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# PROGRESSIVE GROCER

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**INDIA EDITION**



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**92 YEARS OF GROCERY EXCELLENCE IN BANGALORE**



— KN NIYAS  
PARTNER, MK RETAIL

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There are five key issues facing the food retail industry today: emerging new consumerism, artificial intelligence and technology, workforce, the new marketplace, and food production. Our Cover Story – *Unveiled! Breakthroughs in F&B Retail* (pages 38-56) – looks at these issues and how they are prompting the food retail industry to come up with the innovations, changes, and solutions to survive and thrive in today's new retail world.

More numbers of consumers now regularly buy groceries online and they are showing an eagerness to cherry-pick more formats more frequently. According to industry estimates, within 10 years, 20 percent of all food, and 40 percent to 50 percent of all non-food products would be sold online. To survive and thrive in this fast-changing retail landscape, "innovation has to be pervasive in an organization."

The best way for grocery retailers to ride out the retail challenges and drive business innovation is to leverage technology to create a seamless shopping experience for consumers who embrace both the smartphone and the brick-and-mortar store.

However, while adapting to digital retail is important, retailers also need to focus on things that are tactile and emotional. Going ahead, as retailers become more comfortable talking science, technology and nutrition, they should also have the ability to adapt, adopt and evolve, which will prepare them for the next golden era of retail.



Amitabh Taneja  
Editor-in-Chief

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### COVER STORY

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**KN Niyas**  
Partner, MK Retail

### 92 YEARS OF GROCERY RETAILING EXCELLENCE IN BANGALORE

KN Niyas, Partner, and a third generation member of the family that founded the MK Retail Company, which has held its own as a pioneering F&G retailer meeting the expectations and aspirations of generations of consumers over decades by providing quality, affordability and assortment in a modern supermarket setting.

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Unveiled!  
Breakthroughs in F&G Retail



Food Retail these days is an amazing industry with new markets and constant changes, resulting in new requirements and needs. New products – the lifeblood of retailing – are infusing verve into existing lines, creating completely new categories and filling unmet needs not previously on consumers' – or retailers' – radar.

The changes being witnessed in product development tell a remarkable story of innovation rooted in a compelling value proposition.

### 58 PROFILES

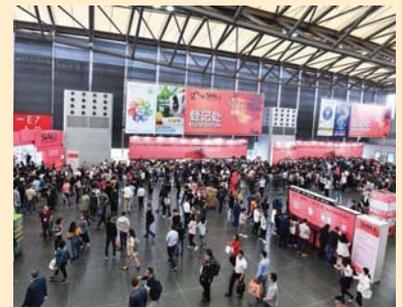
Companies that are delivering a new value proposition to the market through their on-trend formats, new concepts, fresh ingredient and flavor mash-ups.



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SIAL China – Asia's largest food innovation exhibition sets new records this year.



# Mindful Munching

The evolution of mealtime is fueling the trend toward new kinds of nibbles.

By Lynn Petrak

**S**nacks used to be fillers bridging three square meals a day. As traditional sit-down meals have given way to splintered eating at different times and locations, however, snacking is becoming a bona fide occasion on its own.

Snacking is no longer all about sitting down with a bag of chips or a dish of ice cream — that still happens, of course, but more consumers are eating on the go and choosing smaller portions, mini meals, and packaged or prepared snacks for convenient consumption and satisfaction.

“There’s been a definite shift toward more mindful snacking,” affirms Jim Low, EVP of sales and marketing for Schuman Cheese, in Fairfield, N.J. “Snacks are less of an impulse when consumers feel hungry, and instead, over time, they have moved toward purposeful snacking with higher-quality, more nutritious products. Snacking is now a more valuable food purchase.”

Snack manufacturers have rolled with these changes. “Rather than perceiving snacking to simply be a way to squelch hunger between meals, instead it is an intentional way to graze,” observes Mark Singleton, VP of sales and marketing for the Southern Recipe Small Batch line from Lima, Ohio-based Rudolph Foods.

Consumer studies confirm the frequency of snack purchases and consumption. According to research from Chicago-based Datassential, consumers report eating up to four to five snacks a day. Another study, from Chicago-based Mintel, found that high-frequency snackers who indulge three to four times a day described themselves as “too busy” to eat a full meal.

## Key Takeaways

- ▶ More consumers are eating on the go and choosing smaller portions, mini meals, and packaged or prepared snacks for convenient consumption. This trend has led to an increase in snacking on items that provide a nutritional benefit of some kind, prompting manufacturers to create and market more of these better-for-you products.
- ▶ As Millennials and Gen Z consumers are particularly interested in foodservice/prepared food offerings, retailers should target these shoppers when promoting snacks in that area of the store.
- ▶ Eating trends are boosting online snack sales: Internet sales of snacks have surged 173.5 percent around the world, Euromonitor reports.



# Kwality gears up for its next phase of retail growth after 20 eventful years

Progressive Grocer tracks down the eventful milestones in the brand's corporate trajectory.

“  
We are on a continuous research to ensure that we provide our consumers with cereals that are best in quality.

— Naresh Pagariya  
MD, Pagariya Food Products Pvt. Ltd

“  
Pagariya operates across four channels – GT, MT, E-commerce, and Exports; and army canteens all over India.

— Dheeraj Jain  
Director, Pagariya Food Products Pvt. Ltd

**B**angalore-based Pagariya Food Products Private Limited, which operates the Kwality brand, is a leading manufacturer, importer, exporter and supplier of a wide variety of breakfast cereals, masala, spice powders, instant powders, soup powders, among other products. Drawing on the health and nutrition plank, the Kwality brand today has a wide range of more than 60+ products in 150+ different pack sizes to cater to the health and convenience needs of all age groups, especially housewives, children and consumers on-the-go.

The Kwality brand began with its founder Bhawarlalji Pagariya who opened a small provisions store in the old Bangalore area where he had come to from a small town in Rajasthan to earn a livelihood. He ran this shop for 30+ years until his children grew up and came of age. His son Naresh Pagariya, who is now MD, Pagariya Food Products Pvt. Ltd. felt that manufacturing could be a better business bet and he started on his new entrepreneurial path by making four masalas from the family's provision store. In 1998, he moved his manufacturing business to a new 300 square foot location at Bangalore's Magadi Road.

Slowly, he kept adding products and within one year he had added 8 products to his masala range. With time, the products were selling not only in Bangalore but also in the nearby towns like Tumkur, Ananthpur, and others. The business grew fast and within a year, the unit moved to a five times bigger space in Rajajinagar.

It was around this time that one of the cereal brands launched their breakfast cereal. Naresh felt

that if this product could be better packaged and at an affordable price, then Indian consumers would have a better choice. This led to launch of Kwality breakfast in 2002, and it became an instant hit in the market. Over the next two years, Pagariya Food Products added almost 20 more products to its growing portfolio of masalas, instant mixes, cereals and other categories. Some of these products like Gobi Manchurian Mix & Noodles masala were the first-of-its-kind to be introduced by any brand in the Indian market, and apart from their novelty factor the products were very well received in the market.

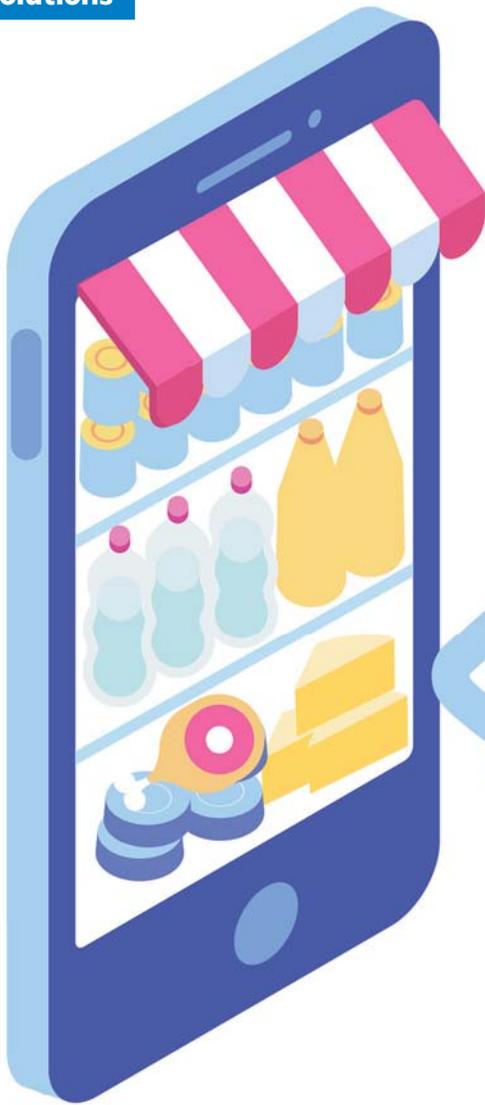
“We take great pains in procuring the best quality raw materials from the source. Our products are manufactured with state-of-the-art technology and are un-touched by humans during the production process. The products are made from all natural ingredients and have no added colors or artificial flavors. We are on a continuous process of research to ensure that we provide our consumers with cereals that are high in nutrients, minerals, and other benefits, which they are currently deprived of due to the hybrid varieties of foods,” says Naresh.

When his nephew Dheeraj Jain, Director, Pagariya Food Products, joined the business in 2002, the company, besides launching new and novel products, began focusing its marketing thrust on expanding to all regions of south India. From 2006 to 2012, the brand's focus was on expanding the retail network all across the south Indian market, and it kept on adding to its distribution & retail network. From 2012-to 2018, it started focusing more on Modern Trade, and today it has a presence across the entire Modern Trade channel.

“Our company operates across four channels – General Trade, Modern Trade, E-commerce and Exports; these apart, we also supply to CSD (army canteens) all over India. In General Trade, the company has over 450 distributors across south India and west India with over 35,000 domestic retailers. Kwality products are sold to over 20+ countries and are available in 5000+ International outlets. They are also available at International chains such as Carrefour, Walmart, Giant, Coops, etc,” says Dheeraj.

The company is focusing on metros, Tier I and Tier II cities as it key markets as well as the rural markets and other niche markets for its lower value packs and will continue coming up with more healthy and nutritional products at affordable price points in the future. **PG**





# Independent Initiative

Smaller players are investing in big solutions to boost the shopper experience — and the bottom line.

By **Randy Hofbauer**  
and **Bridget Goldschmidt**



**G**one are the days when local supermarket operators could just depend on their stellar reputations in their respective communities to keep customers coming back.

In an increasingly competitive landscape, more targeted engagement is necessary, especially for smaller independents lacking the deep pockets of their larger rivals, and that may require digital assistance.

Just ask Foodtown Stores, part of the Iselin, N.J.-based independent supermarket cooperative Allegiance Retail Services, which in April named New York-based Constellation Agency as its first digital agency of record.

“Digital channels have an expanding role in today’s meal planning and grocery shopping,” noted Allegiance Retail Services Chief Marketing Officer Donna Zambo when the news came out. “Recognizing this, we are partnering with Constellation Agency to ensure that Allegiance and Foodtown are able to meet these needs now and into the future.”

Asked to elaborate on the types of strategies envisioned by the co-op, a Constellation spokeswoman spoke of “hyper-local content in support of Allegiance members. Each member has

## Key Takeaways

- ▶ Smaller independent grocers are adopting innovative technology to better compete against deep-pocketed major industry players.
- ▶ Solutions implemented span the areas of food safety, product attributes, point of sale, mobile checkout and theft/accidental scan avoidance.
- ▶ Independent grocers have already seen success with such solutions, in terms of an enhanced shopper experience and savings.



**KN Niyas**  
Partner, MK Retail

# 92 Years of Grocery Retailing Excellence in Bangalore

*Progressive Grocer* spoke to **KN Niyas**, Partner, and a third generation member of the family that founded the **MK Retail Company**, which has held its own as a pioneering F&G retailer meeting the expectations and aspirations of generations of consumers over decades by providing quality, affordability and assortment in a modern supermarket setting.



# How online meat delivery is changing the retailing model in India

The online meat selling start-ups have changed the way India buys meat. These firms sell custom cut, marinated and ready-to-cook meat products and are a boon for people sitting at home and wanting to enjoy a non-vegetarian meal without the hassle of cutting and cleaning.

By **Deepanshu Manchanda**

According to industry research, the size of India's meat market is close to \$30-35 billion, which is further growing at around 18-20% every year. This implies that over 70% of the population in India eats meat. Over the last few years, the start-up ecosystem has brought a trend shift in the meat selling industry and has occupied a fair share of the meat delivery market. However, the meat delivery market in India is still dominated by the unorganised meat sellers who control almost 99% of the space. So far, consumers have trusted the local butcher shops for buying meat and have been compromising with quality and convenience. Most of them are still not cognizant of the fact that the meat bought from butcher shops is sold in an unhygienic manner and the products are not fresh and lack quality. The

meat sold at traditional butcher shops is openly displayed and is also vulnerable to pollutants and insects or flies.

In the traditional meat selling market, there is no standardization of price, quality and freshness. The unorganised players follow an inefficient supply chain, which further degrades the quality of the products and makes it unhealthy for consumption. According to experts, the meat sold in India has the highest level of antibiotics. The investment in both meat industry and livestock for meat purpose breeding is low. Inadequate infrastructure is another major concern area.

Over the last couple of years, urban consumers have slowly moved towards online meat buying on account of various factors such as convenience and receiving fresh and hygienic meat at their doorstep. The online meat selling start-ups have changed the





# Unveiled!

## Breakthroughs in F&G Retail

Food Retail these days is an amazing industry with new markets and constant changes, resulting in new requirements and needs. New products – the lifeblood of retailing – are infusing verve into existing lines, creating completely new categories and filling unmet needs not previously on consumers’ – or retailers’ – radar.

The changes being witnessed in product development tell a remarkable story of innovation rooted in a compelling value proposition. However, the harsh reality is that thousands of products launches collapse within the first year for any number of reasons. Hence, nailing innovation at just the right moment remains the trickiest and, arguably, the most essential, of all ingredients.

By **Sanjay Kumar**

**T**here’s no denying the importance of innovation and the role it plays in piquing consumers’ interest and getting them excited to buy, regardless of the shopping channel or medium. However, before moving further on the topic of innovation, it is important to understand what it means to consumers, what sectors and brands are considered innovative, and what role innovation serves as a purchase motivator.

Innovation is translating consumer wants and needs into products that deliver on promise. You need a deep understanding of consumer attitudes and behaviors as well as the market trends. A product that creates consumer passion certainly inspires people to talk about it, and that’s really an indication of success. The third is clearly “speed to market” and getting ahead of the competition. Whenever you have a good idea, competitors are going to have similar ideas. A lot of times, the one that gets to market first is the one that wins with consumers.



# Optimizing customer digital experiences with AI

With the advent of AI, brands have gathered a deeper understanding of customers. As AI deals with semantic meaning, meta-level knowledge, and answers which are either exact or optimal, it can easily come up with personalized interactions based on the preference of each customer. AI is able to decipher tendencies and predict future customer needs or create excellent recommendation engines.

**By Abhishek Mahajan**

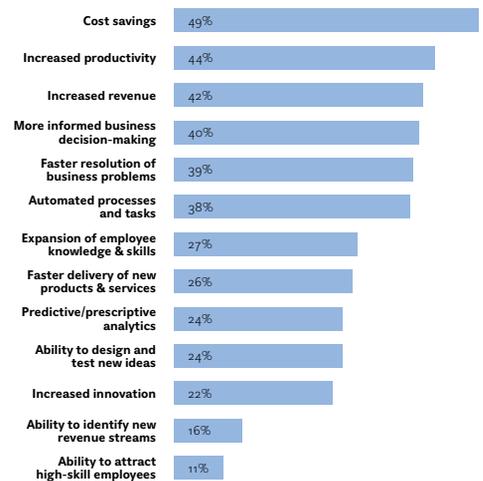
**A**rtificial Intelligence (AI) has had a huge impact on the retail industry. In fact, Gartner predicts that by 2020, 85% of our interactions will be with chatbots. To put it differently, AI is deemed to change a lot. Human workforce will be no more at the forefront of customer interactions, and marketing calls will rely mostly on hard data instead of individual ideas. In fact, a study reveals that AI will increase business output by 6.5 times. Now the question is with this technology in flux and advancing into mainstream how AI will influence everyday customer experiences

## Ways to Optimize Customer Digital Experiences with AI

With the use of AI that promises to deliver relevant retail experience seamlessly across devices. In fact, a survey among US customers said that 83% of shoppers are happy to shop from a brand that uses chatbot or some other AI competences.

Let us now have a quick look at how AI optimizes customer digital experiences.

Benefits of artificial intelligence (AI) for retail business worldwide in 2018



Source: <https://rubygarage.org/blog/11-use-cases-of-ai-in-retail>

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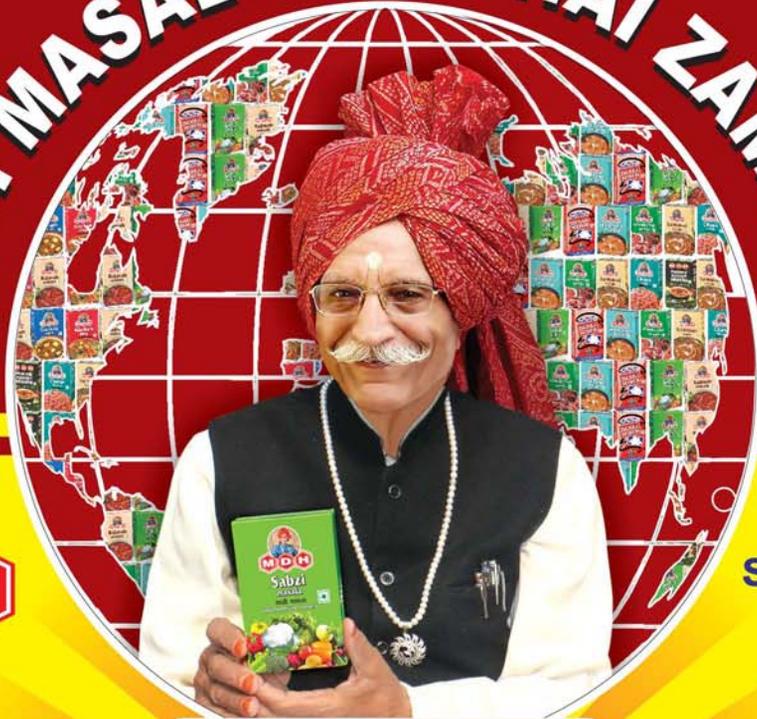
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