsakdi, Thailand’s Ambassador to India** and LOTS’ global and Indian leadership team. “I congratulate LOTS Wholesale Solutions on opening its second store in Delhi-NCR. The Retail sector in India is poised for higher growth as we are growing at 8.2%. We have jumped 65 spot and moved up substantially in the ease of doing business. India is the only country to have repealed 1,300 regulatory laws as part of our efforts towards creating a better business environment. Indian FDI has grown 62%

whereas globally the numbers have shrunk by 16%. This is a unique story for Indian retail and the government is pushing for greater financial inclusion and working closely with other stakeholders. Such enabling regulatory norms and liberalised FDI policy should make it easier for global companies like LOTS to invest in India and on mutually benefiting terms. We will act as a facilitator and assure them of all the support they need to excel and deliver on the demands and expectations of their customers,” said Kant.

In recent years, India has emerged as one of the top destinations for FDI. The inflow of FDI into India has gone up significantly with receipts flowing in from across the world, which has given India access to the latest technology, best practices, and global innovations. The arrival of multinational companies like CP Wholesale Solutions in India, which has chosen a 100 per cent FDI route to establish its operations in India, further vindicates the popularity of Brand India in the world. With India’s retail sector projected to grow to USD 1.3 trillion by 2020, the country is the land of opportunities for potential investors and companies looking to start operations here.

“We place our customers at the core of our business. The facility is all set to cater to the requirements of our members in East Delhi and nearby catchment areas. Through this store, our business customers will have a wide range of more than 5,000 food and non-food products to choose from.

– **Tanit Chearavanont**  
MD, LOTS Wholesale Solutions

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Walmart, Metro Cash and Carry and Reliance Cash and Carry, a unit of Reliance Industries Ltd.

According to Ambassador Chutintorn Gongsakdi, after the arrival of LOTS in India, business interest in the country has picked up substantially and many more companies from Thailand have begun making enquiries about starting operations in India. “As the Thai Ambassador to India, I have set an ongoing goal for India and Thailand to strengthen our economic relations. One target I had was to have at least two new businesses to come and start business in India during my term in office,” said the Ambassador. He remarked in a lighter vein that his task in India has already been accomplished within one and half years of taking up office. “With the registration of CP Group’s LOTS Wholesale Solutions Pvt. Ltd. and SCG International Pvt. Ltd., I have already succeeded in meeting my target. I can go home



“  
India has repealed 1,300 regulatory laws and has leapfrogged 65 places in the ease of doing business. We are scripting a unique story in retail and with international players like LOTS Wholesale Solutions setting up operations in India, it is a testament to India’s open-door policies in trade.

– Amitabh Kant  
CEO, NITI Aayog



There has been an overall growth of the Indian economy, which has increased the purchasing power of the people in rural areas opening development opportunities for the companies to expand their presence. This offers a huge potential for Cash & Carry players to target B2B customers – like kirana stores and catering to the rural audience. Also, the implementation of GST has created a favourable environment for companies like LOTS that aim to establish and expand operations across India. It rubs off positively on supply chain efficiency, uniform assortment of goods and in supporting the end consumers. Cash & Carry, also known as wholesale trade, is fast emerging in India, where Lots Wholesale competes with players such as

but I have reset my target to bring in two new Thai companies per year.”

Expressing his satisfaction and pleasure at India’s participation in Thailand’s eastern economic corridor, he observed: “Speaking on this occasion today, I already know that two new businesses are in the process of registering their business in India. So things are very vibrant. I have witnessed all the hard work done by Tanit and his team with respect to LOTS’ first store. I would like to sincerely congratulate the LOTS team on the opening of the second store. To witness a Thai MNC such as CP Group, known for great corporate governance and values, grow their business in India gives us great satisfaction and pride. India is a dynamic country



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## → BIG PLANS FOR THE INDIAN MARKET

LOTS Wholesale Solutions is part of the USD 50 billion Charoen Pokphand Group (CP Group) and a wholly owned subsidiary of Siam Makro Public Company Limited from Thailand. The CP Group was founded in 1921 as a seed trading store for Thai farmers. Over the years it has grown into an integrated food production, distribution and retail business. Headquartered in Bangkok, the CP Group is one of the world's largest conglomerates with interests spanning across agribusiness and food, retail and distribution, telecommunications, plastics, automotive, pharmaceutical, property and financial investments. The Group also has a sizeable presence of 100+ hypermarkets in China, which gives it a good understanding of how to operate in difficult markets.

Siam Makro, part of the CP Group, is Thailand's leading Cash & Carry operator in wholesale for professional business operators. It currently owns and manages 113 Makro Cash and Carry stores, 8 Siam Frozen shops and 5 food shops in Thailand totalling 734,713 square metres of sales space and 1 Makro Cash & Carry store in Cambodia.

LOTS Wholesale Solutions was established in January 2017 in India. The company formally announced its foray into India at the World Food India 2017 in November with a Memorandum of Understanding (MoU) worth INR 1,000 crore signed with the Ministry of Food Processing Industries. It opened its first store, an over 50,000 sq.ft. outlet in Delhi in July this year at Netaji Subhash Place in Pitampura.

"India is an extremely important market for us. Taking forward the CP Group philosophy of "3-Benefits" in India, we are committed to creating prosperity for the country, for the local community and people, and finally to the company. LOTS Wholesale Solutions will invest in people, technology and supply chain infrastructure, and look forward to contributing to India's economic growth," Soopakij Chearavanont, Chairman of CP Group had said at the inaugural launch.

"We come with 28 years of experience in the B2B sector. Thailand's and the Indian market are very similar in terms of retail space as they both follow the same kirana concept (known as Sho-Hauy in Thailand). We conducted a detailed research about market and trends here, which has helped us formulate our strategy and adapt to Indian market conditions," says Sameer Singh, Director – Operations, Business Development and Expansion.

**IN INDIA, WE ARE COMMITTED TO CREATING PROSPERITY FOR THE COUNTRY, FOR THE LOCAL COMMUNITY AND PEOPLE, AND FINALLY TO THE COMPANY. LOTS WHOLESALE SOLUTIONS WILL INVEST IN PEOPLE, TECHNOLOGY AND SUPPLY CHAIN INFRASTRUCTURE, AND LOOK FORWARD TO CONTRIBUTING TO INDIA'S ECONOMIC GROWTH.**

— Soopakij Chearavanont  
Chairman, CP Group



with a great future and it is a moment of pride for the Royal Thailand government and myself that Thai companies are keen to play a contributory role in India's economy."

Pointing out that the opening of the LOTS' second store reflects the ongoing rise of Thai businesses in India and is proof of Thai investment successfully flowing into India, Ambassador Chutintorn Gongsakdi said: "LOTS and CP Group's success will, in turn, have a halo effect on other companies in the CP Group and other Thai businesses wanting to enter India. As ambassador, I am pleased to see the full potential of Indo-Thai economic relations being developed through the engagement of CP Group and other Thai MNCs and SMEs and also vice versa from the Indian side. We have now around 28 Thai companies in India and the 28 will soon be thirty and more. The trend is good and The Royal Thai embassy has been receiving

many expressions of interest in doing business with Thailand from the Indian side as well. I will use my office as a business matching venue to put this act together. Thanks to the efforts of Amitabh Kant, Niti Ayog, and others in team India, the government in India has been very successful in reforming the economy and making it friendly to investors. This is the right time for Thai businesses to secure their place in India's future. And this message is not only for Thais but other ASEAN and other nationalities as well. It's not too late to be in India and start now but in another five years it will almost be too late. Thailand is ranked 26 in the ease of doing business and we also offer a very friendly setting for foreign investors wishing to set up operations in our country."

The Indian government, on its part, is actively favouring open-door policies in investment and trade. The government is pushing for financial inclusion and working closely with ministries like Commerce, DIPP and Food Processing to bring relief to farmers by doubling their income through better yield. "It is our vision to make India an ideal place for large format business groups to set up shop and contribute to the growing demands of our growing nation. I am impressed that LOTS with its values of "local love" and principles of 3Cs – country, community and company – is not just about profit making but also about focusing on contributing to the society in equal measure. My compliments to LOTS Wholesale Solutions for opening two wholesale stores within a span of three months," Kant said.

In India, LOTS is committed to invest over INR 1,000 crore (INR 10 billion) in the first five years and its plan of opening 15 wholesale distribution centres across northern India has already started taking shape. Within a span of one year of signing the Memorandum of Understanding (MoU) with the Ministry of Food Processing Industries, the company – CP Wholesale India Private Limited – was incorporated, LOTS brand was launched and two stores have started operations already. It plans to open a third one in Noida by the end of this financial year. Because of the real estate challenges



**In India, LOTS is committed to invest over INR 1,000 crore (INR 10 billion) in the first five years and its plan of opening 15 wholesale distribution centres across northern India has already started taking shape.**

in the country, the company has decided to open 25,000-50,000 sq. ft. stores inside the cities instead of outskirts. "If we build centres out of the city, it is very difficult for the people to travel. That is the reason why we continue to focus on building stores where the catchment is," said Tanit.

The company, which invests on average Rs. 60-70 crore in one centre, is also looking at opening stores in Lucknow, Kanpur, Varanasi, Jalandhar, and

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**Dhanin Chearavonant, Senior Chairman, CP Group, along with Thailand's Ambassador to India, Chutintorn Gongsakdi**

**TO WITNESS A THAI MNC SUCH AS CP GROUP, KNOWN FOR GREAT CORPORATE GOVERNANCE AND VALUES, GROW THEIR BUSINESS IN INDIA GIVES US GREAT SATISFACTION AND PRIDE. INDIA IS A DYNAMIC COUNTRY WITH A GREAT FUTURE AND IT IS A MOMENT OF PRIDE FOR THE ROYAL THAILAND GOVERNMENT AND MYSELF THAT THAI COMPANIES ARE KEEN TO PLAY A CONTRIBUTORY ROLE IN INDIA'S ECONOMY.**

— **Chutintorn Gongsakdi**  
Thailand's Ambassador to India



Kolkata. For the next 2-3 years, the company will continue to add more stores in north India as a part of its expansion plans and intends to have a national footprint in 10 years time. Besides, the company also plans to adopt the omni-channel system for integrating online sales channel with its brick and mortar stores and is also exploring the idea of having dark stores/fulfilment centre in India.

“With regulatory changes like GST, demonetization, RERA and the Make in India policy bringing about a higher organization on the Indian retail scene, there is no time like the present for retailers from across the world to venture into the country and invest. Our parent company Siam Makro has definitive expansion plans in the ASEAN region and owing to a positive regulatory environment, India is the first on our list. We see a lot of potential and the right type of investing and retailing environment in the country, which

is why we were ready to take the lead here,” said **Sameer Singh, Director – Operations, Business Development and Expansion, LOTS Wholesale Solutions.**

He added that LOTS follows a cluster approach. The brand sets up stores basis the supplier/ customer base so that it can provide them with a hassle-free experience and build a robust supply chain and make the delivery process faster. “Our parent company Siam Makro has evolved into several separate store formats and we are bringing all these formats and this knowledge to India, ready to explore both large or small sizes and even multilevel sizes. We can look at different sizes, which could help us at different levels. It gives us that excitement to be part of the catchment itself, otherwise we might be stuck on a certain format,” explains Singh.

This catchment-specific approach is extended to the daily needs and grocery sections of the product range of LOTS as well. All efforts are made to source fresh produce from local farming community, which helps farmers earn better while reducing wastage during transportation and storage. According to Singh, LOTS offers solutions to member companies, which help them undertake a path of sustainable growth. Our product selection is based on detailed research that is specific to the region as well as the community. A critical element is to provide support to the home-grown brands – an essential component of our region-specific business strategy. Therefore, apart from engaging with international brands, we are working very closely with Indian brands and local farmers.”

Taking pride in working with the local community and giving back to society, LOTS has joined hands with farmers in Bhatinda to help them adopt progressive farming methodology. In addition to that, the company is committed to sourcing



curated assortments, categorised into food and beverages, kitchenware, household appliances, home decor, furniture, bedding, textiles, stationery and office supplies, electronic products and others; making LOTS Wholesale Solutions a complete one-stop shop. The company also offers a varied set of benefits to its members, including a wide range of product selection at its stores, based on detailed research specifically catered to the catchment area and market demand. The company, which currently has a customer base of around one lakh members, will also offer its support to home-grown brands and local suppliers and is looking to turn profitable in the next five years.

“We place our customers at the core of our business and aim to provide a hassle-free shopping experience, making LOTS Wholesale Solutions a one stop shop for all their business needs. We aim at sourcing our products from not only top international brands but also Indian brands as well. Additionally, we believe in supporting the local community so that they flourish without support,” emphasised Tanit Chearavanont. **PG**

“  
We see a lot of potential and the right type of investing and retailing environment in the country, which is why we are ready to take the lead here.

– Sameer Singh  
Director – Operations, Business Development and Expansion, LOTS Wholesale Solutions

fresh produce from the local farming communities, share know-how and packaging and storage so that farmers can reduce wastage during transportation and storage and increase their income. The company hopes that its efforts will help to develop the agricultural sector in India.

At the same time, LOTS is focused on customers’ needs and satisfaction. The company brings specially

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# Benefits of Buying from a B2B Marketplace

Why better prices and cheap deals are available on B2B marketplaces.

By Arun Pratap Singh

**T**he Indian e-commerce industry has witnessed rapid growth over the past few years. Convenience, quick delivery option and seamless payment procedure are the reasons behind the flourishing of the e-commerce industry as a whole. The B2B (business-to-business) e-commerce market is also booming at an unprecedented rate. This particular industry is expected to be estimated to reach about INR 45 lakh crore in a couple of years. However, a B2B marketplace buyer is entirely different from a customer that is purchasing from a B2C portal. The former's buying decision is dependent on profitability and value of money, instead of factors like product popularity, sensitivity or peer pressure.

The products offered on a B2B marketplace are targeted at businesses and large enterprises, instead of individuals. Take, for example, if a company requires thousands of laptops for their employees, the B2B marketplace is the ideal place for shopping.

Buying through online B2B portals has numerous advantages, the main one being convenience. Buyers are provided with the opportunity to buy a variety of products from the comfort of their home with just a tap of the finger. It eliminates the need for transporting goods from one point to another, saving both time and effort. Moreover, the 24/7 access to products makes shopping through online portals compelling. There are no geographical barriers as buyers can purchase products from retailers in any corner of the country, or even the world.

Since the products come directly from the manufacturer or the seller without the presence of any middleman, better prices and cheap deals are available on B2B marketplaces. Most of the e-commerce portals often offer lucrative discounts and rebates. Ordering above a certain limit also removes the delivery charges. Besides, businesses have the leverage to compare prices of the same products on different portals to find the best value.

In a price-sensitive country like India where buyers spend a considerable amount of time before



making a purchase decision, the ability to compare prices plays a crucial role. Additionally, many B2B online portals don't even charge for sales tax out-of-state, though it can vary.

Lastly, online portals offer a wide array of options to choose from. Businesses can get many categories of brands and products from different sellers in one place. Some online portals also accept orders for products that are out of stock and ship it later when it becomes available for sale.

Despite all of these distinct advantages, many businesses still prefer offline stores over buying from online portals. However, the process of purchasing products from online portals is rather simple and quick. Buyers just need to keep a few things in mind while making a purchase online.

Firstly, when a business is purchasing products from an online portal, its privacy policy should be to examine and minimize the exposure of any confidential information. Most buyers pay no attention to the privacy policy but it's crucial. The data that has been shared is encrypted and transmitted through a secure link.

Reading the terms of sale of a particular product is important and it should include the product quality assurance, provisions regarding the return and refund process. Some products might have hidden costs, so the buyer should check again before placing the final order.

When it comes to the payment, transaction through credit or debit cards is entirely safe. Many online B2B portals have tie-ups with banks so the buyer can get extra discounts by paying via cards. However, online portals also offer the cash-on-delivery option.

Be it online or offline, a business can't flourish without a USP. With the mushrooming of e-commerce sites and marketplace, an online portal needs to offer unique services to stand apart from the crowd. Providing exceptional customer experience in a timely, professional manner should be the first priority for an online portal.

Rather than sticking to a single channel, multiple channels should be used to take care of the needs of the customers. Emails, social media platforms, integrated live chat option, help desk, and phone support should be utilized to exceed the expectations of customers. Also, it's crucial to respond to their queries as the tag of being unresponsive can cost the reputation of a business. Communicating through social media platforms such as Facebook, Twitter or even Instagram also helps to connect better with the existing and potential customer base.

Integrated live chat is another effective way to communicate with the buyers due to its immediacy. Surveys have shown that most buyers prefer live chat as compared to any other modes as they can get answers to their queries quickly. With artificial



intelligence and chatbots becoming more mainstream, online portals should take the advantage of live chat. Needless to say, having a dedicated customer support team is necessary. The team of people should be professional enough to handle the queries of the buyers with patience.

While the Indian market was once mainly limited to electronics, gadgets and tech accessories, nowadays more categories like fashion, apparel, beauty products, groceries are proving to be profitable. Lately, there have been a few apparent changes in the customer behaviour as well. Instead of opting for cash on delivery option, more Indians are now relying on digital and cashless payment. In 2017, wallet usage was the preferred mode of payment for many while shopping online. With flexible payment options and easier refund process, people have finally started using their credit cards and debit cards to purchase.

The trends are constantly changing due to the dynamic nature of the B2B e-commerce industry. Factors like smartphone penetration heightened customer interest, and better services explain why more businesses are choosing online B2B portals over offline stores to make purchases.

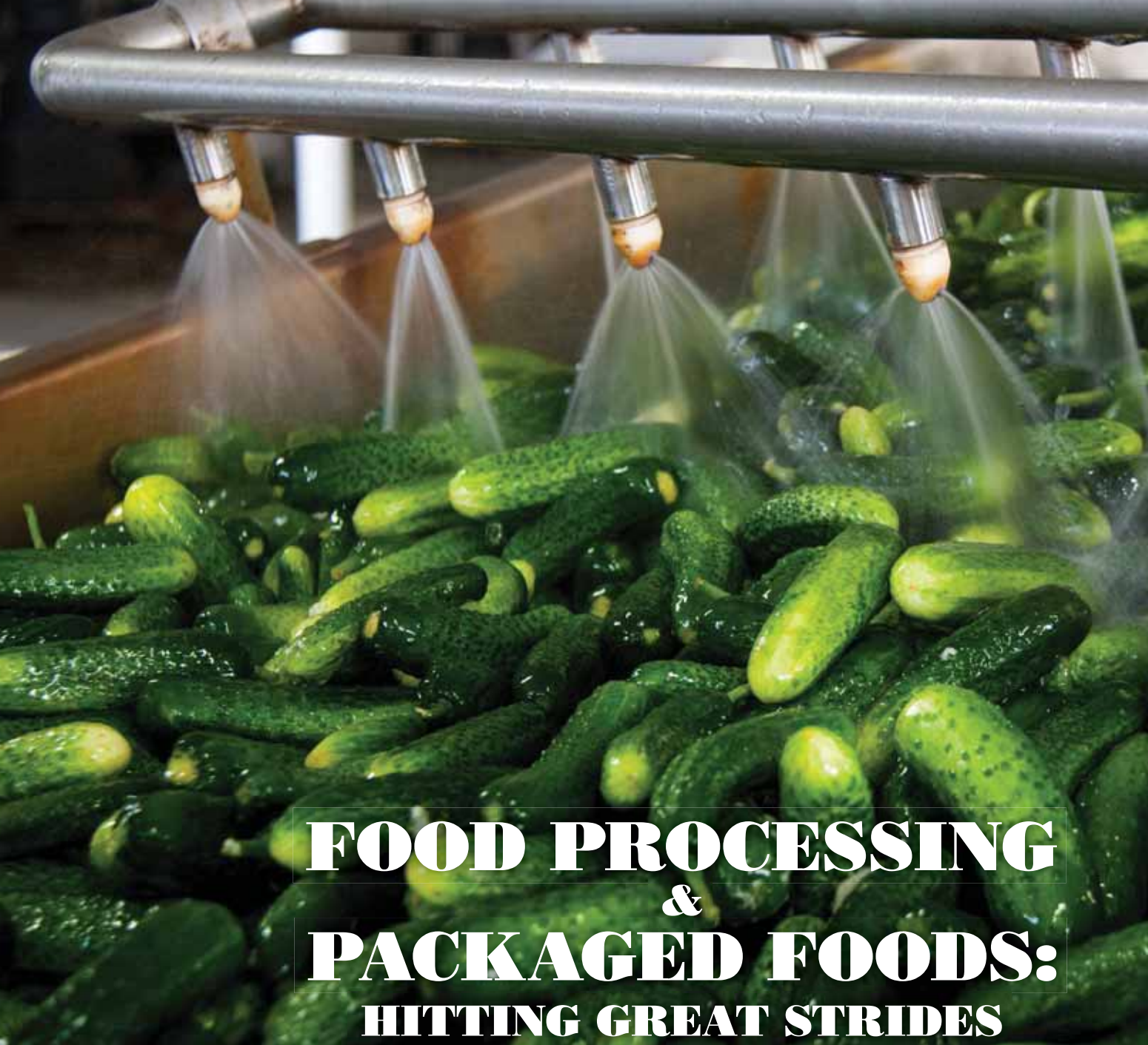
Technological advancements, improvement in the last-mile delivery infrastructure is undoubtedly enhancing the online buying experience better for the customers. Given the parameters, it will be only a matter of time when online portals will take over the market and edge past brick-and-mortar stores. **PG**



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The writer is Founder and Director, Dial4Trade.com, India's leading online B2B marketplace and business directory for small & medium size businesses and companies.



# FOOD PROCESSING & PACKAGED FOODS: HITTING GREAT STRIDES



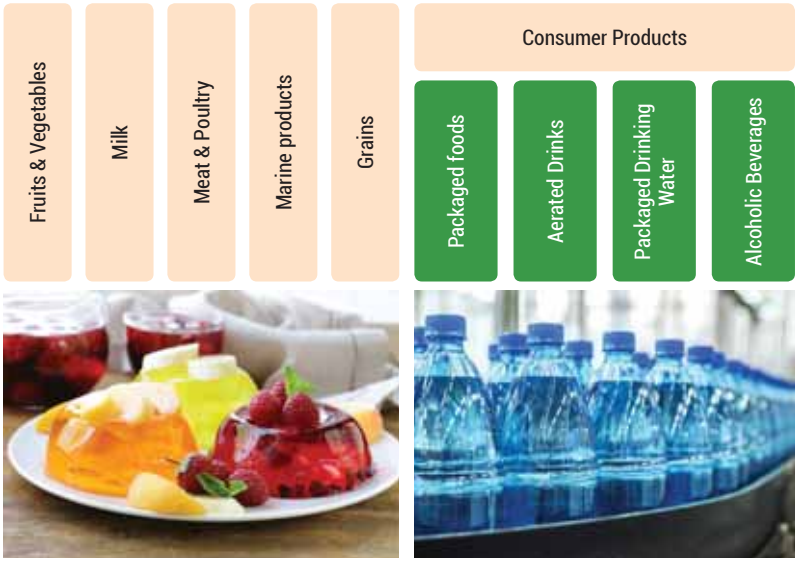
India, as a country, has progressed from scarcity to surplus in food during the past decade or so. The progress has resulted in an increased trade in the production of food commodities which, in turn, has paved the way for the food processing industry to grow and become profitable. At the same time, the demands of the accelerated lifestyles of younger urban consumers and their relatively high levels of health and hygiene awareness are set to be key factors in the growing uptake in packaged food over unpackaged alternatives.

**By Sanjay Kumar**





KEY FOOD PROCESSING SEGMENTS



448 billion in FY16, growing at 9.5%. It contributed 9-10% of manufacturing GDP in India in FY 17 and employed 1.7 million people in 2012-13. Of the overall food and beverage market, the packaged food segment emerged as the fastest growing food segment with double digit growth. However, the Report noted that only ~10% of agri-produce is being processed in India and so experts foresee an immense improvement in the areas of specialty processing, packaging, frozen food, refrigeration and thermo processing.

**Industry Size and Construct:** IBEF estimated the food processing industry in India at Rs. 16,51,200 crore (USD 258 billion<sup>^</sup>) in 2015. Growing at a CAGR of 13.3 per cent, the industry size will be Rs. 30,84,800 crore (USD 482 billion<sup>^</sup>) by 2020. The organized share of food processing sector is estimated at 25 per cent, dominated by the segment of rice mills; around 42 per cent of the sector is unorganized whereas 33 per cent is operated by small scale industries. The sizeable presence of small-scale industries points to the sector's role in employment generation. Though a larger share falls under the unorganized sector, the organized sector has a larger share in the secondary processing segment than the primary one.

**Economic Perspective:** A well-developed food processing sector with a higher level of processing helps in the reduction of wastage, improves value addition, promotes crop diversification, ensures better return to the farmers, promotes employment as well as increases export earnings. This sector is

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**A**lready, one of the largest food producers in the world, India is estimated to double its food production over the next 10 years. The increased production is expected to attract huge investment, not only in the form of capital, human resources and skill development, but also in processing technologies, equipment and financial areas. The fast rising food segments benefiting from this growth will be fruits & vegetables, fisheries, milk & milk products, meat & poultry, alcoholic beverages, soft drinks, packaged/ convenience foods, health foods & supplements and grains. According to Ministry of Food Processing Industries Annual Report 2015-16, the country's food and beverage market was estimated to be USD

also capable of addressing the critical issues of food security, food inflation and providing wholesome, nutritious food to the masses. The food processing sector has emerged as an important segment of the Indian economy in terms of its contribution to GVA, employment and investment. The sector constitutes as much as 8.4 per cent of GVA in Manufacturing and 9.54 per cent to the GVA of Agriculture sector (2015-16). The annual growth rate of GVA in food processing industries sector during 2015-16 was 7.00 per cent against average growth rate of GVA in agriculture of 1.26 per cent.



**Employment Generator:** The food processing industry is among the key contributors to employment generation in the country. The sector acts as the next natural destination for the workforce moving away from agriculture to manufacturing, and possessing apt skills and food knowledge. The food processing industry constituted 11.69 per cent of the employment generated in all registered factory sector in 2013-14 followed by textile and wearing apparel sector. According to the latest



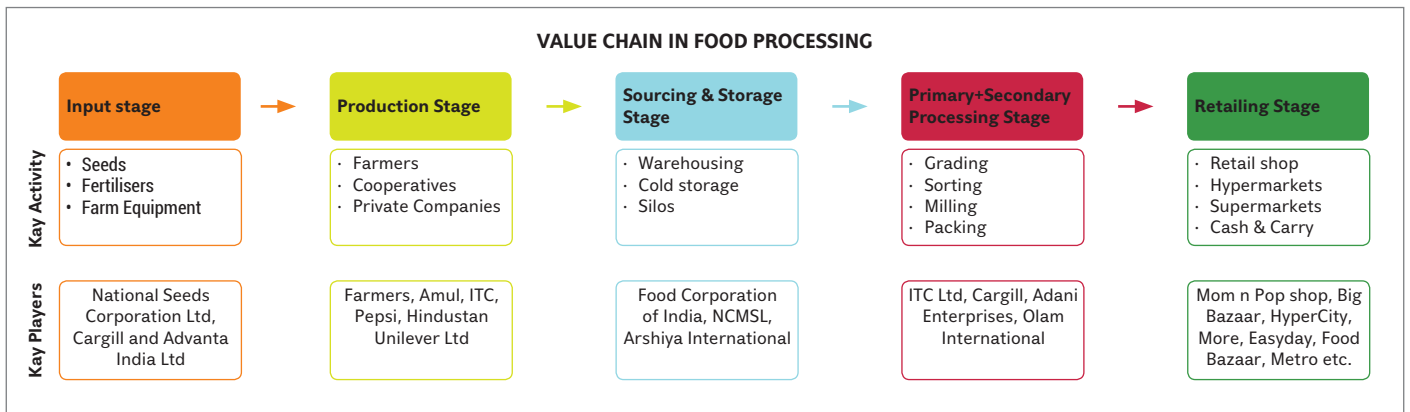
annual survey of industries (ASI) for 2013-14, the total number of persons engaged in registered food processing sector was 17.41 lakh. During the previous five years ending 2013-14, employment in registered food processing sector has been increasing at an average annual growth rate of 2.25 per cent. The unregistered food processing sector supports employment to the tune of 47.9 lakh workers, as per the NSSO 67th Round, 2010-11 and, by 2024, the industry is estimated to employ 9 million people.

**Food Processing Value Chain:** In the Indian context, food processing includes two types of processing activities:

**I. Manufactured processes:** If any raw product of agriculture, animal husbandry or fishing is transformed through a process involving employees, power, machines or money in such a way that its original physical properties undergo a change and if the transformed product is edible and has commercial value, then it comes within the domain of food processing industry.

**II. Other value-added processes:** If there is a significant value addition such as increased shelf life, shelled and ready for consumption, etc. then such produce also comes under food processing, even if it does not undergo a manufacturing process.

From an analytical perspective, food processing can be viewed as different levels of processing – primary, secondary and tertiary. Primary processing relates to the conversion of raw agricultural produce, milk, meat and fish into a commodity that is fit for human consumption. It involves steps such as cleaning, grading, sorting, packing, etc. Food processing industries usually deal with higher levels of processing where new or higher value food products are manufactured. The different stages of processing of food are illustrated in the chart below.



**Growth Potential:** The rising disposable incomes, a growing middle class, large young population, expanding urbanization and changing lifestyle leading to varied food habits, all have together helped the domestic demand for processed food to grow over the years. While domestic demand is growing, India is simultaneously emerging as a strong economy on the world stage. Exports have grown thanks to India's advantageous proximity with key export destinations, thereby fetching new clients for processed foods, and widening the global demand for its food products. The new clients, in the emerging markets, are also expanding at a faster rate. With its huge agriculture sector, there is no dearth of raw material for the processing industry, which ensures an uninterrupted supply of crops, livestock, dairy and fishery to the processing units in the country.

The government is also focusing on developing supply-chain related infrastructure, such as cold storage, abattoirs and food parks. Additionally, there are various factors, which are likely to increase the demand for processed food in the coming years. With an expanding food market, food processors and retailers are now in a position to develop the necessary demand for quality and the type of agricultural produce required. They facilitate the flow of market information, technology and inputs to the farmers, which further equip them to tailor their output according to the needs of the market. In the process, the farmers are able to raise their own level of produce, quality standards, income and employment. Correspondingly, the consumer is likely to benefit as there is an increase in the supply of food products with a longer shelf life.

### Rise in Demand for Processed & Packaged Foods

Younger consumers offer significant opportunities for manufacturers looking to develop a new consumer base and willing to experiment with new products. Younger consumers tend to be

## READY-TO-EAT FOOD RESONATES WITH THE YOUTH

The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It is believed that the Food Processing industry will be a \$25 billion market in India by 2020. Out of which, the serviceable metro market is expected to be close to almost \$20 billion. The past couple of years have seen a tremendous growth of this segment due to high consumer acceptance for convenience food nationwide.

A recent survey done by ASSOCHAM (Associated Chamber of Commerce and Industry of India) says about 79 per cent of Indian households today prefer to have instant food due to time constraints. With two working parents and families becoming nuclear, people prefer authentic, nutritious store bought options rather than spending hours in the kitchen after work. In recent years, the focus of the ready-to-eat market has gradually shifted from just homemakers or students to young professionals and families.

It is found that 76 per cent of parents in big cities, mostly both working with children under the age of five, are serving easy-to-make meals in some form or the other, at least 10-12 times every month! No wonder that the RTE market continues to expand at a brisk pace. The market for spreads, sauces and dips is now close to \$2 billion and growing at 22% CAGR. The RTE meals market is currently valued at INR 23 crore. It grew at a compounded annual growth rate of 3-5% in the last five years. According to data research company Nielsen, the breakfast mixes market is growing at 17% and is currently pegged at INR 275 crore. However, as fancy as the various breakfast cereals available in the market might be, we crave the satisfaction that only a traditional dish can give. And hence traditional brands are coming up with options that are suitable for the Indian palate. The traditional brands such as ITC and MTR have forayed into items such as bhel bar, pot upma, poha, which can be had on the go, anytime, anywhere. To fulfil the demand of this large section of

consumers, one will find a lot of new RTE brands in the market.

Unlike the giant brands though, the new entrants are trying to create a niche category for themselves, be it breakfast cereals, canned, frozen foods, spreads, chutneys, and so on. Companies are looking to attract consumers within areas like olive oil, spreads and ready meals by offering promotions, new product developments, health & nutritional benefits and attractive packaging. The Indian consumer behavior has been influenced by exposure to other cultures primarily in the West through travels, and popular literature. The ready-to-eat market is somewhat saturated in the West, hence developing countries like India are attracting the majority of big players with the promise of a high growth opportunity. The booming food sector, multiple food outlets, the popularity of international brands and distinctive distribution channels adopted by players are expected to help the market grow at a continuous pace.

Consumers are increasingly realizing that majorly RTE foods are loaded with preservatives for a longer shelf life. Increasing health awareness, particularly in the young generation, is hindering the growth of this market. Still a large Indian population is price sensitive and therefore the price factor of RTE food makes them affordable only to select economic classes of the society. Hence it becomes all the more essential for new players in this field to marry convenience with health benefits to ensure convenience food does not mean compromising on quality. The key is to provide RTE food options focused on Indian taste for everyday consumption, which are not harmful in the long run.

This is the challenge taken up specifically by food tech start-ups who want to be considered as serious players and are getting into the game after years of R&D. With state-of-the-art technology in packaging and processing to ensure the end product is not just a world class product that can eventually be on the shelves in countries across the globe but a product that is a strong contender in being a game changer.



**The food processing industry is among the key contributors to employment generation in the country. The sector acts as the next natural destination for the workforce moving away from agriculture to manufacturing, and possessing apt skills and food knowledge.**

less established in their purchasing patterns and consumption habits than their older counterparts, partly as a result of globalization and urbanization. They have been quick to let go of traditional lifestyles and adopt technological advancements and change.

Relatedly, they are more brand-conscious and more cosmopolitan in their outlook than older consumers. The diverse Indian population has various needs of food habits that change with taste, culture, staple products, geography, season and many other factors. The constant demand for packaged products originates from adapting to newer food trends and imitating other cultures; this has been witnessed in India since the last few years. Such changeover from traditional to modern cultural environment has been rampant and this continues to create vast demands for packaged food products during the year.

**How the category of Packaged Foods is defined:**

Euromonitor International considers the below mentioned categories in its packaged food research:

- Baby Food • Baked Goods • Breakfast Cereals • Confectionery • Dairy • Edible Oils • Ice Cream and Frozen Desserts • Processed Fruit and Vegetables • Processed Meat and Seafood • Ready Meals • Rice, Pasta and Noodles • Sauces, Dressings and Condiments • Savoury Snacks • Soup

Market research agency Euromonitor considers two aspects of food sales under the packaged food category: • Retail sales. • Foodservice

Retail sales is defined as sales through establishments primarily engaged in the sale of fresh, packaged and prepared foods for home preparation and consumption. This excludes hotels, restaurant, cafés, duty free sales and institutional sales (canteens, prisons/jails, hospitals, army, etc). Euromonitor's retail definition excludes the purchase of food products from foodservice outlets for consumption off-premises, e.g., impulse confectionery bought from counters of cafés/bars. This falls under foodservice sales.

For foodservice, Euromonitor captures all sales to foodservice outlets, regardless of whether the products are eventually consumed on-premise or off-premise.

Foodservice sales is defined as sales to consumer foodservice outlets that serve the general public in a non-captive environment. Outlets include cafés/ bars, FSR (full-service restaurants), fast food, 100% home delivery/ takeaway, self-service cafeterias and street stalls/kiosks. Sales to semi-captive foodservice outlets are also included. This describes outlets located in leisure, travel and retail environments.

- Retail refers to units located in retail outlets such as department stores, shopping malls, shopping centres, super/ hypermarkets etc.

S.No.	Sub-sectors of Food Processing industry	No. of factories	No. of Persons engaged	Total output (Rs. Cr)
1	Processing and Preserving of Meat	148	25,607	27,519.72
2	Processing and preserving of fish, crustaceans and molluscs and products thereof	466	44,178	27,061.27
3	Processing and preserving of fruit and vegetables	1,101	58,331	13,893.02
4	Manufacture of vegetable and animal oils and fats	3,300	1,07,623	1,57,001.21
5	Manufacture of dairy Products	1,753	1,45,601	1,10,656.2
6	Manufacture of grain mill Products	18,272	2,96,548	1,75,746.19
7	Manufacture of starches and starch products	744	23,111	10,336.28
8	Manufacture of bakery Products	1,498	96,561	20,483.66
9	Manufacture of sugar	791	2,47,953	85,883.92
10	Manufacture of cocoa, chocolate and sugar confectionery	505	37,469	14,750.22
11	Manufacture of macaroni, noodles, couscous and similar farinaceous products	105	9,948	3,973.34
12	Manufacture of prepared meals and dishes	298	18,153	2,764.67
13	Manufacture of other food products n.e.c.	5546	4,26,659	86,271.45
14	Manufacture of prepared animal feeds	820	44,786	37,166.19
15	Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented materials	369	54,226	24,853.94
16	Manufacture of wines	71	7,859	2,947.07
17	Manufacture of malt liquors and malt	143	28,302	11,740.35
18	Manufacture of soft drinks; production of mineral waters and other bottled waters	1,520	68,120	21,548.16
	<b>Total</b>	<b>37,450</b>	<b>17,41,035</b>	<b>8,34,596.86</b>

Source: ASI 2013-14



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- Leisure refers to units located in leisure establishments such as museums, health clubs, cinemas, theatres, theme parks and sports stadiums.
- Travel refers to units located in based in airports, rail stations, coach stations, motorway service stations offering gas facilities etc.

**Key Trends in Packaged Foods**

Packaged foods have witnessed a healthy growth last year and this year as well. Essential commodities like edible oils, dairy products and alternatives followed by other categories continue to contribute significantly to the double digit growth achieved by packaged foods. Consumers are shifting towards packaged food from unpackaged unbranded products and there is also a rise in premiumization.

Furthermore, competition among bigger brands and improved performance of smaller categories drives the growth of packaged foods. Edible oils and dairy are the biggest categories in packaged foods and has attracted many investments from both international and domestic players. These companies have expanded their existing business and established new manufacturing and processing plants to cater to the demand of consumers and more specifically, meeting the demands of uncaptured markets across India.

Convenience and healthy eating continues to drive sales of packaged foods. The perception of packaged foods is changing among consumers, as there is a significant rise in consumers wanting convenience, availability and affordability to purchase such products. Meanwhile, with the onset of information sharing through various sources

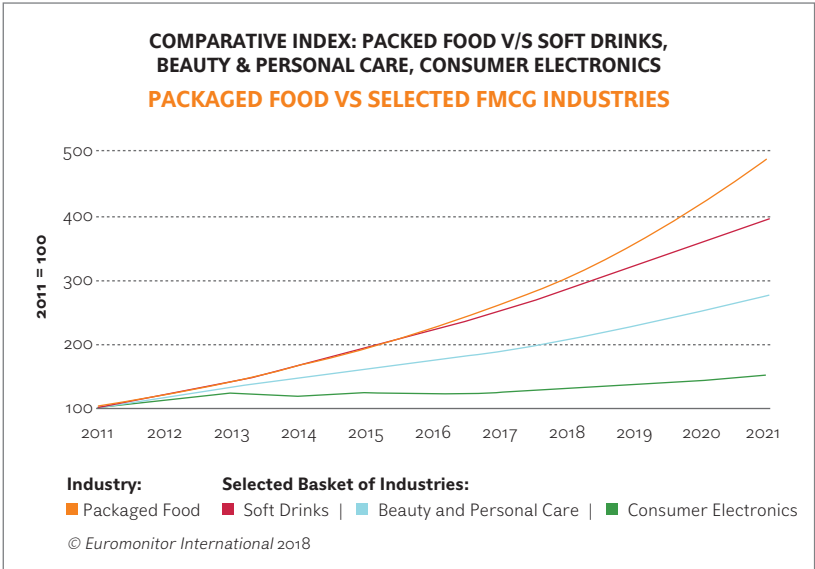
From an analytical perspective, food processing can be viewed as different levels of processing – primary, secondary and tertiary. Primary processing relates to the conversion of raw agricultural produce, milk, meat and fish into a commodity that is fit for human consumption.



**KEY CHALLENGES WITHIN THE FOOD PROCESSING SECTOR**

Some of the key challenges in the food processing sector include:

- Lack of processing in the perishable segment: This arises due to a variety of reasons like lack of processing technology and facilities, unorganised nature of processing, lack of adequate infrastructure for storage, etc. All this results in a lot of wastage and loss of perishable agricultural commodities.
- Lack of adequate storage facilities along the value chain: Lack of proper storage facilities along the value chain results in problems of processing.
- Lack of processing technology: The lack of adequate processing technology inhibits value addition within the sector.
- Poor value chain linkages: A fragmented value chain results in suboptimal outcomes that inhibit the growth of the sector. Linking from farm to fork is critical for the benefits to flow to farmers.
- Lack of skilled manpower: Though a large number of people are employed along the various activities of the value chain, the fact remains that a large fraction of them are unskilled. There is scope for providing them with training for betterment within the sector.
- SME competitiveness: A crucial element and a major challenge is value capture by the SME segment, which remains largely unorganised. Value capture can happen when these players comply to international standards and look for growth opportunities after achieving scale in the domestic market.
- Lack of branding and packaging: Branding and packaging are of critical importance within the sector. SMEs trying to compete with multinationals have to keep these two factors in mind, apart from local distribution and quality product offering.



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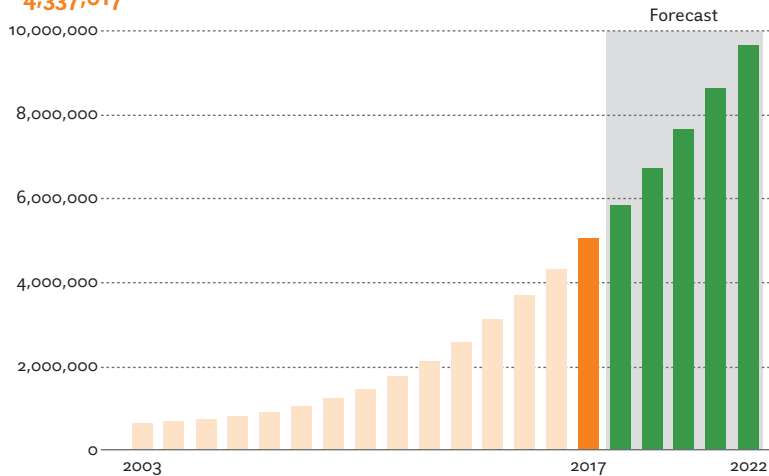
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**RETAIL VALUE SALES OF THE ENTIRE PACKAGED FOODS SECTOR – HISTORIC TILL 2017**

Sales of Packaged Food in India  
Retail Value RSP - INR million - Current 2003-2022

**4,337,017**



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contribute to a constant rising demand. Products like biscuits, savoury snacks, confectionery, spreads, soups, noodles, pasta and ice creams will remain the most dynamic categories to perform well during 2017-2022. Furthermore, improvement in logistics, storage facilities and refrigeration packaged foods will witness higher penetration into rural regions in India. Meanwhile, the rise in healthy living and eating will promote the growth of health and wellness type of products among packaged foods and support the shift to premium products.

**Packaged food categories fight for consumers’ share of throat:** The demand for staples and dairy leads, more than cooking ingredients and snacks, as these are essential commodities. Within these categories, for example, snacks and staples usually compete with each other for consumers’ share of throat, as people constantly keep consuming different products. As a result, it ultimately creates opportunities for packaged food companies to expand, innovate and satisfy the needs of consumers.

Last year, this was evident as one of the many innovations brought in by manufacturers like Nestle Ltd, Britannia Industries Ltd, ITC Ltd and many others was in traditional Indian flavoring for products like snacks, spreads and others. Also, many international companies like Lactalis Groupe SA, Adani Wilmar Ltd, amongst others, are cashing in on the opportune environment in packaged foods, thereby expanding production units and launching new products.

**Modern grocery retailers slowly gaining share from traditional retailers:** Independent small grocers continue to be the largest and the most preferred distribution channel for packaged foods. During 2017, however, there was a minute decline in sales from them compared with modern trade sales of packaged foods in 2016. This was mainly due to competition from hypermarkets, supermarket and

**The rising disposable incomes, a growing middle class, large young population, expanding urbanization and changing lifestyle leading to varied food habits, all have together helped the domestic demand for processed food to grow over the years.**



like social media, print and others, consumers are more informed about the benefits and downsides of packaged foods, leading to a better informed decision when purchasing products. Health benefits and hygiene have also become increasingly important, as many consumers become calorie conscious and track calorie intake while consuming packaged foods.

This has, in turn, supported the growth of “organic”, “fortified”, “functional” and “better for you” types of packaged food products; however these categories are still at a nascent stage. Necessity, convenience and availability shall drive future growth. The packaged foods market will continue to achieve a double digit growth during 2017-2022, mainly due to the need and dependence on packaged food, coupled by convenience and availability. Essential commodities like edible oils, dairy, rice, bread and breakfast cereals are an integral part of the daily diet and these will





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**With an expanding food market, food processors and retailers are now in a position to develop the necessary demand for quality and the type of agricultural produce required. They facilitate the flow of market information, technology and inputs to the farmers, which further equip them to tailor their output according to the needs of the market.**

internet retailing. Time constraints among working class population in the urban regions in India encourage consumers to buy food at supermarkets and hypermarkets; since these stores have abundance of products available at one destination. Certain cities like Delhi, Bangalore, Mumbai and other major metros have been witnessing independent small grocers expanding their current store to resemble a supermarket by expanding the selling space and stocking more products; this is prominent in places like residential neighborhoods, educational institutions housing students in dormitory and nearby offices. In “non-store retailing”, “internet retailing” has been attracting young crowd to shop for their monthly needs either by shopping through mobile or computer, however “internet retailing” still contributes less than one per cent to the overall sales of packaged foods.

**Health and wellness becoming increasingly prominent:** In 2017, Euromonitor International noted that the rise in consumer health-consciousness is expected to have a significant impact across most [if not all], packaged food categories up to 2021. Health consciousness will be a primary factor in both driving the initial uptake of packaged food and shaping evolving demand amongst Indian consumers. “Edible oils” is set to display both these elements as it continues to benefit from the consumer demand for the security provided by

packaged products. This category is also seeing a rising demand for products declaring to have a positive impact on health. The relative affordability of rapeseed oil is expected to encourage hygiene-conscious consumers to adopt packaged products as availability increases. Meanwhile, olive oil is set to see a 17% CAGR, as urban consumers perceive it to be a healthier option than rival oils, prompting more players to enter the category and expand distribution.

Awareness of health benefits provided by pro/prebiotic products is set to contribute towards the expansion of “yoghurt” as a category. These products are typically targeted towards the affluent urban consumers who tend to be more focused on health issues and more capable of affording products with added value health benefits. As such demand evolves, packaged food manufacturers are set to increase their focus on health factors in their marketing



HISTORIC CAGR PERCENTAGE GROWTH OF VARIOUS PACKAGED FOOD CATEGORIES THROUGH 2012-2017 MARKET SIZES   HISTORICAL   PERIOD GROWTH					
Geography	Category	Data Type	Unit	Current	2012 - 2017 CAGR %
India	Edible Oils	Retail Value RSP	INR million	Current Prices	25.7
India	Breakfast Cereals	Retail Value RSP	INR million	Current Prices	21.4
India	Spreads	Retail Value RSP	INR million	Current Prices	21.1
India	Savoury Snacks	Retail Value RSP	INR million	Current Prices	20.9
India	Rice, Pasta and Noodles	Retail Value RSP	INR million	Current Prices	18.8
India	Ready Meals	Retail Value RSP	INR million	Current Prices	18.5
India	Sauces, Dressings and Condiments	Retail Value RSP	INR million	Current Prices	18.5
India	Processed Meat and Seafood	Retail Value RSP	INR million	Current Prices	17.8
India	Confectionery	Retail Value RSP	INR million	Current Prices	17.6
India	Ice Cream and Frozen Desserts	Retail Value RSP	INR million	Current Prices	17.2
India	Soup	Retail Value RSP	INR million	Current Prices	17.1
India	Baby Food	Retail Value RSP	INR million	Current Prices	16.7
India	Processed Fruit and Vegetables	Retail Value RSP	INR million	Current Prices	16.7
India	Dairy	Retail Value RSP	INR million	Current Prices	16.2
India	Sweet Biscuits, Snack Bars and Fruit Snacks	Retail Value RSP	INR million	Current Prices	11.9
India	Baked Goods	Retail Value RSP	INR million	Current Prices	10.4

Source: Euromonitor; Current prices = including inflation



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and product innovation. There will be a refinement of the health orientated offering, to target precise health concerns, such as problems with the heart and digestive system, obesity, bone and joint pain, depression and anxiety, lack of energy and stamina and sleeplessness. Moreover, major manufacturers and their expansion plans are likely to propel the "Health & Wellness" type of packaged foods and also trigger demand from smaller cities.

**The demand for processed food, especially healthy ones, is on the rise. People with a fast paced lifestyle wish to have food-on-the-go while avoiding unhealthy food in their diet. Therefore, food processing companies are serving health and wellness as a new ingredient in processed foods.**

**Industry Trends in Food Processing**

**Burgeoning demand for healthy foods:** The demand for processed food, especially healthy ones, is on the rise. People with a fast paced lifestyle wish to have food-on-the-go while avoiding unhealthy food in their diet. Therefore, food processing companies are serving health and wellness as a new ingredient in processed foods, given that health conscious consumers prefer food products with lower carbohydrate content and with low cholesterol edible oils. Examples include zero-per cent trans-fat snacks and biscuits, slim milk, whole wheat products, etc. ITC's multigrain Bingo is one such product in the healthy snacks market. Other major companies are also shifting their focus on healthier snacks as the market for healthy snacks is growing at double speed.

**Fresh produce emerging as niche category:** There is a surge in the demand for fruits & vegetables as a result of a shift in healthy consumption. Accordingly, Indian farmers are also shifting

production towards horticulture crops to cash in on the growing demand. The trend has also caught up with food companies with ITC entering the veggio segment with Farmland in November 2017. The fresh produce by the company is likely to be sold at 10-15 per cent premium over local market rates.

**Intensified competition:** The entry and setting up of International food companies in India has bolstered the sector's health. This has happened due to economic liberalization and growth in modern retail. If the former helped make their India entry smooth, the latter provided an appropriate platform to reach and connect with the target consumer markets. Global players like Danone, Nestle, Kraft Foods, Mondelez International, Heinz and many more are today active contributors to the sector's growth.

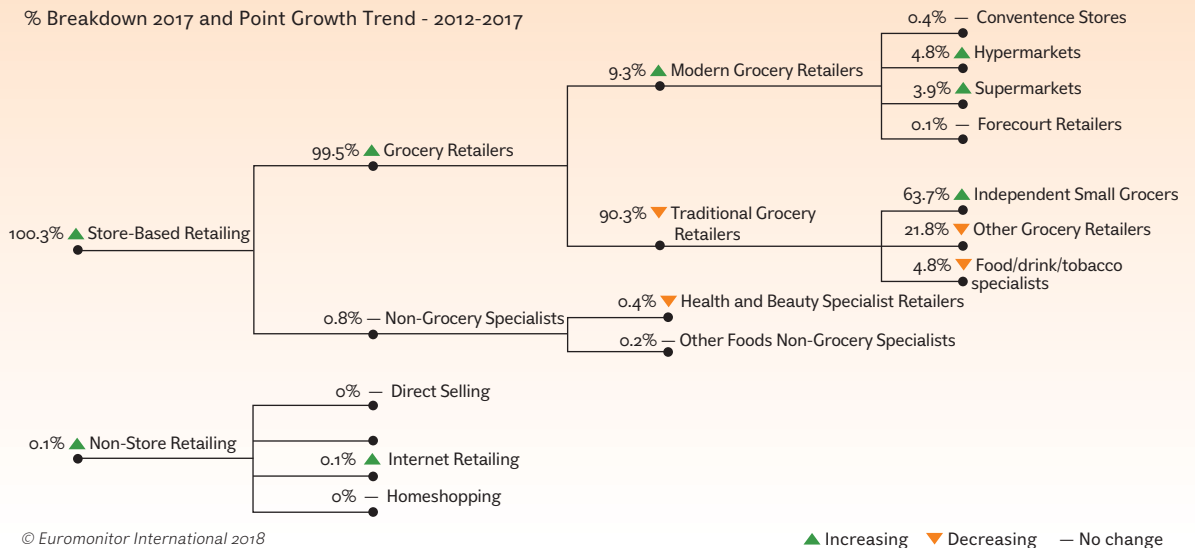
There is also a sizeable share of Indian players in the market, which have carved their own niche and are throwing a challenge to global players. The



**GROWTH CHANGE OF VARIOUS RETAILING FORMATS OF PACKED FOODS THROUGH 2012-2017**

Channel Distribution for Packaged Food in India

% Breakdown 2017 and Point Growth Trend - 2012-2017



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## INDIAN CUISINE WITH A MEDITERRANEAN TWIST

FAMILY ENCOUNTERS WITH **OLIVES FROM SPAIN**

*Jackfruit and olive biryani*



HEALTHY SNACKS WITH **OLIVES FROM SPAIN**

*Orange and chaat masala olives*



Chef Saransh Goila is the brand ambassador for Olives from Spain for the second year. His recipes embrace the infinite possibilities to have a healthy and creative dish using the different varieties of Olives from Spain

technical knowhow and product innovation, backed by smart marketing & distribution strategies, have broadened their market exposure. Home-grown Patanjali by Baba Ramdev is a case in point.

**Growing importance of food packaging:** Food packaging has enabled today's consumers to look for various options, and compare the value offerings thereof, before making a purchase. Packaging has also helped enhance 'carry-ability' of products and increase their shelf life.

**Usefulness to consumers:** Consumers have become aggressive in demanding better, safer, and convenient food products and are willing to pay a higher price for the desired products. This has made food companies adopt the strategy of developing the



## → INDIA'S JUICE MARKET RACES PAST CARBONATED **SOFT DRINKS**

India has become one of the fastest growing packaged juice drinks markets globally and has registered years of double-digit growth rates.

As India's juice market develops, textures are set to play a growing role in consumers' perceptions of healthy and natural juices.

India has become one of the fastest growing packaged juice drinks markets globally. According to Mintel estimates, while the per capita consumption is still low with plenty of potential – at 1.4 litres in 2017. India's retail juice market has registered years of double-digit growth rates in succession. In 2017, India's packaged juice market grew by 17.3% in value, reaching sales of INR 125 billion.

Following years of impressive double-digit growth, India's retail juice market overtook the country's carbonated soft drinks market in value for the first time in 2017. Global players Coca-Cola and PepsiCo, as well as local companies Parle and Dabur, together accounted for the vast bulk of juice value sales.

The changing dynamics of the non-alcoholic drinks sector are owed to rising awareness surrounding health and nutrition.

### **Indians see juice as a healthy choice**

The growth of India's juice market occurs at a time when several other countries have seen their juice markets struggle, owing primarily to consumer concerns



*Julia Buech, Global Food & Drink Analyst, Mintel*

over high sugar content and poor nutritional value.

In India, meanwhile, the juice segment is profiting from a positive image and has widespread acceptance as being healthy. According to Mintel research, two thirds of adult Indians aged 18-64 see packaged juice as a healthy choice. While greater affordability is also coming into play, for the market to see continued growth, it will be absolutely vital to uphold this positive, healthy image. Particularly in light of the struggles the market has faced in more mature juice markets.

### **Texture matters**

According to Mintel trend, 'New Sensation' thicker, chunkier textures can support juice drinks' natural and wholesome, less processed positioning, while also offering a more unusual texture experience.

While pulpy formulations are relatively well established in India, which accounted for one in seven juice drink launches in 2017, products with fruit bits and pieces are only just emerging, offering room for brands to grow.

Texture of the juice can play an important role as validated by Mintel's latest research which says, one in five Indian adults agree that thicker juices are healthier than more liquid juices. As seen in 2 other markets, notably in Europe, so-called snack juices are increasingly fitting into consumers' busy lifestyles, answering demands for both health and satiety.

### **The opportunity**

For India's juice market to show continued strong growth, it will be vital to uphold the positive and healthy image that juice enjoys among consumers. As competition in the market intensifies, going forward textures are set to play a growing role in Indian consumers' perception of natural and healthy juices.







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usefulness of products for consumers instead of the earlier focus on the usefulness of products from a processing point of view.

**Frozen and processed goodness:** Frozen processed foods offer both convenience and nutrition. The increase in the spending capacity and concurrent time-paucity has led to the continuous development of such frozen processed food products as frozen vegetables (e.g. peas, potato, corn, etc.) and non-vegetarian products such as chicken, fish, and meat.

**Expansion through product innovation:** Product innovation is always needed as consumers not only prefer safe ingredients and additives but also useful ones. This creates opportunities for product innovation, specialized products, and product extensions for existing food processors as well as the new entrants. Therefore, it is now the norm for food processing companies to offer value-addition; those who hitherto offered solely milk have now added other dairy products to their repertoire. This

helps the processors to not only reduce wastage, but also expand the uses and realize higher returns. In 2015, Bonhomia announced the launch of 'Boho' coffee machines, thus becoming the first company to manufacture coffee and tea capsule in India.

**Direct farmer-farm linkages:** Contract farming has been operational in India for a long time now; however, the experience of the private sector players involved therein has been a mixed bag of successes and failures. Largely, it has helped the processing companies, via increasing sales and therefore augmenting their incomes, as well as providing access to better technology and fetching better prices by securing an assured market for Indian farmers. Some of prominent players who have adopted this route of strengthening direct farmer-farm linkages include Nestlé, PepsiCo, Venky's, Milkfed, and Mahagrapes, among others.

**Food Processing sub-sector wise Contribution**

The food processing factories are classified into 18 distinct sub-sectors dealing in the processing of specialized food product categories. The number of factories manufacturing grain mill products has the highest share, accounting for almost 50 per cent share in the total number of factories. The vast agriculture output in the form of grains provides ample raw material for these large numbers of processing units. Factories manufacturing other (non-specified) food products; grain mill products and those manufacturing cocoa, chocolate & sugar confectionery top the list in the same order in terms of numbers of employees engaged. The maximum output comes from the sub-sectors of grain mill products, vegetable and animal oils & fats and dairy products. Together, they contribute 53.1 per cent of the total output of the food processing sector.

**Product innovation is always needed as consumers not only prefer safe ingredients and additives but also useful ones. This creates opportunities for product innovation, specialized products, and product extensions for existing food processors as well as the new entrants.**

Gross Value Added (GVA) By Food Processing Industries (FPI) at Constant 2011-12 Prices (Rs Lakh Crore)						Growth (%)				
Economic Activity	2011-12	2012-13	2013-14	2014-15	2015-16	Av. Annual Growth	2012-13	2013-14	2014-15	2015-16
GVA -All India	81.07	85.47	90.84	97.27	104.27	6.50	5.43	6.28	7.08	7.20
GVA Manufacturing	14.1	14.95	15.8	16.67	18.22	6.63	6.03	5.69	5.51	9.30
GVA- Agriculture, Forestry & Fishing (AFF)	15.02	15.24	15.88	15.84	16.04	1.67	1.46	4.20	(0.25)	1.26
GVA-Food Processing Industry (FPI)	1.47	1.33	1.35	1.43	1.53	1.22	(9.52)	1.50	5.93	6.99

Share of Food Processing Industries (FPI) (%)					
FPI share	2011-12	2012-13	2013-14	2014-15	2015-16
In Total GVA	1.81	1.56	1.49	1.47	1.47
In GVA Manufacturing	10.43	8.90	8.54	8.58	8.40
In GVA AFF	9.79	8.73	8.50	9.03	9.54

Source: MOFPI

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**Investment in the Sector**

As per DIPP, the food processing sector has attracted about USD 7.81 billion during April 2000 to June 2017. Foreign Direct Investment (FDI) equity inflows in food processing sector in the country from 2011-12 to 2016-17 (till September 17) have grown at a CAGR of 24 per cent. The government has significantly liberalized FDI regulations, and has allowed 100 per cent FDI in manufacturing of food products through the automatic route and 100 per cent FDI in trading, including e-commerce in food products manufactured and produced in India.

Taking these steps forward, India has recently invited US companies to take advantage of its liberalized foreign investment rules, ready-made infrastructure and improving ease-of-doing-business climate. The US-based food company Cargill Inc, aims to double its branded consumer business in India by 2020, by doubling its retail reach to about 8,00,000 outlets and increase market share to become the national leader in the sunflower oil category, which will help the company be among the top three leading brands in India. Similarly, Danone SA, Europe’s largest yogurt maker, is focused on the nutrition business in India, which is its fastest growing market in South Asia. It has launched 10 new products in 2017, and is aiming to double its revenue in India by 2020.

India’s food processing industry is experiencing significant growth and boasts of a good existing infrastructure in new Mega Food Parks around the country as well as state-of-the-art cold chain facilities, which are generating interest among investors. In terms of policy support, food processing is recognised as a priority sector in the National

Manufacturing Policy (2011). The Ministry of Food Processing Industries (MOFPI) has been set up as a nodal agency for formulation and implementation of policies and plans for the food processing industries. With an overall objective of positioning India as the ‘Food Basket’ of the world, several initiatives have been undertaken with the objective of promoting investments, innovation and bringing best practices. This vision is in line with the ‘Make in India’ initiative of the Government.

The Government of India plans to triple the capacity of the food processing sector in India from the current 10 per cent of agriculture produce and has also committed Rs. 6,000 crore (USD 937.5 million<sup>^</sup>) for the period 2016-20 as part of the Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters (SAMPADA). SAMPADA



JUICE – INDIA RETAIL MARKET SIZES			
Volume	Units	2016	2017
Absolute size	m litres	1665.2	1897.4
Growth	%	15	13.9
Value	bn INR	106.6	125
Value growth	%	15.5	17.3

SNACK FOOD – INDIA RETAIL MARKET SIZES			
Volume	Units	2016	2017
Absolute size	(ooo) tonnes	993.8	1135.5
Growth	%	16.4	14.3
Value	bn INR	217.9	253.4
Value growth	%	22.1	16.3

BISCUITS (COOKIES & CRACKERS) – INDIA RETAIL MARKET SIZES			
Volume	Units	2016	2017
Absolute size	m tonnes	2.7809	2.98
Growth	%	1.6	7.2
Value	bn INR	282.1	318.4
Value growth	%	9.1	12.9

Source: Mintel

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**In recent years, India's food processing industry has gained the status of a sunrise sector and has acquired prominence over the past few decades. The growing availability of raw materials in the primary food sector, ever-changing lifestyles and policy support have consistently given considerable push to the industry's growth.**

is a comprehensive package, which will result in the creation of modern infrastructure with an effective supply chain management from farm gate to retail outlet. It will not only provide a big boost to the growth of food processing sector but is also expected to double farmers' income, create huge employment opportunities, especially in the rural areas, reduce wastage of agriculture produce, increase the processing level and enhance export of the processed foods. SAMPADA is expected to leverage investment of Rs. 31,400 crore, handling of 334 MT agro-produce valuing Rs. 1,04,125 crore, benefit 20 lakh farmers and generate 5,30,500 direct/ indirect employment in the country by the year 2019-20. The Ministry of Food Processing notified the scheme in May 2017.

#### **Challenges and Outlook**

The sector is not free from its own set of challenges. The challenges are at multiple levels and demand their addressing in a holistic manner. One of the key challenges that the processing sector faces today is the major gaps across all stages in value chain. The gaps continue to keep widening in key areas such as product development, innovation, quality and safety standards. The price ecosystem calls for an urgent upgradation in the procurement system, which is heavily dependent on APMC markets. The

dependency limits the price achieving rationality, parity and fairness of product in the open market, thereby affecting procurement performance. At the same time, gaps in the link between production and processing not only leads to a loss of opportunity but also hampers the sector's output & efficiency.

In recent years, India's food processing industry has gained the status of a sunrise sector and has acquired prominence over the past few decades. The growing availability of raw materials in the primary food sector, ever-changing lifestyles and policy support have consistently given considerable push to the industry's growth. The food processing sector serves as a vital link between the agriculture and industrial segments of the economy.

The value of agricultural produce can be improved by strengthening this link on the one hand and ensuring remunerative prices to farmers on the other hand. At the same time, the sector is capable of creating a favorable demand for Indian agricultural products in the world market. A thrust to the food processing sector implies significant development of the agriculture sector and ensures value addition to it.

However, currently, it is difficult to get considerable investment for improving rural infrastructure and supply chain from the private sector. Therefore, there should be a significant increase in public investment in areas such as grading and packing centers, controlled atmosphere, storage facilities, testing laboratories, etc. Carefully calibrated subsidies, exploring innovative strategies, empowering rural producers and consumers through better awareness and support to entrepreneurs in terms of technology and training in food processing are some of the ways by which the sector's extended growth can be achieved.

**In the pages to follow, we bring you the profiles of some cutting edge brands in the Processed Foods category and what they are doing to offer high value, technology oriented, branded packaged products that deliver convenient meal solutions to consumers.**



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## Leading the processed food category with iconic brands

→ **Hindustan Unilever's Processed Food Products:** Hindustan Unilever Foods is a national player in the processed foods products business with several iconic brands – Kissan, Knorr, Annapurna, Brown & Polson, to name a few. The range of products is across a wide variety of categories like ketchups, jams, soups, noodles, meal-makers, value added sauces, squashes, custard/ baking powders, atta, and salt.

**Market Opportunity:** India is a developing market with organized players accounting for only 20% of the entire Foods market and per capita consumption <10% of developed economies. With rising disposable incomes and increased consumer awareness, demand for high quality food products will see a huge surge in the coming years across all population strata and geographies. This would be a very big opportunity for companies like HUL, who have the right amount of scale, focus on innovation and bring the highest quality standards to lead the growth in the market.

**Key Markets and Customer Segments:** Packaged foods have been an urban metro phenomena for decades with only a few categories like biscuits and noodles reaching the rural market. However, the last few years have seen increasing



penetration of newer categories in the mid tier urban cities and the time for an innovation to reach these households is now a few months. With access to the same media and content, the lines between the urban and rural consumer are fast diminishing. Further, an explosion of out-of-home eating in QSRs or food courts of malls is increasing the demand to replicate these products at home.

**Challenges and Opportunities in Processed Food Category:** Consumers globally are becoming very discerning with the choices they make when it comes

“**With rising disposable incomes and increased consumer awareness, demand for high quality food products will see a huge surge in the coming years across all population strata and geographies. This would be a very big opportunity for companies like HUL, who have the right amount of scale, focus on innovation and bring the highest quality standards to lead the growth in the market.**”

– **Krishnendu Dasgupta**  
General Manager - Foods



to packaged foods on a wider variety of subjects like calorific value, sugar content, preservatives, nutritional standards, freshness, among other things. This is a fast paced revolution, which is a big opportunity for companies like HUL that are always attempting to provide packaged foods of the highest quality and nutrition standards and with proactive declarations on packs. Additionally, FSSAI is partnering with industry representatives to ensure that Indian consumers are getting the best quality products in the market.





# FROZEN FOODS



## Seafood

— FROZEN —  
FOOD  
— FOR EVERY —  
MOOD

## French Fries



## Breaded

## Parathas & Naans



## Vegetables

## Snacks

## Chill, it's Meatzza time!

### → Company and Brand Profile:

Darshan Foods Pvt. Ltd. was started in 1996 at Gurgaon, Haryana, for processing meat products, which was sold under brand name Meatzza. The company currently operates three ISO 22000:2005, HALAL & HACCP certified plants in Delhi/NCR and has offices across India in Cochin, Bangalore, Goa, Mumbai, Delhi, Kolkata, Siliguri and Guwahati. The products are sold to a distribution network of over 150 distributors across India. They cater to the cash & carry, organised and traditional retail markets, QSRs, flight kitchens, hotels, restaurants, caterers & institutions. Meatzza products are available chilled & frozen.

**Brand's USP and Differentiator:** Meatzza was the first brand to introduce skinless sausages, sliced products, pepperoni, mortadella and other meat products to the Indian Market. Its vacuum packed products, thermoformed tray packs, and other unique packs have been the brand's hallmark since 1996. It believes in setting quality benchmarks for the business by introducing unique products, innovative packing and unmatched quality coupled with extensive variety and quick delivery to its customers, which sets the brand apart.

### Category and Market Forecast:

Meatzza has been consistently clocking double-digit growth since its inception. The market seems promising with the consolidation of organised retail, cash & carry and QSR segments. The hotel, restaurant and institution business is also looking up. GST implementation has also helped in standardising retail MRPs across India. Improved logistics, infrastructure, along with targeted communication have been the main drivers of growth in the product category.

### Markets and Consumer Segments:

Meatzza has seen good growth across India in the urban markets since its inception. With improved logistics and infrastructure, B & C class towns are



“



**Chilled products are the next big segment, which is improving due to better infrastructure, cold chain and improved electricity conditions in our country. The matured West markets, which have a huge meat consumption, have already graduated to that product segment.**

– Rajiv Jaisinghani  
Managing Director, Darshan Foods Pvt. Ltd.

also bringing in higher sales for the brand. Meatzza is targeting customers with traditional Indian products like kebabs and samosas, while also catering to European deli customers by adding varieties of sausages, hot dogs and smoked products.

**Consumer Connect Initiatives:** As one of the top players in the product category

catering to a niche segment, Meatzza is doing in-store promotions and sampling along with aggressive customer and trade offers to continue expanding rapidly in all markets across India and further accelerate its growth.

**Challenges:** Logistics time, availability of reefer trucks, operational delivery times and restrictions in the cities are a major challenge. Cost of operations and time taken to get from one point to another, within the city and from one city to another, is also a deterrent to further expansion. Logistics growth (reefer trucks, cold storages, highway, and roads) should bring the cost down, which will increase the demand further. Retail and distributions costs should also come down with this improvement, which will drive the demand up. Lower margins will be compensated with improved sales.

**Roadmap Ahead:** Meatzza recently commissioned a new plant, which will bring chilled products in innovative packaging to the Indian market. To maintain and strengthen its leadership position, Meatzza products are being made available across India in all modern and general trade brands along with e-commerce and delivery website operators.



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## Riding on choice offerings and convenience

**→ Company and Brand Profile:** Fazlani Foods is part of Fazlani Exports, the largest exporters of seeds, pulses, etc. Fazlani Foods is focused on the ready-to-eat product segment and aims to become synonymous with the category. The company is a pioneer in the use of high barrier retortable packaging, and it offers a wide range of ready-to-eat products that come in microwavable packaging and provide a healthy alternative to fast food and take-away meals.

**Product Portfolio:** The company's offerings include curries, rice, combo meals, and seafood in the ready-to-eat portfolio and pickles, chutneys, pastes, etc, in the jar segment. It also has ready cooking sauces in jars. All the items are packaged keeping the convenience factor in mind. The company aims to be a pioneer in the ready-to-eat segment.

**Best-selling Products:** Dal Makhani in ready to eat curry range, chole with rice



“



**The market isn't static. We need to exploit the market with variety in terms of offerings and variations in the range. Modern Trade needs to focus on this category as an important monthly grocery cycle. There is a huge potential across the retail chain.**

— Zeeshan Kolsawala  
Brand Manager

in combo meal range and dry fruit mango chutney in jar range are its international award winning and best-selling items.

**Category and Market Forecast:** 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 adopt better technologies to extend the shelf life of packaged goods and deliver on nutritional fronts as well. The opportunity is vast as with increased awareness, more and more people are accepting the segment. With the growing number of millennials, working professionals, study abroad segment, the category is seeing light in a country where homemade food has its own place and packaged food has lots of myth around it.

**Markets and Consumer Segments:** West India is a key market and north is a promising second. Thanks to the internet penetration and communicative integration, the rural market too is not beyond for the ready food segment. There is only a little difference between rural and urban markets today. The audience is evolving, although at a slow pace. But, soon all consumers will be drawn in by the need for convenience.

**Consumer Connect Initiatives:** The company aims to educate the consumers on the myths surrounding packaged food. It will emphasize on the efficacy of the value chain behind packaged food and make it a strong selling factor. It is also focusing on the quality and consistency of its products – from raw material to finished goods.

**Challenges:** Packaging is the major challenge.

**Roadmap Ahead:** The company's mantra is to make its customers spoilt for choice and to delight the consumers on the convenience factor of its products.



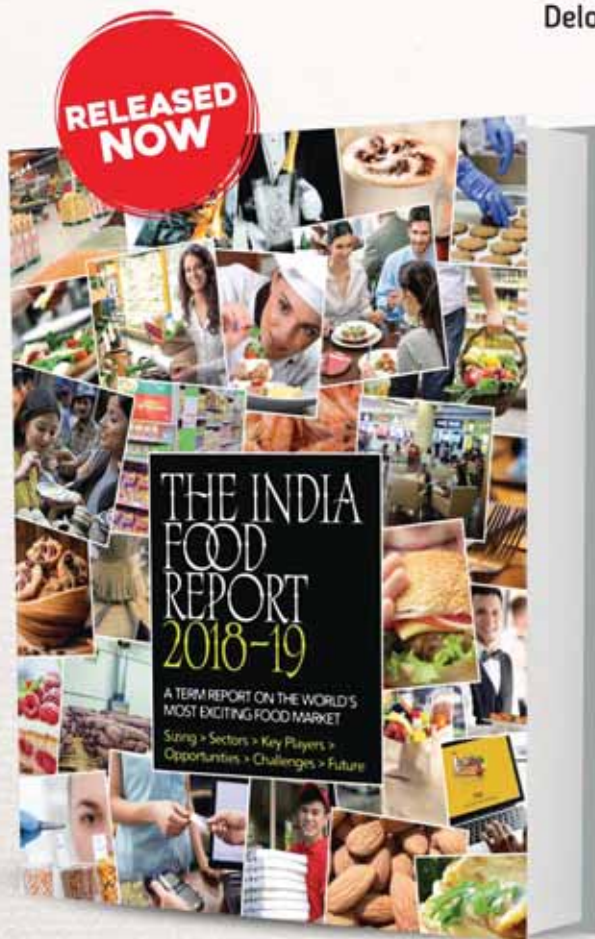
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Sizing > Sectors > Key Players > Opportunities > Challenges > Future

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## Addressing the demand for ‘fresh and nutritious’ food

### → Company Vision and Philosophy:

Via Gourmet is a health food company offering sterilized ready-to-eat products (vegetables and fruits) with a stable shelf life in quality packaging. The company intends to address the consumer demand for fresh and nutritious food by focusing on attributes such as ethnic flavor, odor, texture and taste and providing minimally processed foods. Its introduction of fresh-cut, ready-to-cook, ready-to-serve, ready-to-eat processed food products is a step in that direction.

**Business Approach and Model:** The company intends to work with large QSR chains in India because of their deep market penetration in Tier I and Tier II cities. The growing reach of online sales platform, along with a strong digital push, is helping the company establish connect with its customers. It feels that the traditional distribution model will be vital for expanding the business into Tier II and III cities, with distributors being the key.

**Category and Market Forecast:** The domestic market requires substantial



awareness about the ready-to-eat product category. But it's an exciting space for Via Gourmet, which wants to connect with people and get them going with the concept of “on the go cup foods”. With online selling platforms playing a major role in reaching customers' homes, Via Gourmet is equipped with disruptive technologies in food, and is also willing to be patient with the market. Apart from focusing on innovations, it is also building up on its portfolio of generic

food products. It has been instrumental in extending the shelf life of these products significantly, besides facilitating distribution and scale accordingly.

**Challenges:** The agro-processing sector is highly unorganized when it comes to farming. Farmers lack the technical knowledge of crop rotation and the right relationship between the crops and seasons. Another major challenge is that companies lack the knowledge to build food processing units that can trigger changes in taste.

**Consumer Connect Initiatives:** Via Gourmet is well suited to address the consumer demand for fresh and healthy eating. It has the factory and R&D approach to develop a unique combination of healthy and tasty recipes and unique packaging to bring consumers ready to eat experience like never before.

**Roadmap Ahead:** Via Gourmet intends to bring about a change in the canning industry by explaining to companies the benefits of multi-layer packaging over canning. Via Gourmet is moving its existing recipes from canned to multi-layer packaging and expects the domestic market to become very promising for its products, going ahead.

“



**It's an exciting space for us to be in and provides us a great opportunity to service and generate demand by innovation and making a difference to the eating habits of the nation. “Eat from the cup” is our motto!**

— Sumit Jawalkar  
Director & CFO

“



**‘The Cup concept’ is something we need to focus on. Top retailers can consider private labelling and wield a sustainable eco system with us. This will lead to better revenue optimization for product owners as well as for large retailers.**

— Nitin Rajadhyaksha  
Director Technical



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## Pioneers in the seafood industry

➔ **Company profile:** The Amalgam Group has been a seafood export major and industry leader for over 30 years. Among the many “firsts” to the company’s credit in the industry are: the setting up of first Freeze Drying unit in the country to the launch of the first cold chain logistics and the launch of one of the first frozen food retail brands. The Group has a track record of introducing some of the major food brands in India.

**Product Portfolio:** Amalgam’s Buffet brand of premium convenience frozen food has products in all the five major segments of frozen foods: Indian breads (parathas & naans), sausages & meats, seafood, snacks and vegetables and in ready-to-cook, ready-to-fry and heat-serve product range. The company’s current range of products has a variety of parathas, naans, sausages, shrimps, frozen fish fillets, breaded products like nuggets, chicken pops, breaded burger patties, breaded fish fillet, breaded fish fingers, spring rolls, kaathi rolls, calzones, kebabs,



momos, dimsums and French fries. It recently introduced heat & serve products like a range of Indian curries, fried rice and biryanis.

**Best-selling Products:** Malabar paratha followed by green peas, large prawns, chicken sausage and bacon.

**Category and Market Forecast:** The rapidly evolving Indian lifestyle is opening up a multitude of opportunities for players in the frozen food industry. There is substantial year-on-year growth and brand Buffet, with its range of innovative products, plans to gain maximum market share with wider market penetration.

**Markets and Consumer Segments:** Brand Buffet products cater to all segment and regions. The products are targeted at housewives, working professionals, students and anyone looking to purchase quality frozen convenience food.

**Consumer Connect Initiatives:** The brand strives to drive customer loyalty through its quality offerings. Vegetables and seafood products are processed, frozen and packed in a matter of hours. For value-added products, apart from the limited time they take to process and freeze the products, most of the ingredients are sourced from the finest food processors from around the world like Japanese Panko Crumbs used in the range of breaded products or the glass



noodles in the spring rolls imported from Thailand. This adds substantial value and assures quality to each product within the respective category, making the product as good as those made at home.

**Challenges:** Frozen food brands are competing to place their products in the limited freezer space available. Without efficient cold chain management, the growth potential will be limited. However, operations in most metros have now become more adequate; it is the suburban areas that need significant improvement.

**Roadmap Ahead:** The company plans to educate the customers on the positives of frozen food. The very essence of frozen food is temperature management. No category justifies e-commerce delivery system more than the chilled and frozen food category due to its temperature management requirements and product handling difficulties in India. To provide frozen food without deterioration of quality due to temperature fluctuations, Amalgam Frozen Foods has set up “Buffet” flagship retail chilled and frozen store at Kochi, Mumbai, and Bhubaneswar. These stores have met with an extremely good response.

“



**We believe Frozen Foods will be the next go-to food source. There is tremendous potential for growth in the sector but growth is limited to efficient cold chain logistics and freezer space available at the stores. The category faces operational challenges in terms of cold chain management, which limit the potential for growth in this sector.**

— Chandrasekharan  
COO, Amalgam Frozen Foods Pvt. Ltd.



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## Strong on product repertoire and variety

→ **Company and Brand profile:** Originated in Khapuria, Cuttack, in 1976 with an initial investment of only Rs. 5,000, Om Oil & Flour Mills Ltd. – which operates brand Ruchi – has traversed a steep road to success and is now a staple name in every Indian household. The company currently employs over 1200 people and has around 300 products across various segments. The company produces about 300 varieties of ground spices, whole spices, vermicelli, pasta, and frozen foods. Since 2000, it has also started producing new Ruchi rice, vermicelli, Italian pasta, among other products. The company is also the sole holder of the Spice House certificate issued by Spices Board in eastern India and is accredited with Agmark and an ISO 22000:2005 certification as well.

**Product Portfolio:** After 41 successful years of commanding a profitable business, the company is now one of the leading manufacturers and exporters of quality spices, vermicelli, pasta, noodles, frozen produce, ready-to-eat beverages and non-CSD products in the country. From its new division Frozfit – a ready to eat food brand – it offers premium quality sooji, dal tadka, kichdi mix, Punjabi tadka and instant biryani at affordable prices.

### Markets and Consumer Segments:

Consumerism is growing exponentially in rural India. The large and small format stores in B and C class cities are large contributors to the company and brand's growth.

**Category and Market Forecast:** For the company, the processed food category is growing at a CAGR of 45% and above each year. The traditional markets are undergoing a change and more and more populace is adapting to processed foods, which were earlier seen as a luxury. Thanks to modern packaging technology, the misconception attached to processed foods about not being nutritious or that they have harmful preservatives, no longer



exists. The ready to eat delicacies are being enjoyed by all the age groups, at work or at home. With its tagline *Time ki bachat, Eat fresh fatafat*, Ruchi's Frozfit see no limitations to its market.

**Consumer Connect Initiatives:** To cater to the consumer demand for healthy and fresh foods, the company has put in a lot of efforts in marketing communications to communicate the integrity of its products. Technical advances in packaging have helped the company in maintaining quality and freshness. Its communications also lay emphasis on the ease of cooking. The modern-day evolved consumers are more willing to experiment, which is helping the brand to build up brand loyalty for its products.

**Challenges:** The company has overcome challenges – from preserving food quality to assuring natural taste – and bringing a perfect ready to eat product in the market to cope with today's busy lifestyles.

**Roadmap Ahead:** The company is planning to expand in different places but not as a food chain but as a food web, which will be loved by both corporates and homes. To build and strengthen social relations, the company has exciting plans and giveaways for its valuable customers. **PG**

“



**For years, we have been serving the Indian market with top quality processed foods. Our customers are growing in big numbers, loving the taste of our food and appreciating the way it's prepared and served. With such terrific response, we are aiming to come up with more toothsome delicacies to attract more customers and to define our growth in the future.**

– Rashmi Sahoo  
Director  
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# Packaging Trends for Food and Grocery Industry

The food and grocery industry has witnessed major advancements in the packaging sector with active and intelligent innovations. These advancements have led towards improved food quality and safety. Here's an overview of the recent advances in the food packaging sector with regard to security and sustainability.

By **Kailash Agarwal**

**T**he food processing and packaging industry is a multi-trillion dollars industry. This is a direct result of the rise in the living standards of the residents in developing countries. Moreover, people are turning towards readymade and easy to cook dietary preferences.

The usage of paper in the packaging industry is growing tremendously. This evolution of paper industry coincides with the recent advancements in food and grocery packaging sector, which includes active packaging, intelligent packaging, smart packaging, non-destructive inspection methods, printing techniques, applications of robotics and types of machinery, automation, architecture, software systems, and interfaces. Worldwide, the sales of processed foods are estimated to be at a staggering \$2 trillion whereas that of packaged food is about \$1 trillion. This is due to the growth in the incomes in developing countries, which has resulted in a rise in the standard of living for the population.

Packaging is the cornerstone of the food and grocery processing industry. The materials used for



packaging are based on the precise type of food. For example, oxygen-sensitive foods require packaging with some barriers, which prevents the spoilage caused by oxidation. The use of green plastics, which are biodegradable and environment-friendly, is increasing as we know that there is a lot of waste generation from the food processing industry.

Packaging material should be developed in such a way to get more of recovery and less wastage. For example, polylactide acid plastics, sugarcane pulp, fiber composite, starch-based films and so on are great choices for packaging. Besides wood and glass, the aluminum active packaging is an advancement in which the packaging material itself interacts with the food for longer shelf life and safety. Similarly, nanotechnology-based packaging acts at a molecular level for shelf life enhancement of the product.

Active and intelligent food packaging plays a key role in the conservation of food as it allows the package to interact with the food and the environment. These advancements lower the oxidation, control the rate of respiration, arrest the microbial growth and eliminate the moisture migration. Active packaging technology basically includes carbon dioxide absorbers or emitters, odor absorbers, ethylene removers, and aroma emitters.

The presence of oxygen inside the package can accelerate oxidative reactions, which may result in





food deterioration. Oxygen facilitates the growth of aerobic bacteria and the formation of molds, which may lead to the generation of off-flavor, off-odor and reduce the nutritional quality of the food product. Therefore, the oxygen scavenger is used to eliminate the oxygen from the food package and to prevent undesirable changes. Oxygen scavenger can be in sachets that can be kept in headspace, labels, films or closures. These are usually based on the principle of oxidation of iron powder, catechol (an organic compound) oxidation, ascorbic acid oxidation etc. The combination of enzymes like glucose oxidase and catalase can also be used to eliminate the oxygen from the food package.

Carbon dioxide too has packaging benefits: it retards the microbial growth in meat, poultry, cheese, and baked food products. It also lowers the respiration rate of fresh produce. It overcomes the problems of oxygen scavenger like breaking up of a package. Carbon dioxide for packaging is available in various forms like moisture activated bicarbonate chemicals in sachets and so on.

The presence of excess moisture inside the food package is detrimental to its quality as it may lead to caking in case of powdered food products and softening of crispy foods. Therefore, moisture control agents are used to control the water activity, reduce microbial growth, remove unfrozen water in frozen foods, prevent condensation from fresh produce, and retard the rate of lipid oxidation. Therefore, desiccants like silica gel, natural clays, and calcium oxide can be used for meat, poultry, fruits, and vegetable packaging. The moisture control agents can be in a sachet form.

Ethylene is one of the natural plant hormones formed during the maturing of the produce. It is responsible for the maturity and senescence of the produce. The removal of ethylene from the food package will enhance the shelf life of the product. The agents used for its removal are potassium permanganate, which oxidizes the ethylene to acetate, and ethanol.

The printing inks used for packaging should be safe to use and must be made from an organic compound. For plastic cartons or rappers,

flexography printing process can be used. The electron beam printing procedure can also be used, which prevents the usage of heat and light for coating and drying of adhesives.

Software system plays a vital role in the food industry. Many of the food industries are using six sigma and lean principles to keep track of their performances. The use of Packaging Execution System is now widespread. It is an IT solution to support the production processes in the food industry. It can support the internal supply chain management, production process, real-time automation and control, data collection as well as reporting.

It is now becoming a well-known trend in the food industries. It integrates the software backbone, information and communication technology for remote monitoring and control. Now, the human-centered maintenance can easily be replaced with sensor work, radio frequency identification system, apps, and open system standards.

The food and grocery industry has witnessed major advancements in the packaging sector with most active and intelligent innovations. These advancements have led towards the improved food quality and safety. This article has overviewed the recent advances in the food packaging sector regarding security and sustainability. This new approach has mainly focussed on retarding the oxidation, regulating moisture migration, microbial growth, respiration rates and improving the overall system of the food packaging sector. Various aspects of technologies, systems, standards like advanced packaging material and machinery, automation and control solutions, supply chain management, inspection system, the usefulness of robotic platforms, and software application have been reviewed. **PG**



**Active and intelligent food packaging plays a key role in the conservation of food as it allows the package to interact with the food and the environment. These advancements lower the oxidation, control the rate of respiration, arrest the microbial growth and eliminate the moisture migration.**



The writer is CMD, Kailash Group and Genus Paper and Board Limited, which is into the manufacturing of waste paper based multi layer kraft paper used by the packaging industry for making corrugated boxes and liners, corrugated sacks and composite containers.

# what's next

## ► Yoga Bar's Festive Gifting Box

Bangalore based protein snack bar brand Yoga Bar has launched a special gifting box this Diwali season. The Diwali gifting box contains four bars, i.e, chocolate chunk nut, chocolate brownie 20 gm protein, almond coconut breakfast protein and apricot fig breakfast protein. The company has also added two 50 gm/ 40 gm packets in their latest introductions: chocolate muesli and honey ginger trail mix packs. The gifting box can also be customized on request and is priced at Rs. 399 per box. The company currently sells snack bars and protein bars that use all natural ingredients and whole grains and no preservatives. The products are now available in 5,000 stores across 45 cities.



## ► Ray Honey Launch with Easy Snap Technology

Ray Honey is a 100% pure and organic brand of unprocessed honey launched in India with Easy Snap Technology. This makes the honey available in single sachets, which are used with one-hand-sachet-opening technique. These sachets are for one time use. Due to their ease of portability and leak-proof designs, these ray honey sachets are perfect to be carried while travelling. Ray Honey is untouched by any kind of preservative. Ray honey will be available in the market soon in two variants – one box of 10 sachets and one box of 30 sachets.



## ▼ Sattviko's Gift Packs for Spreading Happiness

Sattviko, which markets light, nutritious and meticulously prepared snacks in various flavors of Indian origin, has introduced gift boxes from MRP Rs. 200 to MRP Rs. 250, which are available in different categories – Sattviko Elite Box, Sattviko Prime Gift Box and Sattviko Premium Gift Box. As these gift boxes are available in different sizes and price range, they are suitable for gifting to someone in your office or to someone in your home. The gift boxes are available in eight cities - Delhi-NCR, Mumbai, Pune, Bangalore, Hyderabad, Udaipur, Kolkata and Indore. Sattviko's products' customer response have helped the company to register Rs. 70 lakh in the first year.



## ▼ Healthy Snacking with Too Yumm!

Too Yumm! brand has introduced multigrain chips that serve as delicious healthy snacks! The newly launched multigrain chips are delicious yet healthy offerings that contain a blend of seven grains – wheat, rice, corn, gram, oats, soya and ragi, which are healthy and heavenly at the same time. Good choices are priceless investments! With a diverse range of healthy snacks in order to help balance the heap of junk that will be lavished this season, Too Yumm! offers the perfect assortment of 'edible investments'.



## ▼ Extra Cheese and Herbs Nachos from Cornitos

Greendot Health Foods Pvt. Ltd. has come out with Cornitos Cheese and Herbs, a unique combination of cheddar cheese and Italian herbs. Cheese and Herbs Nacho Crisps is a healthy snack as it is made from non GMO corn and cooked/ baked using healthier corn oil. Cornitos Nacho Crisps are also gluten free, zero cholesterol and zero transfat, which makes them guilt-free snacks. The products are available in 30 gm pack for Rs. 20, 60 gm for Rs. 35, 50 gm can for Rs. 50 and 150 gm for Rs. 85. They are also available online in a pack of 10 for Rs. 180.



## ▼ B Natural Launches Assorted Fruit Beverages

ITC's B Natural has launched gift hampers that bring together the goodness of 'Not from Concentrate' fruit beverages and the freshness of dry fruits. The special assorted dry fruit pack comprises popular fruit beverage variants from the brand's portfolio along with delicious and rich dry fruits. The pack includes the following fruit beverage variants – 1 pack of apple, 2 packs of guava, 2 packs of mixed fruit and 2 packs of mango and dry fruits like almonds (badaam) and raisins (kishmish). These gift packs are available at all modern & general trade outlets across Delhi, NCR, Punjab, UP, MP, Maharashtra and Gujarat. They are also available on e-commerce platforms like Amazon and Flipkart across the country. The prices are in the range of Rs. 160 to Rs. 400.



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