

Ahead of What's Next

Progressive GROCER

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FOOD SAFETY

Leading retailers discuss the keys to keeping food safe during the COVID -19 pandemic.

TECHNOLOGY & INNOVATION

Google and the Future of Grocery Shopping.

INDIA EDITION



“We have unique strengths in the grocery staples category”

– VINOD JAIN
CMO, JK RETAIL PVT. LTD.

CATEGORY WATCH

FROZEN FOOD

Slow Fire Lighting Up the Frozen Foods Category.



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F

ood retail is undergoing a change. This changing nature is evident if one takes an expansive view of the food retailing universe. Apart from the industry-leading retailers, shoppers can today purchase food and consumables from a growing number of choices. Those choices extend to many types of retailers, beyond traditional grocers.

In the context of the changing food retail landscape, the traditional definition of "grocer", which was previously based on store size and core product offering, is no longer the primary consideration. Instead, the important thing is what constitutes the key element of the value proposition of food retailing companies.

This state of competition has led some smaller retailers to embrace the advantages that the large retailers exploited when they were small. Smaller retailers are not only able to avoid the regulatory complexity, they are able to further level the playing field by deploying affordable retail technology solutions, which give them access to the same powerful capabilities as larger organizations.

What's relevant to shoppers are retailers that appeal to lifestyles and sensibilities that are very different from decades ago, when the distinctions between classes of trade were clearer. It's all very blurry today, with food and consumable products sold seemingly everywhere, by all types of retailers and innovative start-ups with new physical and digital approaches.

The changing nature of competition in the food and consumables industry is fascinating, tumultuous, unpredictable and filled with unrelenting competition.

Amitabh Taneja
Editor-in-Chief

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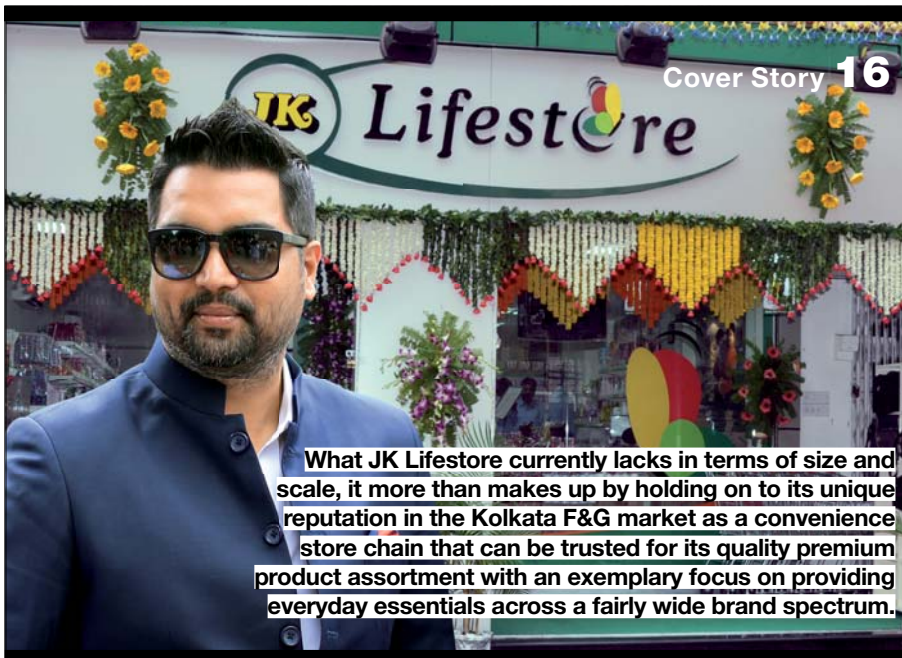
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What JK Lifestore currently lacks in terms of size and scale, it more than makes up by holding on to its unique reputation in the Kolkata F&G market as a convenience store chain that can be trusted for its quality premium product assortment with an exemplary focus on providing everyday essentials across a fairly wide brand spectrum.

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As Covid-19 continues to rage in many parts of the world, consumer behaviour has undergone a major change: Shoppers have become more willing to spend in the name of value, health, and convenience besides also stockpiling specific staples and essentials, out-of-home/ on-the-go snacks, confectionery, and beverages.

“We have developed unique strengths in the grocery staples category”

WHAT JK LIFESTORE CURRENTLY LACKS IN TERMS OF SIZE AND SCALE, IT MORE THAN MAKES UP BY HOLDING ON TO ITS UNIQUE REPUTATION IN THE KOLKATA F&G MARKET AS A CONVENIENCE STORE CHAIN THAT CAN BE TRUSTED FOR ITS QUALITY PREMIUM PRODUCT ASSORTMENT WITH AN EXEMPLARY FOCUS ON PROVIDING EVERYDAY ESSENTIALS ACROSS A FAIRLY WIDE BRAND SPECTRUM.

PROGRESSIVE GROCER SPEAKS TO **VINOD JAIN, CMO, JK RETAIL PVT LTD**, ABOUT HOW THE JK LIFESTORE STORE-CHAIN HAS BEEN ABLE TO STRIKE OUT AND HOLD OUT ON ITS OWN IN THE COMPETITIVE, CUT-THROAT WORLD OF FOOD & GROCERY RETAILING.

By Sanjay Kumar



Milky Mist dairy products meet the nutritional requirements of all age groups

THE COMPANY AND ITS PRODUCTS HAVE CREATED SEVERAL EXEMPLARY BENCHMARKS IN THE DAIRY BUSINESS AND THE BRAND IS CONTRIBUTING ITS FAIR SHARE IN GROWING THE DAIRY ECOSYSTEM IN INDIA.

By Sanjay Kumar



“The technology we use is fully automated, completely hands-free and there is no direct human contact involved at any point in the processing and packaging of our products”

– Sathish Kumar, Founder and Managing Director, Milky Mist

M

ilky Mist manufactures and markets premium quality dairy products under the “Milky Mist” brand. The company, founded in 1992, is based out of

Perundurai in Erode district, Tamil Nadu.

As a 100% value-added milk and dairy products company, Milky Mist is the only dairy firm in south India to convert all of its procured milk into value-added products. Milk being the essential ingredient in all dairy products, it is the quality of milk and how it is procured that determines the qualitative advantage of the end product.

Procuring or sourcing milk directly from the farmers is a big challenge. The traditional model is adulteration-prone as it involves the supply of milk from the farmers to the milk vendors and then to the dairy companies. The presence of the middlemen means that companies have to often contend with the sub-standard quality of milk. “In our case, we have complete control on milk procurement as we don’t have to buy milk from outside suppliers; instead all the milk is procured directly from the producers in the company’s network,” says **Dr. K Rathnam** - *Chief Executive Officer, Milky Mist*.

As the milk is collected directly from farmer-members and because there are no agents involved in the procurement process, the quality of milk remains intact as every drop of milk is tested at the collection centres, thus leaving no room for quality deviation to take place.

The company procures six lakh litres of milk every day from over fifty thousand farmers within





Lighting Up the Frozen Foods Category

RIDING ON THE BACK OF AN IMPRESSIVE DOUBLE-DIGIT GROWTH IN RECENT YEARS, THE FROZEN FOODS MARKET IN INDIA IS CERTAIN TO IMPROVE ON ITS ABOVE 15% PACE OF CAGR GROWTH IN THE FUTURE AS WELL. THE EXPANSION IN RETAIL SPACE, CHANGES IN OUR LIFESTYLE AND WORK ENVIRONMENT, AND MORE ECLECTIC FOOD HABITS ARE PUSHING THE ACCEPTANCE AND DEMAND FOR FROZEN FOODS.

By Sanjay Kumar



Various studies and industry estimates have pegged India's frozen food market to be around USD 500 million currently. One such industry report, "India Frozen Food Market Outlook, 2021" says that the frozen food market of India has been growing at a CAGR of 15-20% in recent years. One industry forecast suggests that the frozen food industry in India is growing at a CAGR of over 16% and will reach \$ 754 million by 2023.

According to a TechSci Research report, "India Frozen Food Market By Product Type, By Organized Vs Unorganized, Competition Forecast and Opportunities, 2011-2021", India's frozen food market is projected to grow at a CAGR of around 15%, during 2016-2021.

The report says that this double-digit growth will be driven by an increasing number of modern retail chains, rising number of refrigeration facilities in small retail shops and rural households, rapid development of fast-food chains, aggressive marketing strategies by major frozen food manufacturers, and longer shelf life and easy availability of frozen food products.

The processed food market, of which frozen is a sub-part, has witnessed the entry of many brands offering a variety of products across different processed food categories.

"The concept of frozen and ready-to-eat-food products is new to the Indian market. However, the market for frozen food is gradually expanding. The number of companies introducing their products in this segment is increasing by the day with players

Packaged food staples see perky sales and demand

AS COVID-19 CONTINUES TO RAGE IN MANY PARTS OF THE WORLD, CONSUMER BEHAVIOUR HAS UNDERGONE A MAJOR CHANGE: SHOPPERS HAVE BECOME MORE WILLING TO SPEND IN THE NAME OF VALUE, HEALTH, AND CONVENIENCE BESIDES ALSO STOCKPILING SPECIFIC STAPLES AND ESSENTIALS, OUT-OF-HOME/ON-THE-GO SNACKS, CONFECTIONERY, AND BEVERAGES.

By Sanjay Kumar



The demand for staple food products and their consumption has risen quite substantially ever since the coronavirus pandemic broke out last year, prompting episodic lockdowns and restrictions on

movement. With people being constrained to stay at home, consumption of everyday, basic-use food products has undergone a massive shift.

When the pandemic struck in March last year and when the entire country had to lock itself down, consumers found everyday essential food products disappearing from shop shelves. At the same time, people scrambled to lay their hands on products that we had always assumed to find in the stores: Products like breakfast cereals, noodles, pasta, cooking oils, beverages. It led to scarcity and shortage of many such basic supplies, which became hard to find in local supermarkets and even online.

These product shortages were attributed by many to COVID-19 fear-driven purchases by consumers as they hoarded everyday products and stocked their pantries. While these bulk purchases did play a small part in some of the shortages, the primary driver was consumers' increased time spent at home during lockdown and work-from-home initiatives, and the resulting shift in consumption and demand for everyday staples products.

The surge in panic-buying caused shortages of daily essentials - the kinds of goods you buy and stock your house with regardless of the state of the economy - and it understandably scared many consumers. There have been shortages of our favourite beverages and snacks, not necessarily the things we can't live without, but rather the things we don't want to live without, as food companies had to trim down their production pipelines.

People took to stocking up on essential items as state governments announced closure of malls, and ordered partial lockdown and restricted movement. As more covid cases kept emerging, people started stocking up on even staples like rice, flour, oil and other essential items.



How candies, chocolates, coffee, chips and packaged food are able to retain the taste for a longer period of time

TO MANAGE THE GROWTH FUELLED BY CONSUMER DEMAND FOR PACKAGED, READY TO EAT, HASSLE-FREE FOOD, MANUFACTURERS ARE QUICKLY ADOPTING MODERN ENVIRONMENT CONTROL SOLUTIONS THAT ARE USED AT VARIOUS STEPS OF FOOD PRODUCTION - ALL THE WAY UP THE VALUE CHAIN LEADING UPTO PACKAGING AND STORAGE.

By Deepak Pahwa

For any country's economy to sustain, its gross domestic product (GDP) plays a pivotal role, which basically means the combined value of all goods and services produced within a country in a year. Various factors contribute to economic growth and Food is one of the most crucial subjects for any economy to sustain its population and its future needs. In India too, the sector has been identified as one of the key growth drivers. Other than producing its own large variety of food products on a regular basis, India is also amongst the biggest exporters of processed food across the world.

The Indian food and beverages industry is worth \$400 billion, and the food processing sector accounts for about \$130 billion. It makes up 10 percent of the agriculture GDP and 12 percent of the manufacturing GDP. The FnB industry puts a lot of attention on the quality, processing, and packaging of the end product by ensuring that the food item meets all the necessary standards and checks before being consumed. The focus on the overall quality has pushed the majority of the industry players to realise the importance of investing in advanced technologies. To manage the growth fuelled by consumer demand for packaged, ready to eat, hassle-free food, these players are quickly adopting modern environment control solutions that are used at various steps of food production,





The rise and rise of popcorn as a healthy snacking option

POPCORN HAS EMERGED AS A POPULAR SNACK IN INDIA IN LINE WITH GLOBAL SNACKING TRENDS. WITH CONSUMERS MOVING TOWARDS HEALTHY SNACKING OPTIONS AND EXPERIMENTING WITH DIFFERENT FLAVOURS, INDIA'S GOURMET POPCORN MARKET IS POISED TO EXPAND AT A CAGR OF 36% BY 2022 WITH LOTS OF NEW PLAYERS ENTERING THE POPCORN BUSINESS.

By Akshay Modi

With the unprecedented Covid-19 pandemic, we have witnessed a few industries collapse, a few diversify, a few strive to stay afloat and a few that have seen

a boom. The snacking industry is one such industry that has flourished in recent years and has seen a massive upsurge in the demand for snacking products in India. The Indian snack market will grow to more than INR 1 Billion by the end of 2024 and is expected to clock a double-digit CAGR for the 2018-2024 period.

Through the years, there has also been a major shift in the snacking category. Consumers are now moving to a healthier way of living and conscious eating. This has helped to build the momentum for the healthy snacking category.

The changing consumer choices and the varied taste of millennials have acted as the catalyst for fostering this shift. With the trend of new-age healthy food culture catching on and with the emergence of health-conscious snack lovers, there is more demand for healthy snack options.

In recent years, we have seen a lot of brands introduce various healthy snacking options for the Indian population. But amongst all the healthy munchies options being introduced, we have seen popcorn emerge as a popular snack in India. As per an online report, the global popcorn market is projected to reach \$15billion by 2023, registering a CAGR of 7.6 percent from 2017 to 2023.

Popcorn is a healthy and nutritious alternative to chips and cookies. It is cost-friendly, easy-to-prepare and an integral part of the entertainment and snacking experience. As the audience today is moving to healthier options and ready to experiment with different flavours, we have seen various players like Pipo, Act 2, Popcorn & Company capture the popcorn market.

According to another report, India's gourmet popcorn market is poised to expand at a CAGR of 36% by 2022 and will see a lot of new players foraying into the popcorn business. Spurring this growth are various driving factors that make popcorn the most popular snack and a promising business:

Grate Expectations

RETAILERS EXPAND AND ELEVATE OFFERINGS AS PEAK GRILLING SEASON ARRIVES.

By Lynn Petrak

Technically and, increasingly in practice, grilling season extends all year. The Hearth, Patio and Barbecue Association (HPBA) reports that 75% of grill owners cook outside in the winter.

Still, May is the typical start of grilling season. According to the Arlington, Va.-based HPBA, 68% of American grill owners plan to cook out on the Fourth of July, while 56% grill out on Memorial Day and Labor Day, and 42% fire it up outside for Father's Day.

2020 was a particularly hot summer for the pastime, as stuck-at-home consumers grilled more meals and often upgraded their grills, grilling accessories and outdoor living spaces. According to a new report from The NPD Group, consumers spent nearly \$5 billion on grills, smokers, camping stoves, accessories and fuel last year. Another study conducted by Port Washington, N.Y.-based NPD in 2020 showed that consumers between the ages of 35 and 54 were more likely than their counterparts in other age groups to own two or more appliances.



Key Takeaways

- ▶ Consumers are placing a widening and often elevated array of foods on their grills.
- ▶ There are opportunities to move more premium meats and seafoods, and to encourage the use of plant-based proteins, for summer grilling.
- ▶ The season is also a good time to promote such grilling go-withs as rubs, barbecue sauces, beer, rolls and snacks.

"Camping vacations, Friday-night pizza, trying a new roast recipe and smoking the Thanksgiving turkey are the kinds of activities helping to fuel growth beyond the core gas and charcoal grill options," says Joe Derochowski, home industry advisor at NPD. "Consumers have turned pandemic-driven boredom



Best Practices in Produce Presentation

TIME-TESTED STRATEGIES REMAIN IN EFFECT, WHILE PRESSURES CHALLENGE EXECUTION.

By Mike Duff

Best practices are a means for grocers to maintain the favor and confidence of consumers, but, at a time when shoppers are reconsidering how they're purchasing food, and issues such as the expansion of home delivery and the growth of labor costs are having an effect, any retailer carrying fresh fruits and vegetables should consider revisiting fundamental standards as they address a rapidly changing marketplace.

Basic standards that form the foundation of best practices haven't changed, but circumstances have. Therefore, grocers need to understand

what sells region by region and store by store, adjusting product flow to ensure that everything moves at a velocity that doesn't result in fruits and vegetables past their prime remaining in displays. At the same time, the presentation should build on the inherent qualities of the products offered to catch the eye and drive purchasing beyond the shopping list. In addition, retailers need to allocate sufficient labor to maintain displays, ensure sanitation and engage with shoppers.

COVID-19 has shaken up consumer engagement with grocery, so getting the

Produce presentation should build on the inherent qualities of the products offered to catch the eye and drive purchasing beyond the shopping list.



Key Takeaways

- ▶ Grocers must align merchandising practices to shopper concerns such as wellness and ease of shopping, while coping with rising labor costs.
- ▶ Produce consumers are interested in new fruit and vegetable varieties, existing items they haven't tried yet, and value-added products.
- ▶ Packaged produce can help with shrink and allow a grocer to offer shopping convenience.

basics right is critical. Many consumers have been bringing new considerations such as wellness to bear in deciding where to shop, according to Scott Wiggins, produce director for Santa Barbara, Calif.-based Lazy Acres Market, a Good Food Holdings banner, with organic produce, for instance, becoming more popular. At the same time, grocers need to recognize that even as they seek out previously unexplored produce options, consumers still make decisions about where to shop based largely on fundamental standards such as sanitation.

"I think customers are going to be more adept than ever in searching out clean shops," says Wiggins.

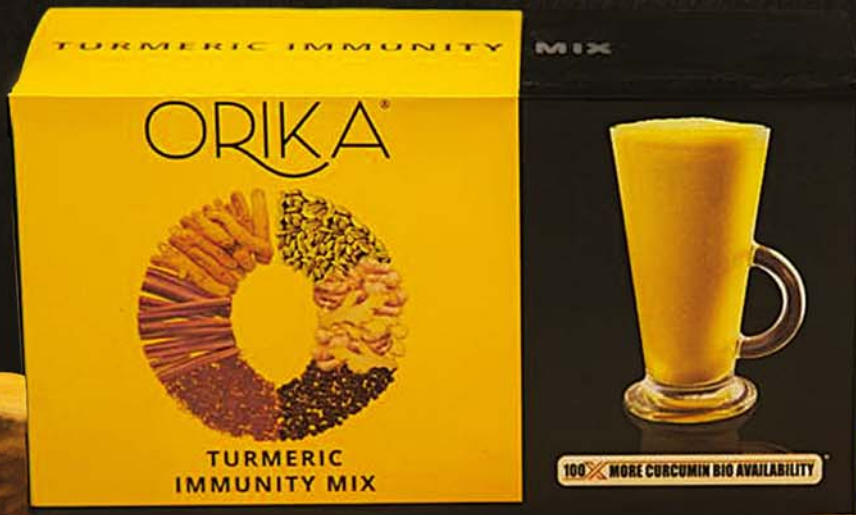
However, adjusting to evolving consumer preferences comes at a cost, and among the considerations that grocers need to ponder today is how they align practices to shopper concerns while coping with the rising labor costs many confront.

"Managing labor costs is top of mind for grocers right now as they juggle wage pressure, hazard pay mandates and increased COVID-related costs," says Amanda Lal, senior manager at Chicago-based consultancy McMillan Doolittle. "In addition, food and energy commodity inflation is expected to increase 11% in FY21, so grocers must make selective price increases and tighten operations with the anticipation of rising food costs. Earlier on in the pandemic, retailers were concerned about the need for more promotional pricing strategies, due to fears

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