

BRAND BUILDING: SENTIMENT ANALYSIS IS CRUCIAL IN BRAND BUILDING AS IT CAN IMPROVE CUSTOMER EXPERIENCE, SAVE TIME, AND ADD VALUE TO IMPORTANT PROCESSES LIKE COMPETITOR ANALYSIS.

Ahead of What's Next ▶

Progressive GROCER

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INDIA EDITION

RECYCLING

Improved efforts to reuse and recover glass and aluminum can help retailers achieve sustainability goals.

READY-TO-EAT

Amidst rising demand, consumers demand proof of quality nutrition from brands.



The NEW Shop

India's fastest-growing
24/7 omnichannel,
convenience commerce
company



L to R:
AASTHA ALMAST,
MANI DEV GYAWALI
and CHARAK ALMAST,
Co-founders,
The NEW Shop

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E-commerce and online shopping are growing at a steroidal pace in India. So much so that many feel the online channel will soon emerge as the preferred shopping medium and will outstrip offline by a wide distance.

But here's a sobering statistic for those who think that physical retail and grocery retail, in particular, is fast moving towards its sunset date. According to market intelligence tracker IBEF, the FMCG market in India is expected to grow at a CAGR of 14.9% to reach \$220 billion by 2025, from \$110 billion in 2020. But only a thin slice of this market — ~3% — will be taken up by e-commerce, leaving about 97% of the FMCG market in the offline domain. So, any apocalyptic prophecy about the future of offline retail is grossly exaggerated and overblown.

In order to capture the huge offline FMCG market, retailers need to build both their online presence and offline footprint. This strategy is best exemplified by The NEW Shop, our cover story retailer (pages 26-37), which has emerged as India's fastest-growing 24/7 omnichannel, convenience quick commerce company.

Setting up a sizzling pace of growth with 70 stores located across India's residential clusters and transit hubs like highways, railways, and airports since debuting in December 2020, The New Shop is leveraging both its brick- and- mortar stores and its instant delivery mobile App to serve and reach customers round the clock, 24/7.

As TNS' growth journey reveals, it has never been a battle between online and offline. Rather, it has always been about coexistence because online and offline are like husband and wife in a marriage. Offline powers the online and online amplifies the offline — that's the axiomatic truth for the retail industry today.

Amitabh Taneja
Editor-in-Chief

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Cover Story 24

The NEW Shop

Flying high as India's fastest-growing 24/7 omnichannel, convenience commerce company, TNS is harnessing the power of technology to serve consumers within 15-30 minutes through its brick- and- mortar stores and instant delivery App, round the clock, 24/7, throughout the year.

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Bottled Drinking Water Industry in India: Challenges and Prospects

THE PACKAGED DRINKING WATER INDUSTRY IN INDIA IS ESTIMATED TO GROW AT A CAGR OF 20.75% TO REACH RS. 403.06 BILLION BY THE END OF 2023 FROM RS. 160 BILLION IN 2018. BUT THE INDUSTRY ALSO NEEDS INNOVATION TO SUSTAIN GROWTH IN THE YEARS AHEAD.

By Nayan Shah

India is the second-most populous country globally. The burgeoning population poses a threat to basic amenities such as food, shelter and water. The growth of the tourism industry and increasing health consciousness have led to the emergence of bottled drinking water. In India, lack of access to safe drinking water and the burgeoning tourism and hospitality industry have fuelled the rise of the packaged drinking water industry. From being perceived as a luxury a few decades back, packaged drinking water is a necessity in India due to growing health concerns and pollution. The industry is estimated to grow at a CAGR of 20.75% to reach Rs 403.06 billion by the end of 2023 from Rs 160 billion in 2018, as per the Trade Promotion Council of India.

The industry witnessed a temporary lull with the outbreak of the pandemic in 2020-21. But the rapid decline of coronavirus cases and easing of travel restrictions augur well for the industry to rebound swiftly. Currently, only 30% of the sector is organised in India. BIS and FSSAI are the two key bodies for regulating the industry. The segment is governed under two specifications- 1. Packaged Natural Mineral Water [Under IS: 13428:1998, Amendment 1-5 up to October 15, 2004] 2. Packaged drinking water [Under IS: 14543: 2004].



Mistakes one should avoid while setting up a beer brand in India

STARTING A BEER BRAND IN A CROWDED MARKETPLACE REQUIRES A LOT. YOUR PRODUCT HAS TO STAND OUT ON THE SHELF WITH ITS STORY. TODAY, A CONSUMER WANTS TO DIVE DEEP INTO THE SENSORY WORLD OF BEER AND GAIN A DEEP UNDERSTANDING OF THE BREWING PROCESS TO MAKE THEIR CHOICES FOR THE TIMES TO COME.

By Avneet Singh

The Beer market is brewing and buzzing with several brands offering mass products, craft, and local beers for beer consumers. In India, the cult of beer drinking and making is gaining traction. New products and offerings are being introduced by beer start-ups and entrepreneurs to woo customers.

Starting a beer brand in a crowded marketplace requires a lot more from you. It has been observed that often beer fans turn themselves into entrepreneurs, but they get tumbled down in the middle of their journey. As a result of its creator's unpreparedness, the spirit of unlocking the finest beer for the world is missed.

Some common mistakes that are made while setting up a beer brand are:

Don't Know the Craft-

Drinking Beer and Crafting a Beer are two different things. It is not a rush and hush business; overexcitement makes business people miss the true meaning of brewing beer. It takes patience



FLYING HIGH AS INDIA'S FASTEST-GROWING 24/7 OMNICHANNEL, CONVENIENCE COMMERCE COMPANY

THE

NEW

SHOP

ANYTHING. ANYTIME. ANYWHERE



We have perfected the residential model and are exploring to expand our store footprint across airports, highways, railways, tourist attractions, and petrol stations.

– CHARAK ALMAST, Co-founder & Operations and Finance Head, The NEW Shop



Instead of waiting for an international convenience chain to open in India, we launched an Indian model of an international convenience chain”

– AASTHA ALMAST, Co-founder & Business Head, The NEW Shop



“ We knew that inventory management was something that would make or break the quick commerce and convenience retail and so we created a perfect technology solution to take care of this business. – MANI DEV GYAWALI, Co-founder & Technology Head, The NEW Shop ”

THE NEW SHOP, WITH SOME 70 STORES TILL DATE, OF WHICH 57 ARE OPERATIONAL AND 13 ARE IN A FIT-OUT STAGE, IS A 24/7 CONVENIENCE COMMERCE PLATFORM WITH RETAIL AND ONLINE STORES LOCATED AROUND THICK RESIDENTIAL CLUSTERS AND ACROSS MAJOR TRANSIT HUBS LIKE HIGHWAYS, RAILWAYS, AND AIRPORTS. CONCEIVED AS A HOME-GROWN INDIAN CONVENIENCE RETAIL BRAND FOR THE WORLD THAT OFFERS A GREAT FOOD & BEVERAGE SERVICE, STOCKS ALL DAILY ESSENTIALS AND FMCG PRODUCTS, PROVIDES INSTANT DELIVERY SERVICE TO CONSUMERS WHEREVER THEY ARE, THIS FAST-GROWING, OMNI-CHANNEL, CONVENIENCE COMMERCE PLAYER IS HARNESSING THE POWER OF TECHNOLOGY TO SERVE CONSUMERS WITHIN 15-30 MINUTES THROUGH ITS BRICK- AND- MORTAR STORES AND INSTANT DELIVERY APP, ROUND THE CLOCK, 24/7, THROUGHOUT THE YEAR.

By Sanjay Kumar

A FORCE IN FOOD AND CPG

Why Costco can keep growing, and the implications for grocers. **By Mike Troy**

When thinking about Costco, it's best to not overthink things. The company's senior leaders certainly don't, which helps explain how the Issaquah, Wash.-based operator of membership warehouses continues to pile on sales, the majority of which come from food and consumables, earning the trust and loyalty of members, an ever-growing number of whom pay a premium to shop with Costco.

The beauty of Costco's strategy and effectiveness is that it's rooted in simplicity, which is then executed by a veteran leadership team with the discipline to adhere to it, while others in retail are focused on grand digital transformations or three-year plans to restore growth. Frankly, the Costco story gets a little boring, which can sometimes be evident from the probing questions of financial analysts who hear a familiar message year after year about delivering member value, deliberate expansion, taking care of employees and delivering shareholder value. Costco does what Costco does, which is operate membership warehouses that offer low prices on a limited assortment of fewer than 4,000 branded and own-brand products in a wide range of categories to generate high sales and rapid inventory turnover.

The company's approach continues to resonate with members. For example, in its fiscal year ended Aug. 29, Costco reported the following:

- ▶ A total sales increase of 18% to \$192 billion, driven by the addition of 22 new warehouses globally, and a 13% same-store sales increase, excluding the impact of fuel and currency exchange.
- ▶ Sales in the categories of fresh food and food and sundries that surpassed \$100 billion.
- ▶ The addition of 12 U.S. locations as part of a \$3.6 billion capital expenditure program that saw it end the year with 564 warehouses.
- ▶ An e-commerce sales increase of 44%, representing 7% of total sales in 2021. The company offers roughly 10,000 SKUs online, and its app has been downloaded 10 million times.
- ▶ A membership fee income increase of 9% to nearly \$3.9 billion, with renewal rates of 91% in the United States and Canada, and 89% worldwide.
- ▶ Net income and earnings-per-share increases of 25% to \$5 billion and \$11.27, respectively
- ▶ A special cash dividend paid by Costco of \$10 a share in December 2020, and an April 2021 increase of its quarterly dividend to 79 cents.

Costco could be looking at 900 U.S. locations if it can achieve penetration rates comparable to what it enjoys in California and Canada.





Plant-Based Meat: How healthy and good an alternative it is to animal meat

AN INCREASE IN THE DEMAND FOR HEALTHY AND ENVIRONMENTALLY FRIENDLY PRODUCTS, INCREASING AWARENESS REGARDING HEALTH ISSUES ASSOCIATED WITH ANIMAL MEAT CONSUMPTION, AN EXPANDING BASE OF SUPPLIERS FOR THIS INDUSTRY AND GREATER INCLINATION TOWARDS VEGETARIANISM ARE THE MAJOR FACTORS PROPELLING THE GROWTH OF THE PLANT-BASED MEAT MARKET IN INDIA AND OTHER COUNTRIES.

By Paroma Bhattacharya

Plant-based meat products are products that are made to mimic the properties of animal meat but are comparatively healthier and environmentally friendly. These are produced to resemble the look, smell, and taste of animal meat. However, producing them is difficult owing to the molecular complexity of animal meat. These products play a crucial role in curbing the problem of obesity prevalence in urban regions.

Recent years have seen a change in the eating habits brought about by the increase in disposable income, raised standard of living and inclination towards fast-foods, and is a major reason for deterioration in the health of the overall population. It is also a reason for the increased consumption of animal meat, which consists of fats, carbohydrates, proteins, cholesterol, and assorted proteins. Excess consumption of animal meat makes it difficult to maintain a healthy weight, which can result in overweight or obesity.

According to the National Institute of Health, an estimated 300,000 deaths occur every year due to overweight and obesity. Obesity can lead to various health issues like increased risk of heart disease and diabetes; increase in the death risk, increased

How to Build a Successful Omni Channel Retail Strategy

ANY PURCHASE DONE THESE DAYS IS NO MORE A LINEAR TRANSACTION, WHICH INVOLVES GOING AND BUYING A PRODUCT. RATHER, IT IS AN INTEGRATION OF MULTIPLE CHANNELS, MADE OF BOTH BRICK AND CLICK, AND SOME PRINT AND OUTDOOR AS WELL. ACCORDINGLY, RETAILERS ALSO NEED TO FINETUNE THEIR STRATEGY AND BE OMNI-CHANNEL-INCLUSIVE TO OFFER A SEAMLESS CUSTOMER EXPERIENCE.

By Ridhima Kansal

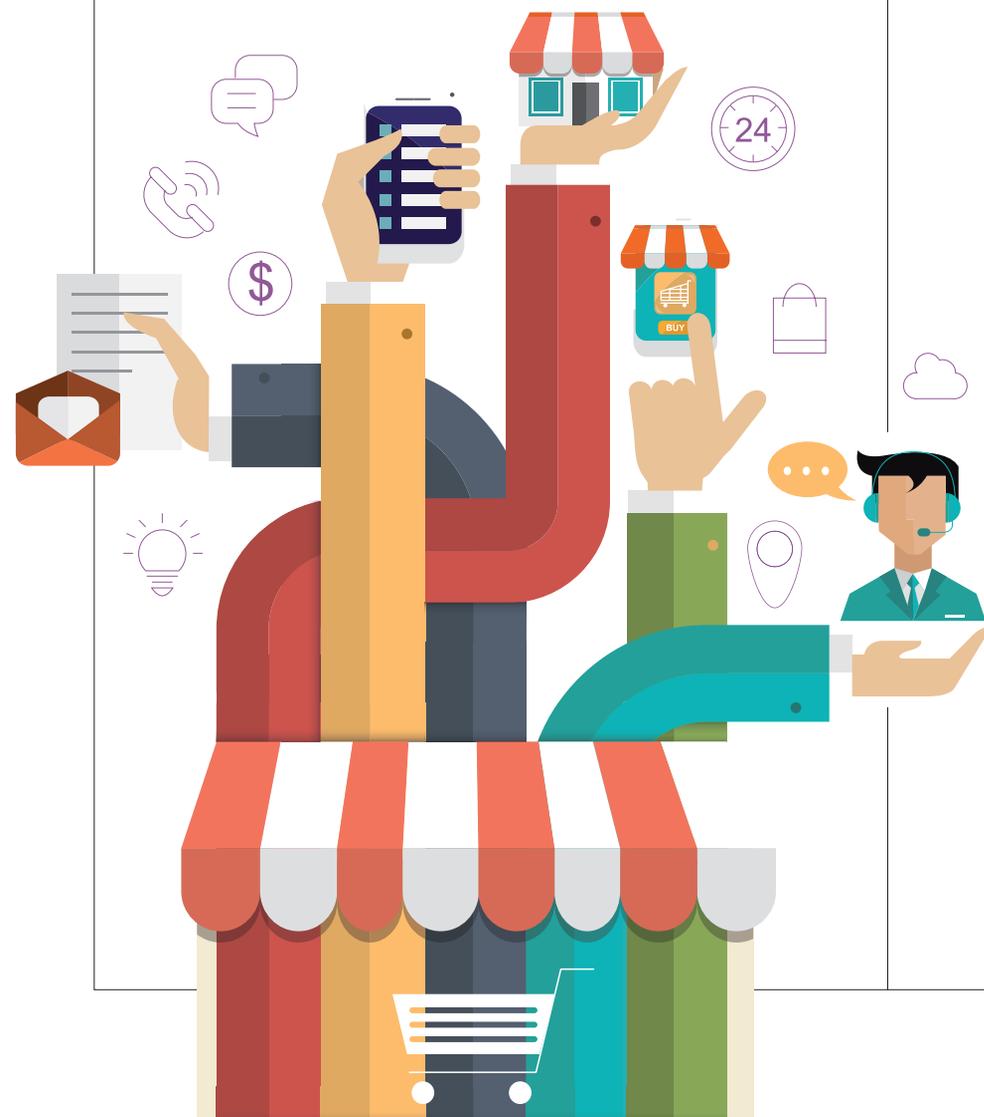
Today's average consumers are empowered, aware, and tech-savvy. Gone are the days when a high-octane mass media advertisement

will sway customer opinion. These days, there are a multitude of options and platforms available such as web, social, mobile, e-commerce, print media, pop-up stores, malls, and high streets to research & learn about products, make purchases, share feedback, etc.

To explain it better, I will give an example from our own brand Rosemoore. Today if someone purchases a reed diffuser, it is possible that initially they would have seen the advertisement in a lifestyle magazine. Then they would have visited the website and learned more about the product. During the customer journey, they would have visited our Instagram page and watched a product demo video too. Finally, they would have visited one of our stores. Before the last-minute purchase, the customer might have checked online to see if there is any discount offer/coupon available. After using the product, they would have written a review on Google and shared their experience with us on Facebook.

Thus, even a single purchase is no more a linear transaction which involves going and buying a product. Rather, it is an integration of multiple channels, made of both brick and click (and some print and outdoor as well).

Accordingly, retailers also need to finetune their strategy and be Omni Channel-inclusive to offer a seamless customer experience.



Recycling Strategies

Rethinking Recycling

IMPROVED EFFORTS TO REUSE AND RECOVER GLASS AND ALUMINUM CAN HELP RETAILERS ACHIEVE SUSTAINABILITY GOALS.

By Marian Zboraj

While numerous initiatives exist to reduce the amount of plastic consumption in retail, there are still plenty of other packaging materials that can have a negative impact on the environment if not responsibly conserved. Two of the most recyclable and reusable — and often overlooked — materials are glass and aluminum.

Greener Goals

In 2018, 39.6% of beer and soft-drink bottles were recovered for recycling, according to the U.S. Environmental Protection Agency, with 39.8% of wine and liquor bottles and 15.0% of food and other glass jars recycled. In total, 33.1% of all glass food and beverage containers were recycled. Meanwhile, according to the Washington, D.C.-based Can Manufacturers Institute, the aluminum beverage can recycling rate was 45% in 2020.

Bumping up these percentages can vastly improve retailers' sustainability goals. In fact, glass is infinitely recyclable — unlike some

plastics — without experiencing any loss in purity or quality. The Arlington, Va.-based Glass Packaging Institute points out that more than a ton of natural resources is saved for every ton of glass recycled. One ton of carbon dioxide is reduced for every 6 tons of recycled container glass used in the manufacturing process.

The Can Manufacturers Institute also estimates that increasing the recycled content of the average can reduces its carbon footprint, since making an aluminum beverage can from recycled material results in more than 90% fewer greenhouse-gas emissions than making the container from primary material.

Consumer Collection

Seven in 10 supermarket shoppers are trying to reduce their impact on the environment, as indicated by a recent Coca-Cola Retailing Research Council North America report. Additionally, not all communities have recycling collections come to their homes. As a result, incorporating a recycling collection site at the retail level can have a direct impact on shopper loyalty.

A convenient and easy option for grocery stores to help shoppers recycle aluminum and glass is via reverse vending machines, which collect empty and used bottles and cans in return for money or other forms of incentivization to the recycler.

One example of reverse vending solutions for collecting, reusing and recycling aluminum and glass is Norway-based Tomra. With 82,000-plus installations across more than 60 markets, Tomra's reverse vending machines capture 40 billion used beverage containers every year, reducing reliance on raw materials and ensuring that fewer containers end up in landfills, oceans and streets, while bringing real benefits to stores and their communities.

Tomra's various systems are geared toward grocery retailers of any size, with indoor and outdoor installations available. Units now have the option to issue recycling refunds not only with a traditional paper voucher, but also with a digital voucher — sent directly to the end user's mobile phone, or via instant and secure electronic transfer to their account. Both digital payouts are enabled through the myTOMRA app.

Tomra's reverse vending solutions for collecting, reusing and recycling aluminum and glass now have the option to issue refunds with a digital voucher that is sent directly to the end user's mobile phone or via electronic transfer to their account.



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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

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