

Ahead of What's Next

# Progressive GROCER

July 2021

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## ONLINE RETAIL

E-Grocery in India to expand at a CAGR of 37.1% from 2021 to 2028.

## CONSCIOUS CONSUMERISM

Why retailers need to make shifts in their merchandising and marketing strategy.

INDIA EDITION

### CATEGORY WATCH

#### FOOD STAPLES

Demand for Food Staples led by breakfast cereals, instant noodles and snacks to continue seeing strong growth ahead.



## Muscle & Strength India

Fitness & nutrition products' retail chain to open 100 stores by year-end and expand aggressively.

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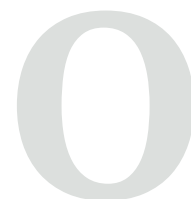
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mistrust took hold.

Without trusted leadership sources to look to, getting reliable information became a challenge, and trust in all news sources sank to record lows. But where other institutions failed, grocers stood tall when people needed them most.

Throughout the pandemic, grocers have earned respect and trust through millions of daily interactions in stores and online. There were bumps here and there, as the sheer volume of people served increased the odds of occasional disappointment, but nothing remotely close to lumping grocers in with the level of widespread institutional mistrust.

Grocers understand that there's a strong correlation between trust and success. The more you have of the former, the more you'll have of the latter. This belief has allowed grocers to maintain high levels of trust with shoppers and the communities in which they operate.

Going forward, grocers who invest in building a deeper understanding of trust with their customers will most certainly court bigger success in their business.

**Amitabh Taneja**  
Editor-in-Chief

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New Delhi-based retail chain Muscle & Strength India, which currently operates 15 stores that sell fitness supplements and health & nutrition products, is on way to launch 100 stores by this year and bring the best international fitness brands to customers in India.



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## India's Digital Economy to touch \$800 billion by 2030: RedSeer

**I**ndia's consumer digital economy, which was pegged at USD \$85-90 billion in CY 20, is expected to become a USD \$800 billion market by 2030, according to reports released by homegrown consulting firm RedSeer at their flagship event Ground Zero 5.0. The digital economy includes 60% of travel, 40% of non-grocery retail, 30% of education, 25% of food and beverages services and 6% of pharma/grocery going through digital channels by CY30.

The Ground Zero 5.0 event was attended by **Amitabh Kant, CEO of Niti Ayog**, along with T.V Mohandas Pai, Chairman, Manipal Global Education Services and Sanjeev Bikhchandani, co-founder, Info Edge, along with other stalwarts of the start-up Industry who participated in the day-long panel discussions on retail, mobility, logistics, digital ads, fintech and IPOs.

Online retail is set to become the third-largest online retail market by scale by CY30 with an annual gross merchandise value (GMV) of \$55 billion in CY21 and \$350 billion in CY30, said RedSeer at its flagship event Ground Zero 5.0.

According to the data released by RedSeer Consulting, 88% of the online shoppers that will be added between 2020-2030 will be from Tier 2+ cities. Further, \$>7 billion cumulative incremental online retail transactions to be added from Tier 2+ city customers over CY 20-30 while easily more than \$~150 billion cumulative incremental online retail GMV to be added from Tier 2+ city customers over CY 20-30. The adoption factors that will drive the growth for the next few years are:

- Companies have started to focus on tier 2 cities
- Growing online spends by 'Digital Natives' and supply-side innovations
- COVID-19 has caused an inflection in e-commerce penetration across city tiers
- Lowering costs of servicing tier-II and other smaller cities

Additionally, kiranas are expected to achieve approximately achieve a \$1.5 trillion sales by CY30. The growth will be driven by:

- Platforms that are enabling these kiranas technologically and digitally
- Cashless payments
- Book Keeping and EB2B offerings



## New-Age Logistics players created an opportunity of 500,000 employment for gig workers in 2020: E-Logistics in India has become

the fastest growing market globally with over 3 billion shipments in 2020. India traditionally had an inefficient supply chain with a slow and undemocratic access. Today, ~ 90%+ of the orders fulfilled by the online commerce get done by the new age logistics, an industry which has come up only in the last one decade and has solved for the above challenges through technology and customer centric mindset. Further, three out of the top 10 logistics players in India are today the new age (e- logistics) players. The new age logistics players are expected to deliver 2.5 billion D2C shipments by 2030.

With the rise of eCommerce, the need for specialized delivery service emerged, which led to the overall growth of the logistics segment. Emergence of this sector created 500,000 employment for gig workers in 2021 across captive and 3PL. The new-age 3PL logistics players have delivered 850 million shipments in 2020.

New-age logistics players have reduced the average time of delivery by 2/3rd in last 7 years, have covered nearly all the pincodes across India through enabled deep tech solutions to serve the different type of customer needs and requirements like same day delivery, hyperlocal, service enabled etc. E-logistics has been fulfilling the needs of the small city customers. Increasing coverage across India and faster delivery, enabled Tier-2+ cities to account for 50%+ shoppers to Indian eCommerce by the end of 2020.

## D-Mart posts 31% jump in Q1 revenue to Rs. 5,032 crore

**A**venue Supermarts Ltd, which owns and operates the D-Mart retail chain, has announced its Q1 FY22 results, reporting that its standalone revenue from operations rose 31.27 per cent to Rs. 5,031.75 crore for the quarter ended June 30. Revenue from operations for the company stood at Rs. 3,833.23 crore in the April-June quarter a year ago, Avenue Supermarts informed the BSE in a regulatory filing. Its total number of stores as on June 30, 2021, stood at 238.



# “We aim to open 100 stores this year and be one of the largest chains for fitness supplements & nutrition products”

**PRAVEEN CHIRANIA**, FOUNDER, MUSCLE & STRENGTH INDIA, SPOKE TO PROGRESSIVE GROCER ON HOW THE RETAIL CHAIN IS ON A MISSION TO MAKE HEALTH AND NUTRITION MAINSTREAM AND BRING BEST-IN-CLASS PRODUCTS ACROSS CATEGORIES SUCH AS PROTEINS, VITAMINS, MINERALS AND HERBAL SUPPLEMENTS MANUFACTURED BY INTERNATIONAL FITNESS BRANDS TO CUSTOMERS IN INDIA.

By Sanjay Kumar



**PRAVEEN CHIRANIA**  
Founder, Muscle & Strength India







## Increased Focus on Health, Wellness, and Immunity-boosting Products

SALES OF PACKAGED FOODS HAVE SURGED SINCE THE ONSET OF THE PANDEMIC, AS HOME-BOUND CONSUMERS STOCKPILE FAMILIAR PRODUCTS THAT WON'T GO STALE QUICKLY. BREAKFAST CEREALS, INSTANT NOODLES, RICE AND COOKING FATS ARE AMONG THE PRODUCTS THAT HAVE SEEN THE STRONGEST GROWTH IN RECENT MONTHS.

**By Progressive Grocer Bureau**

**W**ith health care on everyone's minds these days, consumer demand has been steadily rising for good-for-you products in many CPG categories, primarily consumables where low-fat/no-fat, low-cal/no-cal, low-carb, all-natural, and organic products have steadily gained favour.

One primary driver for this shift in consumer behaviour can be traced back to months of recurrent lockdowns, which have altered the habits of Indian consumers. Their spending patterns reveal just how deeply concerned they are with protecting their health and fortifying their store-cupboards, warding off boredom and keeping their homes (and themselves) neat and tidy. And where new routines look likely to stick, some companies stand to gain a lot.

In fact, the longer people stay close to home, the more CPG manufacturers continue to benefit. Surging rates of new coronavirus cases, coupled with some states either pausing or reversing their reopening efforts, suggest this trend will last for the foreseeable future.



# The rise of e-Groceries in the Indian market and their growth drivers

E-GROCERY IN INDIA IS EXPECTED TO EXPAND AT A CAGR OF 37.1 % FROM 2021 TO 2028. THIS GROWTH WILL BE LARGELY DRIVEN BY TIER-I AND TIER-II CITIES LIKE DELHI, MUMBAI, BANGALORE, CHENNAI, AHMEDABAD AND LUCKNOW, BECAUSE OF FACTORS LIKE PENETRATION OF E-GROCERY PLATFORMS, ACCESS TO HIGH-SPEED INTERNET, LOGISTICS, AMONG OTHER DRIVERS.

By Punit Sindhwani

G

roceries account for nearly two-thirds of total retail spending in India. In recent months, online platforms have caused significant disruption in this market. E-commerce sales soared, propelled by stay-at-home orders, panic caused by the pandemic, and a slew of other social distancing

constraints. Millions of people tried these services for the first time, causing eGrocery to grow at a rate that far exceeded previous expectations.

Among the primary factors that have prompted the growth of e-Groceries in India are:

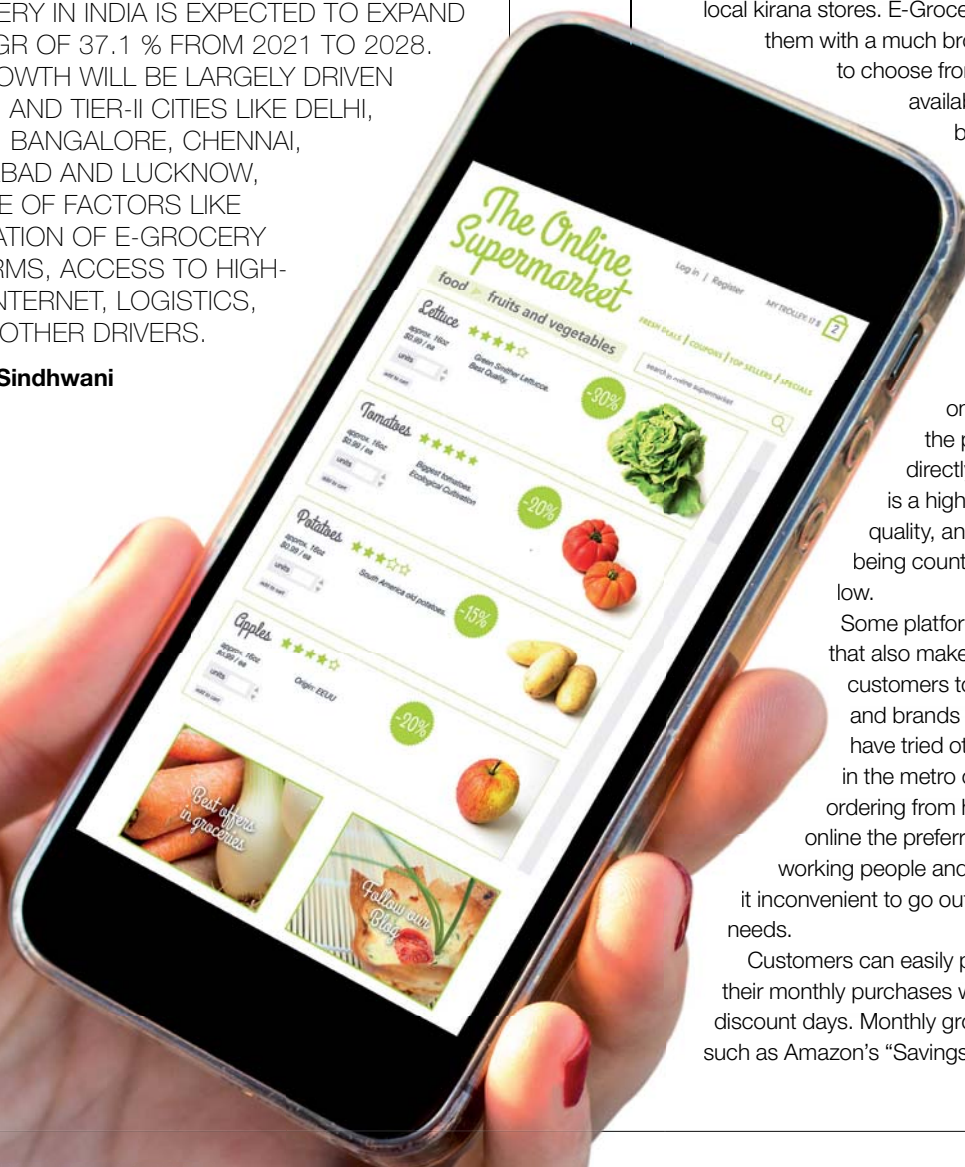
**Customer convenience:** In the offline world, customers had limited availability to products at their local kirana stores. E-Grocery platforms provide them with a much broader range of options to choose from, as well as greater availability of preferred

brands and higher visibility of discounts.

Also, a simplified supply chain with fewer layers and middlemen allows the online platforms to control prices and pass the savings on to customers. As the products are sourced directly from brands, there is a higher level of trust in their quality, and the chances of them being counterfeit are extremely low.

Some platforms provide reviews that also make it simple for customers to try new products and brands that they might not have tried otherwise. Especially, in the metro cities, the ease of ordering from home has made online the preferred option for many working people and the elderly who find it inconvenient to go out for regular grocery needs.

Customers can easily plan and optimize their monthly purchases with monthly/weekly discount days. Monthly grocery specific events, such as Amazon's "Savings Value Days" or



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### BECOME A THOUGHT LEADER

Progressive Grocer welcomes contributions from industry professionals, experts, and analysts for writing insightful and informative articles on the food & grocery industry. You can share your observations on India's evolving food & grocery retail landscape or on any of the topics below.

**Consumption trends in F&G / FMCG market; Innovations by brands and retailers; Success Stories/ Case studies on interesting concepts in F&G / FMCG; The scope of 'Make in India' in the food sector; Modern Cash & Carry business vs. Traditional general trade and wholesale markets in India; Investments Opportunities in Food backend operations; Successful brand-retailer collaborations and partnerships; Private Labels; Successful marketing/ branding or sales campaigns by brands and retailers**

Contact Sanjay Kumar ([sanjaykumar@imagesgroup.in](mailto:sanjaykumar@imagesgroup.in); or on 9818507730) for editorial enquiries and contributions.

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## Brands and retailers collaborate to promote the growth of non-alcoholic beverages

SUPER-HERB INFUSED BEVERAGES THAT BRING THE POWER-PACKED GOODNESS OF SUPERFRUITS ARE TAKING THE MARKET BY STORM. THESE NON-ALCOHOLIC BEVERAGES CLAIM TO CONTAIN ZERO CALORIES, ZERO SUGAR, ZERO ARTIFICIAL SWEETENERS, AND ZERO PRESERVATIVES AND ARE DESIGNED FOR TODAY'S MILLENNIAL-GEN WHO ARE SEEKING A HEALTHY DRINK WITH A TASTY TWIST.

By Siddhesh Sharma

**T**he Indian non-alcoholic beverage market has come a long way in the past decade and has grown steadily over the years. With a population of nearly 1.30 billion, there are immense opportunities in the Indian non-alcoholic beverage market for domestic and international beverage companies.

Consumers' shift in wanting to opt for a healthier and balanced lifestyle has contributed to the growth and need of non-alcoholic beverages in India. Today, several players in the Indian beverage segment are directing their business initiatives towards creating a strong market for healthy beverages.

Moreover, in the coming years, nutritional or functional beverages with increasing demand are expected to boost the market growth. Consumption of non-alcoholic beverages fulfils a basic refreshment need.

Various updates and market analysis show that people are consuming non-alcoholic drinks

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