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PROGRESSIVE GROCER

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**Ready
to Eat**

New unconventional products, attractive packaging and on-the-go meal options are taking the segment ahead

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**OUR STORES ENJOY
STRONG CUSTOMER
CONNECT AND
FAIR PRICE IMAGE**

— SANJAY SHETE

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The festival of Diwali – the most anticipated and eagerly looked forward to occasion by the retail industry, when Indians pull out all the stops to binge on shopping and buying gifts – is just round the corner. While big festivals come in a regular rotation and every day is a holiday on some level – from birthdays to promotions to farewell parties, to name just a few – putting the “special” on special occasions generally means elevating the foods and beverages experience for celebrating such milestones.

Retailing and business opportunities are significant on these big occasions. Retailers can attract shoppers by providing and promoting gourmet offerings, including both packaged products and store-made or private label choices. Consumers purchase specialty foods for a special occasion like a dinner party, birthday or holiday.

Many parts of the store can be a draw for occasion-minded, gourmet-seeking shoppers, meaning that basket lift can occur in several spots. In the perimeter, for instance, the in-store bakery, deli, prepared food area and produce section offer a variety of products for parties or gatherings of different scales and sizes. Meanwhile, in center store, specialty foods can be merchandised for everyday consumption or for days that mean something more to a shopper.

Carrying specialty foods and beverages is a signal to shoppers that a store provides items for both “regular” eating occasions and occasions that mean something more.



Amitabh Taneja
 Editor-in-Chief

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COVER STORY

Sanjay Shete
Chairman – Sahakari Bhandar

FROM A STAIID CONSUMER CO-OPERATIVE TO A MODERN AND ECO-FREINDLY GROCERY CHAIN

Sahakari Bhandar is Mumbai's most visited and preferred grocery store for more than 50 years. With 24 branches strategically located from Colaba to Virar, it offers convenience, good quality, safety and consistent availability of products to its customers. The legacy of trust continues since 1966, servicing more than millions of happy families. Sahakari Bhandar, although a co-operative, is an exciting blend of modern retailing with deep understanding of daily needs of its customers.

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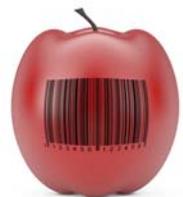
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How supermarkets can sell more

Retail industry experts offer five ways to grow business.

By **Barbara Sax**

The retail landscape is more competitive than ever, and shopper loyalty continues to be elusive for many retailers. For supermarket operators to increase sales this year and beyond, they'll need to focus on driving traffic, boosting basket size and building shopper loyalty in new ways. Following are five areas on which grocers can concentrate to up their store game:

ELEVATE THE CUSTOMER EXPERIENCE

"It is increasingly important for retailers to understand what is important to their core shoppers, as well as those shoppers that they are leaking to competitive outlets," says Colin Stewart, SVP, Center of Shared Business Intelligence at Jacksonville, Fla.-based sales, marketing and services company Acosta.



From a staid consumer co-operative to a modern and eco-friendly grocery chain



Sahakari Bhandar is Mumbai's most visited and preferred grocery store for more than 50 years. With 24 branches strategically located from Colaba to Virar, it offers convenience, good quality, safety and consistent availability of products to its customers. The legacy of trust continues since 1966, servicing more than millions of happy families. Sahakari Bhandar, although a co-operative, is an exciting blend of modern retailing with deep understanding of daily needs of its customers.

Progressive Grocer spoke to **Sanjay Shete, Chairman – Sahakari Bhandar**, about the metamorphosis of a once sleepy state-owned cooperative retail chain into a bustling, bright and swanky neighborhood store chain today, which sells everything from groceries and frozen foods to household care and with a pleasant ambience and hygiene that have the stamp of professionalism everywhere.

By Sanjay Kumar



Sanjay Shete
Chairman – Sahakari Bhandar



Ready or Not

Growth in away-from-home eating means supermarkets must continue to improve their fresh prepared food offerings.

By Lynn Petrak

If rotisserie chicken spun a new competitive advantage for supermarkets a couple of decades ago, today's prepared food offerings reflect an even greater turn of fate — and arguably fortune — for grocers.

Although competition for the consumer food dollar remains tight, with supermarkets vying with restaurants and meal kit delivery services to provide fast, simple and appetite-appealing meals, the outlook for grocery prepared foods remains positive.

Several research organizations project continued expansion and success of prepared foods offered in supermarket settings. In an October 2016 brief, Mike Kostyo, senior publications manager of Chicago-based Datassential, declared that supermarket prepared food departments are the fastest-growing segment of the foodservice industry, and predicted that the category will grow 3.8 percent in 2017.

Prepared foods accounted for 58 percent of the \$24 billion in deli sales in mid-2016 and are considered an emerging driver of growth, according to “The Power

of Fresh Prepared/Deli,” a study commissioned by the Fresh Foods Leadership Council of the Arlington, Va.-based Food Marketing Institute (FMI).

Rick Stein, FMI's VP of fresh foods, says that supermarkets are doing well in this area for a variety of reasons. “One thing that supermarkets have to their advantage is that their food safety has been at the high end of consumers' trust,” Stein says. “Also, they are differentiating themselves because consumers are already buying groceries — they often go to the grocery store, they know where to park, which aises to go down, which checkers to talk to. So most supermarkets have a good brand already, and consumers know and trust them.”

Supermarkets also have a leg up over some meal kit delivery services. During his 2017 trend forecast webinar, “Supermarket Guru” Phil Lempert contended that meal kit delivery services may encounter some obstacles. “More stores are starting to have meal kits similar to the ones you'd get from HelloFresh or Blue Apron, but less expensive,”





The Favorite Foods of our Times

By Sanjay Kumar

Thanks to the rapid strides in food processing and packaging technology, the ready-to-eat/ cook food category is witnessing a surge in consumer popularity and acceptance. The category is witnessing great innovation by brands and retailers. Whereas brands are introducing new range of merchandise that is different from the conventional ones – ready-to-eat meal options and attractive packing (zip lock) – retailers are selling region-specific products to be served in kitchens, which not only give an option for consumers to try them before they buy but also create greater awareness about the category.

The Indian food and grocery market is the world's sixth-largest currently, with retail contributing 70 per cent of sales. Within the country's total food market, the share of Food Processing industry is 32 per cent – making it one of the largest industries in India and 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.

Under the processed food category, the demand for ready to eat/cook products has improved drastically over the years, mainly due to the convenience that they provide. In today's fast-paced lifestyle, time is valuable and the ease of preparation and convenience has improved the sales of ready-to-eat/ cook products to a large extent.

Becoming a Health Destination

A few points show retailers how to better connect with wellness-minded shoppers.

By Karen Buch

Effective wellness solutions need to be simple, relevant, personalized and affordable for consumers.

How can grocery retailers develop comprehensive, consumer-driven approaches to health and wellness? Provide consumers with access to healthful foods and health education while helping to ease some of the common barriers to healthier living. Effective wellness solutions need to be simple, relevant, personalized and affordable for consumers.

Make it Easy

Consumers want to meet all of their health-and-wellness needs in a single destination. That means convenience, coupled with a sufficient variety of core, niche and cutting-edge products. Savvy retailers anticipate health-conscious shoppers' needs and offer solutions-based in-store merchandising, adjacencies and complementary online shopping experiences.

Clarity Counts

Shoppers struggle to simplify the shopping process for themselves and their families. More than half of consumers claim to be following a special diet that limits or restricts certain ingredients or certain food production methods. Be transparent and help provide answers to key consumer concerns,

including where food comes from, the nature of ingredients, and how food is produced.

Keep Things Relevant

As a point of differentiation, retailers should look beyond the path to purchase and focus instead on the path to healthy consumption by providing meal solutions that fit a healthy lifestyle. Showcase an authentic commitment to wellness via weekly circulars, store displays, healthy recipe ideas and prepared food offerings, better-for-you own-brand products and in-store samplings, and overarching messaging.

Personalized Experience

Tap into shopper data and tech engagement to target the right shopper with the right product at the right time. Speak directly to key motivators by communicating how consumers can feel better, be happier, live longer and look better. Be active in social channels where you can listen to your existing customers and encourage two-way interaction and dialogue.

Affordable Products and Services

Retailers can shape their pricing strategies to make the healthier choice the high-value yet affordable choice. In addition, use loyalty programs and electronic savings programs to develop incentives that reward shoppers for making healthier choices.

Be an Ally

Today, 75 percent of all households report that at least one member has a chronic medical condition, and this number is only expected to grow. Leading wellness destinations will be allies, helping individuals to close the gap between their good intentions for diet and lifestyle and their actual choices, behaviors and purchases. **PG**

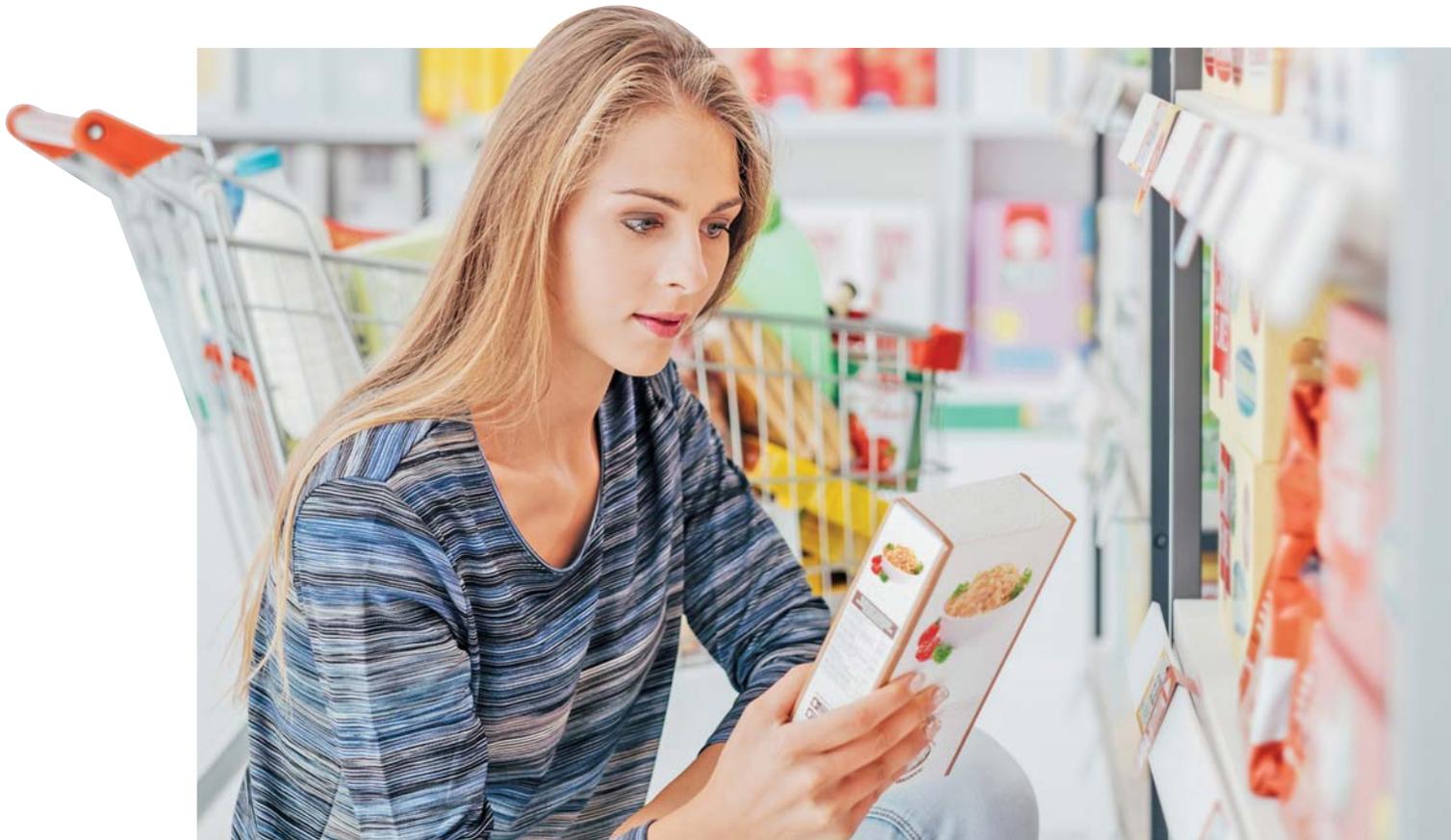
Karen Buch RDN, LDN, is a registered dietitian/nutritionist who specializes in retail dietetics and food and culinary nutrition communications. One of the first supermarket dietitians, she is now founder and principal consultant at Nutrition Connections LLC, providing consulting services nationwide. You can connect with her on twitter @karenbuch and at NutritionConnectionsLLC.com.



Keeping Center Store Relevant

5 ways to reinvigorate an underappreciated section of the store.

By **Bridget Goldschmidt**



It doesn't get a lot of love these days, what with the current focus on fresh, but center store is still a force to be reckoned with. "Center store absolutely has an important role to play in large stores, and research shows that this area of the store is a key profit driver — 75 percent to 80 percent of grocery bottom-line profit is contributed by center store," asserts Ron Hughes, senior manager of shopper strategy and innovation at the Coca-Cola Co., in Atlanta. "On the other hand, we know Millennial consumers believe the center store is uninteresting and unappealing. In fact, 25 percent of Millennials say [that] the 'center store is a boring part of the store,' and 23 percent say, 'I almost get

claustrophobic when shopping center store.' Given that Millennials are a key shopper segment for growth, this presents a notable challenge."

Meanwhile, Shelley Balanko, Ph.D., SVP at The Hartman Group, in Bellevue, Wash., believes that the section "has lost a lot of relevance in modern eating. Today's consumers orient toward fresher eating and immediate consumption, so they are more inclined to shop the perimeter to meet their fresh-quality expectations and get inspired for immediate or very near-term cooking/assembly. Contemporary consumers have generalized their 'fresh expectations' from the perimeter to center store, and now use 'minimal processing' and natural product formulations as cues for 'fresh packaged' food in center store.

Creating safe eating environments with smart technology

By **George Pepes**

Robust economic growth, rising incomes, increasing urbanization and greater penetration of technology are driving consumption and fuelling the growth of the Indian food and beverage service retail industry. As such, there has been an increased focus on food safety, especially in terms of its preparation, packaging and distribution.

The food industry is notoriously tough. Getting the front-of-house right is just the tip of the iceberg; executing the extensive list of tasks behind the scenes is extremely complex. This can often mean that employees spend more time ensuring that processes are compliant and complete than focusing on ensuring an unforgettable customer experience.

The Indian consumer's preferences are changing at a very fast pace, leading to an evolving landscape for its food industry as well. The Federation of Indian Chambers of Commerce and Industry (FICCI) has forecasted that the food service industry will be experiencing a Compound Annual Growth Rate (CAGR) of 10 percent over the five-year period from 2017 to 2022. Comparatively, the Chinese and South Korean industries are only expected to grow at CAGRs of 4.4 percent and 3.6 percent respectively over the same period.

This scenario has given rise to the need for better food hygiene and food storage management, which are crucial elements in the hospitality industry, paramount to ensuring businesses remain reputable and ensuring the safety of their

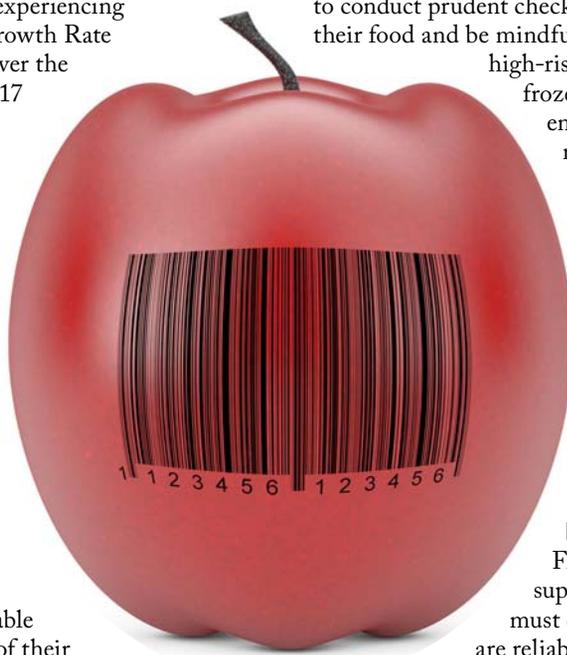
customers. Inadequate management of produce at any point in the supply chain, from warehouse to the restaurant floor, can have wide-ranging consequences. In the first place, low confidence amongst consumers can result in revenue loss as they begin to choose alternative options. Fines can be imposed, and even arrests made if negligence occurs.

The Food Safety and Standards Authority of India (FSSAI) has laid down stringent guidelines to ensure that food safety regulations are observed across the country. FSSAI stipulates that all food establishments are to be careful during the procurement of their raw materials. They are also to conduct prudent checks on the expiry dates of their food and be mindful of the temperatures for high-risk food like milk products, frozen food and meat, so as to ensure safe storage of raw materials and food articles.

Therefore, it becomes imperative, that the restaurant and hospitality supply chain innovate and harness new technologies to keep up with consumers demands as well as the food regulatory.

From Warehouse to Kitchen

From the very start of the supply chain, businesses must ensure that operations are reliable and compliant with



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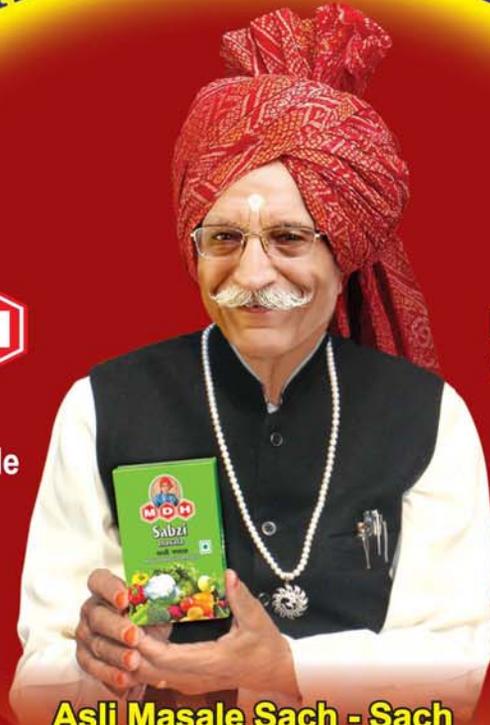
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