

STORE FIXTURES & SOLUTIONS: AN IMPROVED IN-STORE EXPERIENCE CAN HELP
RETAILERS GRAB A BIGGER SHARE OF CUSTOMER'S WALLET

Ahead of What's Next

Progressive GROCER

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LOGISTICS

Traditional businesses can go online faster by partnering with new-age fulfillment companies.

FMCG

How technology can be a valuable aid in the cost optimization of FMCG distribution.

INDIA EDITION



Star Localmart

Creating a 360 degree ecosystem
for grocery retailing in rural India

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The Covid pandemic led to irreparable disruption and dislocation for many businesses. While the damage and loss it inflicted will take some years to recover and recoup, it also forced industries, including retail, to reinvent, reboot, and reimagine the way of doing things.

For one, it brought about a swift acceleration in the adoption of technology. Grocery retailers, in particular, upgraded themselves to become omni-channel and serve customers remotely. In this issue, we bring you a case study (*Pages 33 - 35*) on how technology integration and interoperability can help retailers to quickly adapt to the changing needs of the market – from digital payments, connected banking, compliance to government regulations for GST, e-invoicing, e-way bills, among others.

The other notable change as the fallout of the pandemic has been the gold rush witnessed in grocery retailing. Even those with a casual eye could not have failed to notice how there has been a scramble by a lot of digital, e-commerce and quick commerce players who are trying to grab a share of the grocery retail market.

We bring you the story of one newbie retailer — Star Localmart — which debuted in October 2020 but has since gone out to launch 76 new stores in the smaller towns of Maharashtra and Karnataka (*Pages 24 - 32*).

The retailer believes in playing by the “sustainable business” playbook and serving the needs and demands of the new-age consumers in these markets. With the increasing levels of education and awareness among today’s consumers even in mofussil towns and backwaters, there is a visible demand for change, and that perhaps also explains why many new players like Star Localmart are entering the fray.

Amitabh Taneja
Editor-in-Chief

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STAR LOCALMART

Since its debut, Star Localmart has opened 77 stores spanning 800-1500 sq.ft. in the smaller towns of southern and western India. The retailer's rural focus stems from the fact that India's smaller towns still remain a predominantly virgin market. Apart from the benefits accruing from being a first mover, Star Localmart stores count amongst the first mini-marts or supermarkets that these places have had in years.

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An improved in-store experience can help retailers grab a bigger share of the customer's wallet

STORES ARE NOW A COMMUNITY HUB FOR THE CUSTOMERS TO HAVE A GOOD TIME WHILE BUYING THEIR DAILY NEED GOODS; COLOR SCHEME, IN-STORE ATMOSPHERE, HASSLE-FREE PURCHASE, RELEVANT PRODUCT OPTIONS, PAYMENT METHODS, MOVEMENT SPACE, FLEXIBLE TIMINGS, LOCALIZED SUGGESTIONS ARE THE FACTORS BASIS WHICH A CUSTOMER SELECTS A PLACE TO SHOP.

By Ritika Mehta

There was a time when developed countries used to lead the global retail industry with higher demand, sales, revenue, and profits. Over the past few years however, India has taken the lead in many sectors and the Indian economy is also making a mark globally.

One industry that is constantly surging ahead and flying high on the tailwind of an ever-growing demand is the Indian retail industry. With the entry of new players, cutting-edge technology, hot start-ups and intrepid entrepreneurs, the growth potential of India's retail industry has moved from a narrow gauge to a bullet train track.

Right now, the Indian retail industry accounts for over 10 percent of the country's GDP and provides around 8 percent of the country's employment, which makes India the world's fifth-largest global destination in the retail space.

At present, the Indian retail industry is growing at an unprecedented pace and

GOING TO EXTREMES

Progressive Grocer finds out what makes some of America's favorite deep-discount grocery stores tick.

By **Bridget Goldschmidt**



Key Takeaways

- ▶ **Extreme-value retailers keep prices low through such methods as a focus on private label, limited assortments, stocking top-selling items in advance and opportunistic buying.**
- ▶ **Beyond savings, these retailers offer such enticements as stores run by independent operators and tailored to a local community, and a treasure-hunt experience.**
- ▶ **Value and discount grocery is one of the fastest-growing retail segments, with no signs of slowing down as customers continue to hunt for bargains amid an uncertain economy.**

At a time of escalating grocery prices, extreme-value food retailers present an especially attractive option for budget-conscious consumers. The mission of these grocers goes well beyond present problems such as high inflation, supply chain headaches, and rising wages for a shrinking workforce, however. For these businesses, low prices are a way of life.

How do they do it, though? Progressive Grocer spoke to some of the most prominent extreme-value retailers in operation to find out the various ways they deliver value, as well as who their target customers are, what sets them apart besides deep discounts on everyday essentials, and where the future of extreme-value retailing is headed.

The Lowdown on Low Prices

“When it comes to combating macroeconomic pressures, our business was designed to withstand fluctuations in the market,” explains Scott Patton, VP national customer interaction services at Batavia,



STAR 555

Flavoured Milk

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Rice

Star Localmart

**CREATING A 360 DEGREE
ECOSYSTEM FOR
GROCERY RETAILING IN
RURAL INDIA**

SHRENIK GHODAWAT
MD, GHODAWAT CONSUMER LTD.



How Grocers can Reap Benefits from use of right Technology Solutions

TECHNOLOGY IS EMPOWERING RETAILERS WITH REAL-TIME INSIGHTS FOR FASTER AND EFFECTIVE DECISION-MAKING. INTEGRATION AND INTEROPERABILITY WILL BE KEY FOR BUSINESSES TO SUCCEED. IT CAN HELP RETAILERS TO QUICKLY ADAPT TO THE CHANGING NEEDS OF THE MARKET – FROM DIGITAL PAYMENTS, CONNECTED BANKING, COMPLIANCE TO GOVERNMENT REGULATIONS FOR GST, E-INVOICING, E-WAY BILLS, AMONG OTHERS.

By Kumar Vembu

The deepening penetration of internet and the ubiquity of smartphones have revolutionized the way grocery retail works. The last two years, especially, saw an acceleration in the adoption of technology as grocery retailers upgraded themselves to become omnichannel and serve customers remotely. Logistics and supply chain have played a crucial role in effective delivery. Consumers prefer digital devices like kiosks or mobile apps to explore offline and online. The data empowerment has made them more self-aware and redefined the service expectations. Their exposure to multiple channels has driven the need for seamless connectivity between the physical and digital worlds.

Tech vendors need to provide all service options to the grocery retailers – from complete self-service to full-service shopping experience. Technology solutions are about giving retailers the freedom of choice, from deployment (cloud or on-premise) and the hardware and the devices they want to use. The products and solutions help grocery retailers delight their customers, manage operations efficiently, connect and collaborate with stakeholders for accurate decision-making. Last-mile





Immunity-boosting Foods: An emerging trend

GOING FORWARD, ONE CAN EXPECT TO SEE MORE ORGANIC, DAIRY-BASED, PLANT-BASED AND NUTRITIONALLY-BOOSTED FOODS AND FOOD SUPPLEMENTS MAKING THE ROUNDS BOTH AT RETAIL OUTLETS AND ONLINE.

By Shashank Jain

When the pandemic struck, sanitisers and hygiene products were in high demand. However, another category that got considerable fillip was health foods. FMCG stalwarts like Dabur, Marico, ITC and Amul have started investing in immunity-boosting items that combine age-old health wisdom with modern tastes and preferences. Going forward, we can expect to see more organic, dairy-based, plant-based and nutritionally-boosted foods and food supplements making the rounds both at retail outlets and online.

What are immunity-boosting foods?

Fortified foods became popular as a food category in the 1930s and 1940s to regain nutrients that are lost during processing, cooking or preserving. Milk,

for example, loses many of its nutrients while being processed, and extra fortification can boost Vitamin A and D levels in it. Traditionally, such foods were recommended for growing children who needed nutrients or senior citizens for maintaining good health – now, buyers of all ages are stocking up on them to stay healthy. In addition, people are opting for natural health supplements to increase their vitamin, mineral and micronutrient intake.

While the trend shift towards healthy choices like oats and seeds has been gaining traction over the last decade, immunity-boosting foods saw an extra spurt of growth in 2020. Particularly during the first wave, Indian consumer baskets slanted heavily in favour of immunity-building products like health drinks, nutritional supplements, spices and multivitamins. Sales of chyavanprash, for instance, went up by 283% across traditional and modern channels in June 2020, while the sale of honey went up by 39%. Fruit juices also went up from 22% to 30% of consumer



Role of fulfillment companies in taking traditional businesses online

TRADITIONAL BUSINESSES NEED TO MANAGE THEIR EXISTING DISTRIBUTION ECO-SYSTEM ALONG WITH THAT OF THE E-COMMERCE SYSTEM. THE NEW-AGE FULFILLMENT COMPANIES WITH TECH INTEGRATIONS WITH MARKETPLACES HAVE AUTOMATED PICKING AND PACKING PROCESSES THAT CAN PREPARE TRADITIONAL ENTERPRISES FOR FAST PACED E-COMMERCE PLAY.

By Prodipto Roy

Most of us know of Haldiram's, Bikanerwala, Balaji, Chitale Bandhu, and surely would be consuming their snacks at least once a month if not more. How are they different from Wingreens Naan Chips, Happilo, Wakao, Whole Truth Food, etc. Maybe you would have missed this. The latter names are the entrants in the D2C hemisphere that have entered internet first and are now ramping up their general trade presence.

So, while the new entrants use technology, their deep VC-funded resources, and their digital marketing muscle to increase their market share, how do the traditional brands do it? They definitely are not giving up even though a similar situation is noticeable across various sectors, be it Personal Care, Nutraceuticals, or home décor. Brands like Mamaearth, Sugar Cosmetics, Juicy Chemistry, Ustra are very much mainstream now.

The Indian e-commerce sector has mushroomed to become one of the fastest-growing sectors of the country. Favourable demographics such as millennials forming a majority of the population and a rise in smartphone penetration are increasing e-commerce sales in tier 2 and tier 3 cities.

As per a study done by Goldman Sachs, India's e-commerce market is expected to reach US\$99 billion by 2024, growing at a 27% CAGR over

2019-24, with grocery and fashion/apparel likely to be the key drivers of incremental growth.

Online penetration of retail is expected to reach 10.7% by 2024, versus 4.7% in 2019. Technology-enabled innovations across digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements are expected to further drive growth in this sector.

The sector became the entry point for many nimble, fast-footed new-entrants who realized the opportunity and quickly developed their propositions. Many of the traditional businesses initially using e-commerce as a post season liquidation



A Better Ring

SELF-CHECKOUT PROVIDERS LOOK TO EVOLVE THEIR OFFERINGS AS FRICTIONLESS SOLUTIONS LIKE AMAZON'S JUST WALK OUT TECH GAIN GROUND.

By Mike Duff

A

amazon's Just Walk Out technology and similar systems under development are getting a lot of attention today, but self-checkout isn't going to disappear overnight, and is already adapting to address market conditions in regard to consumer expectations, design developments and operational considerations, including labor.

Stores can offer more convenient shopping using the self-checkout options that are spreading through the

market. They can reduce costs, make effective investments and, in addition, differentiate themselves from their competition by introducing new ways of shopping that today's customers, who are used to endless-aisle, get-it-now shopping on their computers and, even more critically, their tablets and smartphones, might well prefer to more traditional purchasing methods.

The camera-based, skip-the-checkstand Just Walk Out technology may not prove practical in all store formats in its present form. After all, it would take a lot of the cameras required in the Just Walk Out design to cover the biggest food retail concepts, including marketplaces and food-and-drug formats. Still,



Key Takeaways

- ▶ Grocers have an opportunity to install mixed technologies that will provide better self-checkout experiences.
- ▶ Self-checkout equipment producers are looking at the current business demands on grocers and developing new ways to improve their checkout prospects.
- ▶ Flexibility, customer-centricity and choice are big factors in creating self-checkout solutions for today's shoppers.

Diebold Nixdorf emphasizes modularity, scalability and upgradability in self-checkout solutions that can integrate new technology and so adapt to any retail environment.



How technology can be a valuable aid in the cost optimization of FMCG distribution

THE ADVERSE FALLOUT OF THE COVID PANDEMIC HAS FORCED BUSINESS LEADERS TO IDENTIFY AREAS WHERE THEY CAN CONTROL AND OPTIMIZE COST TO IMPROVE THEIR SITUATION. ONE SUCH AREA, WHERE ALL ORGANIZATIONS WITH LARGE DISTRIBUTION NETWORKS HAVE BEEN TRYING TO OPTIMIZE, IS THE DISTRIBUTION COST OF BUSINESS, WHERE SPENDS CAN VARY FROM ~1% - 7% OF SALES. KNOW ABOUT SOME TRANSFORMATIVE SOLUTIONS THAT CAN BE DEPLOYED TO OPTIMIZE THIS COST.

By Nitin Jain

The Covid pandemic may be receding but it has left many after-effects and consequences. For one, businesses are struggling to return to normal. With global supply chain disruptions and skyrocketing input costs, the cost pressure is mounting every day. Not all costs are transferable to the end-customer; hence profit margins are depleting and testing the sustainability of businesses.

This adverse fallout has forced business leaders to go back to the drawing board to identify areas where they can control and optimize cost to improve their situation. One such area, where all organizations with large distribution networks have been trying to optimize, is the distribution cost of business.

Distribution cost is a combination of various cost factors like storage, labour, packaging, logistic, general expenses and damage & leakage costs. We are seeing a lot of disruption in terms of efforts made to manage these cost components. Take, for example, logistic cost, which can have several components like AI

