

GETTING THE MOJO BACK: FOOTFALLS AND TRANSACTION ACTIVITY GREW MORE THAN 100% IN Q2 2022 AND OVER 160% ON AN ANNUAL BASIS, CONFIRMING ROBUST RECOVERY FOR INDIA'S RETAIL SECTOR.

Progressive GROCER

Ahead of What's Next ▶

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PLANT-BASED FOODS:

New product launches, increased investments, and government support acting as growth catalysts.

FMCG: The ban on single-use plastic might affect the volumes or profitability of various categories.

PROCESSED FOOD

Adoption of science-backed Front FOPL can offer a huge boost to the sector.



THE BIG BOYS OF GROCERY RETAIL IN SMALL-TOWN INDIA

→
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For all the brouhaha around healthy foods and healthy eating, India clocks one of the highest growth rates for ultra-processed food and beverages — items high in added sugar, salt and additives. Euromonitor sales data reveal that the retail value of packaged junk food and soft drinks in India jumped 42X in just 13 years — from 2006 to 2019.

Various consumer interest advocacy groups and industry associations have prayed in aid of introducing statutory regulations by the government to address the nation's concerns on food safety, nutrition and health. Read our story on page 52-54: *India's Food Processing Industry Bets on FOPL...* on how adopting a global best-practice Front-of-Pack Labelling (FOPL) on all packaged foods is the need of the hour for protecting the long-term interests of both India's processed food market and Indian consumers.

In another riveting cover story in this issue, on page 24-33, we train the spotlight on a new-age start-up retailer that seems to have struck gelt by opening modern grocery stores in the retail deserts of India — places like Sukhiapokhri, Islampur, Ramganj, Chopra, Phulbari, Naxalbari and Khoribari in north Bengal, Kishanganj, Thakurganj in Bihar, and other such places.

The Siliguri, north Bengal-based, grocer 9to10 is busy turning these sleepy decrepit towns into piñatas for profitable grocery business by deploying the right strategies for store formats, product assortment and customer centricity. By setting up stores in places that usually fly under the radar of big retailers, it has held up the bar for successfully demonstrating how independent retailers can make modern, convenience grocery retail thrive and flourish in the underserved markets of India.



Amitabh Taneja
Editor-in-Chief

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Cover Story 24

The Big Boys of Grocery Retail in Small-Town India

To many deep-pocketed retailers, taking their brand to the backwoods of Bharat, would look like a mug's game. However, for 9to10, a Siliguri, North Bengal-based grocer, these sleepy urban clusters had the potential for profitable business with the right strategies for store formats, product assortment and customer centricity.



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Multicultural grocers drive sales by catering to an increasingly diverse America.



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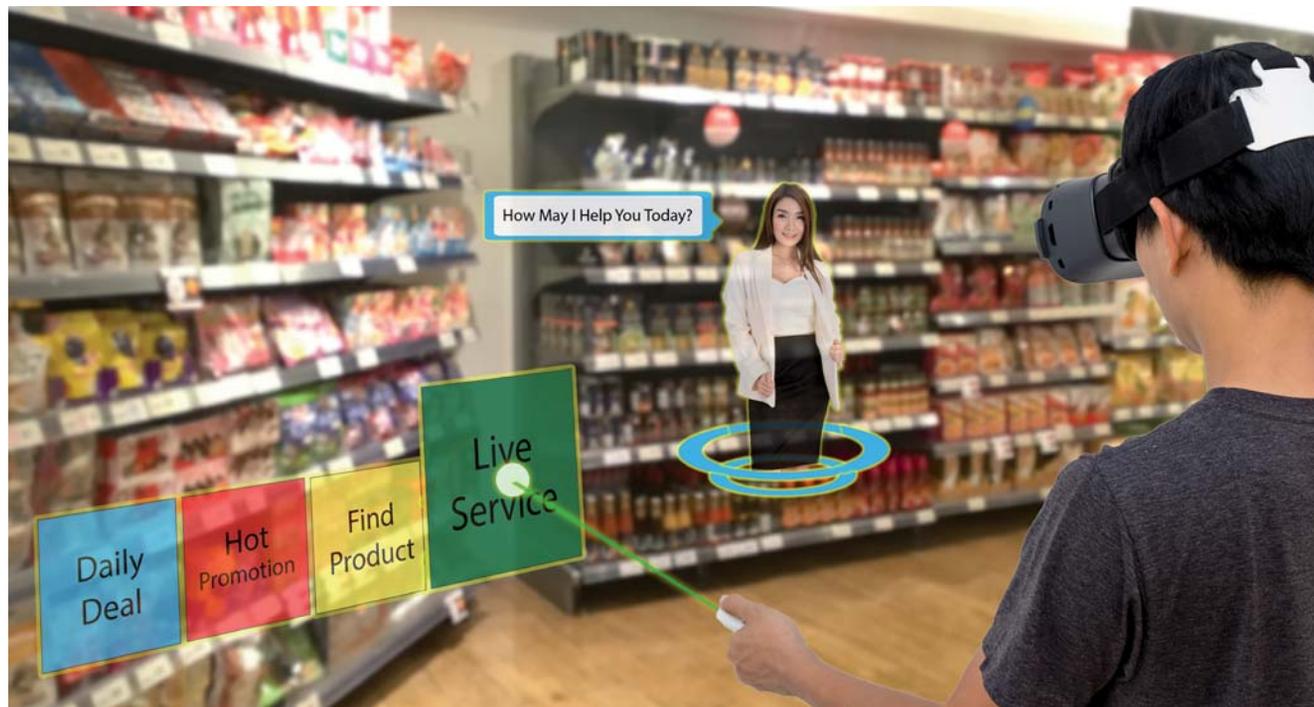
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Private brands have opportunities for growth, but to succeed, retailers must be more strategic in their thinking — especially as competition from multiple channels heats up.

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The scope and future of plant-based meat industry in India.





Create an uplifting in-store experience to draw in shoppers to your grocery store

OFFERING RELEVANT AND VIABLE RETAIL SOLUTIONS ALONE WILL NOT GO FAR ENOUGH TO MAKE SHOPPERS BEAT THEIR WAY TO YOUR STORE'S DOORS. FACTORS LIKE "OUTING, EXPERIENCE, AND LEISURE" ARE NOW CRITICAL TO DRAW IN-STORE SHOPPERS, FINDS A RECENT REPORT BY REAL ESTATE CONSULTING FIRM CBRE.

A recently released CBRE report titled 'The Retail Perspective on Experience and its Impact on Real Estate', says that retailers need to go beyond offering only relevant and viable retail solutions in order to satiate the retail needs of shoppers today and draw them into the stores.

Highlighting the critical role of "Experiential Retail" to drive customer engagement, the report states that the experience is a critical factor in driving how retail spaces are being designed, a trend that took off even before the pandemic. However, following the pandemic, the productivity of retail spaces has come into sharper focus, with 'experience' becoming more crucial due to its ability to increase customer engagement, and not just sales. As a result, experiential retail is currently counterbalancing the prevalence of e-commerce and ensuring profitability by increasing the brand's physical presence.

The report finds that in the wake of the two-year COVID-19-induced isolation, there is a pent-up demand from customers who are now increasingly becoming active in the physical realm. These customers are now looking for engaging, immersive, and convenient experiences that give them a reason to visit stores rather than make purchases online.

How agritech platforms are helping to connect food producers with retailers

ONE OF THE TOUGHEST SUPPLY CHAIN PROBLEMS IN THE WORLD IS TO CONNECT PRODUCERS OF FOOD DIRECTLY WITH SERVICE PROVIDERS, RESTAURANTS, AND RETAILERS. AGRITECH PLATFORMS ARE HELD TO SOLVE THIS CHALLENGE BY USING TECHNOLOGY TO MAKE THE SUPPLY CHAIN MORE EFFICIENT. AS A RESULT, FARMERS EARN MORE REVENUE AND RECEIVE PAYMENTS FASTER, RETAILERS ENJOY CONVENIENT AND COMPETITIVE PRICING, AND CONSUMERS ENJOY SAVINGS AND BETTER QUALITY OF PRODUCE.

By Kartheeswaran Kandasamy

According to the United Nations, India is projected to be the world's most populous country by 2027. As the population increases, the demand for food and other essentials is also expected to increase. Consequently, agricultural markets will have to change in ways we have not seen before. Despite the shortage of land and water resources, the sector will have to focus on increasing efficiency and productivity.

A Deloitte study says technology will be the key enabler to meeting the demand for food and ensuring affordability. And technology's impact is visible with the growing adoption of smart and sustainable farming practices. These practices are designed to preserve natural resources while meeting the demands of a growing population.

Smart farming relies on technology to improve the efficiency of agricultural production. It uses data analytics and sensors to optimize crop monitoring, irrigation, and fertilization. Moreover, it uses robots and drones for weed control and crop mapping tasks. When it comes to sustainable farming, the practices are environmentally responsible.



THE BIG BOYS OF GROCERY RETAIL IN SMALL-TOWN INDIA



THE ULTIMATE GROCERY STORE

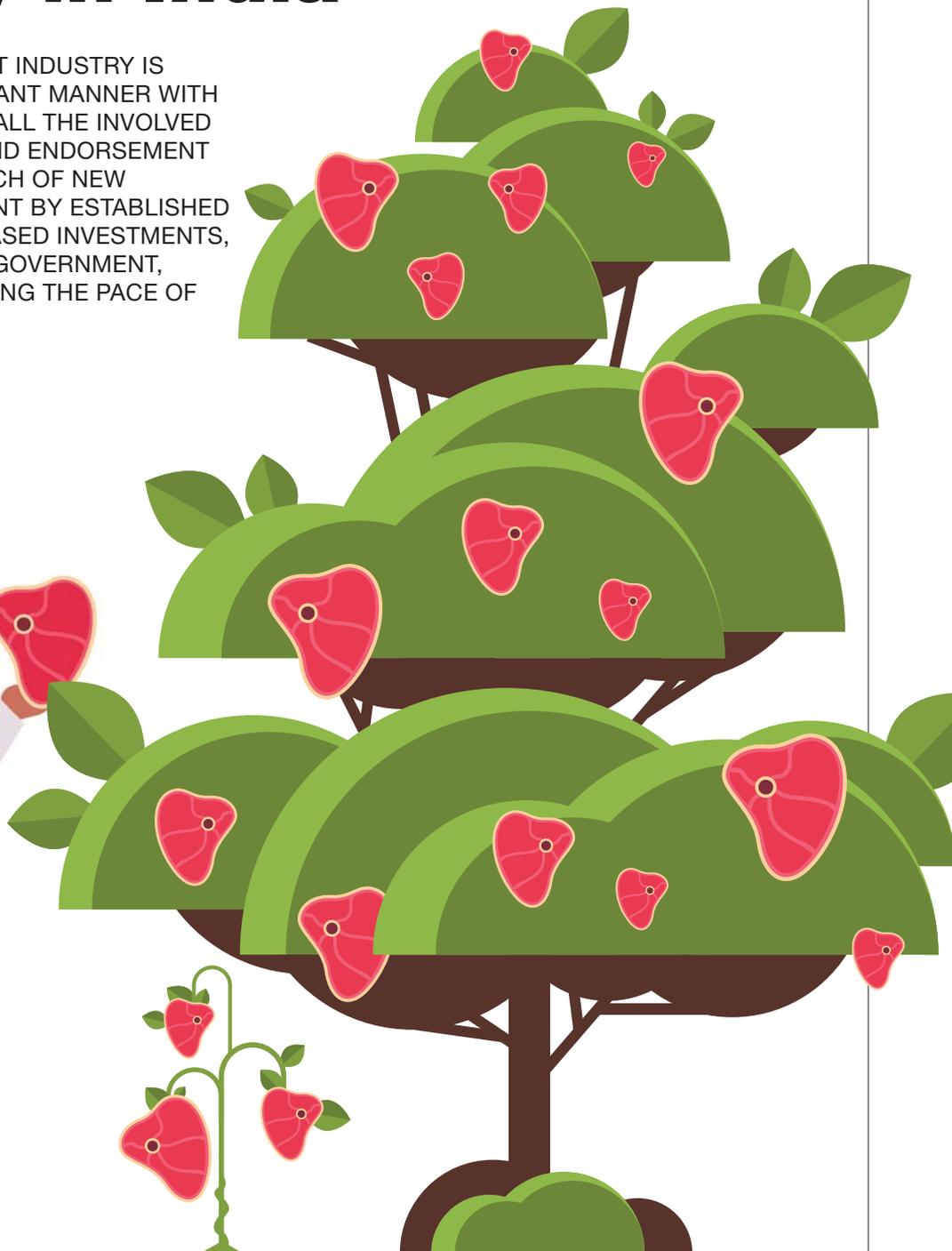


Rahul Raj Prasad and Karan Raj Prasad,
Co-founders and Directors, 9 To 10

The Scope and Future of Plant-based Meat Industry in India

INDIA'S PLANT-BASED MEAT INDUSTRY IS SHAPING UP IN A SIGNIFICANT MANNER WITH MORE AWARENESS FROM ALL THE INVOLVED STAKEHOLDERS, ENTRY AND ENDORSEMENT FROM CELEBRITIES, LAUNCH OF NEW PRODUCTS IN THE SEGMENT BY ESTABLISHED FOOD COMPANIES, INCREASED INVESTMENTS, AND SUPPORT FROM THE GOVERNMENT, ALL OF WHICH ARE SPEEDING THE PACE OF GROWTH OF THE SECTOR.

By Amod Ashok Salgaonkar



Global Growth

Multicultural grocers drive sales by catering to an increasingly diverse America.

By Gina Acosta

If you walk into the Fiesta Mart grocery store just north of the main campus of the University of Texas in Austin, you might just see a Vietnamese man shopping for a piñata. Or a Filipina picking up a package of freshly diced Mexican cactus (nopales) for her stir-fry recipe. Or a Thai restaurant owner looking for a deal on fresh cilantro (in July, three bunches were selling for a mere 88 cents).

Now more than ever, Houston-based Fiesta Mart, one of the largest Hispanic-focused U.S. supermarket chains, with 63 locations, is attracting not just Latino shoppers, but also many customers with non-Hispanic backgrounds looking for the freshest produce and meats at a good value during a historic inflationary period. In addition to offering great buys on fresh herbs, many multicultural grocery stores are also thriving as the United States grows significantly more diverse.

The U.S. Census Bureau reported last year that the populations of people identifying as Hispanic and Asian have surged. People who identify as white now make up just 58% of the population, down from 64% in 2010 and 69% in 2000. The Census Bureau estimates that the United States will be a multicultural-majority nation by 2044.

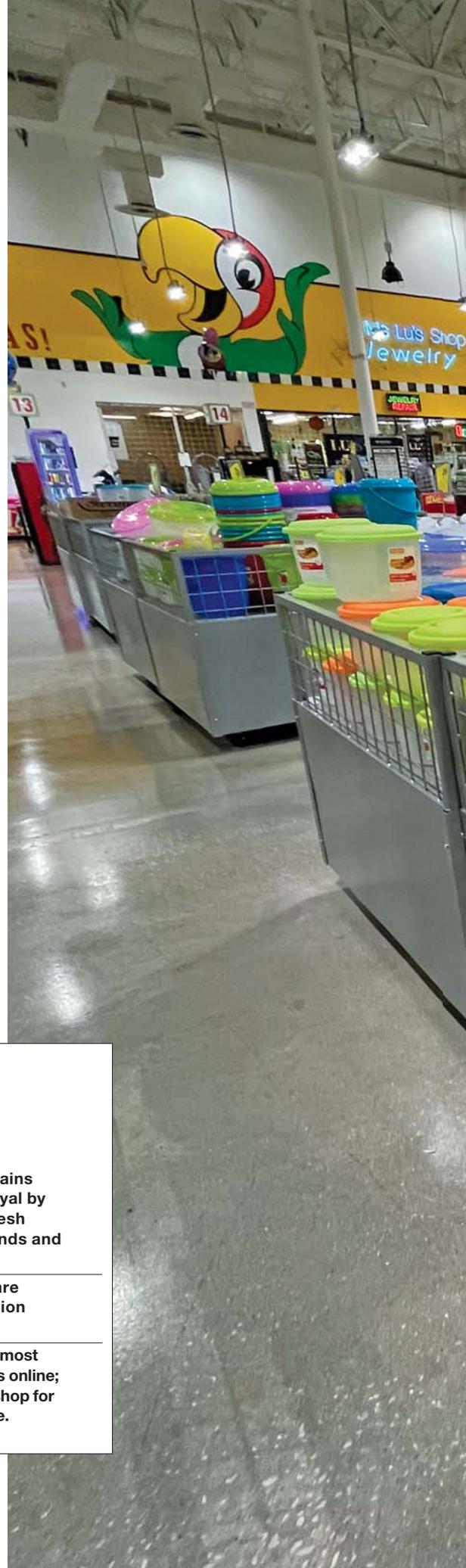
Capitalizing on the multicultural opportunity are pure-play grocers such as Fiesta Mart, H Mart, 99 Ranch Market, Northgate Gonzalez Market and many others, all of which offer many items central to cultural cuisine that aren't found in a lot of traditional grocery or natural food stores.

These food retailers are growing revenue and footprints as demographic changes and younger consumers' interest in global cuisines drive multicultural grocery shopping. The multicultural grocery market is estimated at \$50 billion and growing by nearly 2% a year, positioning these retailers to be a major



Key Takeaways

- ▶ Multicultural grocery chains are keeping shoppers loyal by stocking shelves with fresh ingredients, flavors, brands and authentic products.
- ▶ Multicultural shoppers are young and have \$3.9 trillion in buying power.
- ▶ Hispanics and Blacks are most likely to shop for groceries online; Asians are most likely to shop for personal care items online.



years. The food processing industry, which the Govt. of India views as a major sector for employment generation, is currently worth \$200 billion and expected to grow to \$500 billion.

Speakers at the event drew attention to how the 'processing industry,' contributes 32% of the Indian food market with the MSME sector contributing majorly in the manufacturing of popular desi snacks and confectionaries, and acting as a key driver of India's processed foods' growth.

Recognizing this potential, the government is incentivizing food parks for the processing industry with an eye on enhancing the export of processed foods. The Production Linked Incentive Scheme for Food Processing Industries (PLISFPI) with a fiscal outlay of Rs. 10,900 crore encourages global standard food manufacturing companies in India and supports Indian food brands for export in the international market.

But to deliver on the huge potential of India's food processing sector, and MSMEs in particular, there is a need to fully recognize and embrace measures like the adoption of science-backed Front FOPL, to make Indian food on a par with food in the global market.

"A big goal for the Indian food MSMEs is to embrace healthier versions of traditional food, and global standards, which can be a big boost for exports. India can benefit

greatly from tapping into this massive potential by aligning with global standards for food labeling and setting thresholds for salt, sugar and fat – opening up a huge global market for Indian traditional snacks," said **Manish Agarwal**, *Vice President ASSOCHAM, Uttar Pradesh*. **Vinod Vyas**, *Managing Director, Rajkot District Cooperative Milk Producer Union, Gujarat*, said, "World over, the food industry is taking steps to ensure that their products are safe and healthy for the consumers. We are eager to put Indian food products on the global stage by adopting labels that are in line with the best practices from around the world. India can become a trend setter if it goes ahead and adopts 'high in' style warning labels."

According to Euromonitor sales data from 2006-2019, the retail value of packaged junk food and soft drinks in India grew 42X in just 13 years. The food processing industry, which the Govt. of India views as a major sector for employment generation, is currently worth \$200 billion and expected to grow to \$500 billion.

India is witnessing an alarming rise of diet-related diseases such as diabetes, obesity among adults, as well as a sharp increase in childhood obesity. According to the estimates drawn up by Consumer VOICE based on various reports, Indian consumers will spend \$ 6 trillion by 2030 on processed and branded food products. With ultra-processed food taking over the dietary preferences and buying decisions of consumers, the food industry is taking cognizance of the critical role that powerful and simple-to-understand warnings on food packets can play.

Expressing the industry's readiness to support the early implementation of FOPL, **Kaushik Nag**, *Company Secretary, Pran Beverages India Limited in West Bengal*, said, "We welcome the idea of a strong FOPL that will help consumers to quickly understand and identify healthy foods. Studies have shown that reformulation to make foods healthier increases profit in the long run. If we make our food and beverages healthier, it will change consumer preferences in the domestic market as well."

To the credit of the government, India is looking to prioritize the roll-out of FOPL on all packaged foods at the earliest. Food Regulator FSSAI is in active consultations with the stakeholders to strike a consensus and introduce a statutory regulation to this effect. At the regulator's last meeting on this issue, held in February this year, a recommendation for voluntary implementation of FOPL from 2023 onwards was made by some stakeholders, which included members from industry associations, consumer organizations, Scientific Panel on Labelling and Claims/Advertisements and the WHO.



PROCESSED FOOD

FRONT-OF-PACK LABELLING



India is looking to prioritize the roll-out of FOPL on all packaged foods at the earliest. Food Regulator FSSAI is in active consultations with the stakeholders to strike a consensus and introduce a statutory regulation to this effect.

While FSSAI has expressed a preference for 'health stars rating' which experts say would be misleading for consumers, doctors and scientific communities say that India should adopt 'warning labels' - the global best standard, not just for its staggering disease burden, but also to ensure its exponentially growing food market is ready for a healthier future.

Ashim Sanyal, COO, Consumer VOICE and erstwhile member of Central Advisory Committee, FSSAI, said, "It is heartening to note that the food industry who are the main stakeholders, are ready to adopt a label that is best for the country."

Echoing similar sentiments, **Gurjit Singh Kamboj, Director, Pamco Food Pvt Ltd, Punjab,** said, "We want to increase our bottom line in a manner that is not detrimental to consumer health. Industries like myself are willing to reformulate and adopt a consumer friendly label that can help families make healthier choices while we increase profits and jobs in our industry."

According to a recent study done by researchers from the All India Institute of Medical Sciences (AIIMS) and the University of North Carolina at Chapel Hill (UNC), which analysed 10,500 products that had provided complete nutrition information in the nutrition facts panel, as much as 68 per cent of food and beverage products currently available in the Indian food market have excess amounts of at least one ingredient of concern, namely salt, sugar, and saturated fats. The study found that only 32 per cent of food products are within the scientific thresholds recommended by the World Health Organization's regional standards.

In light of these facts, it makes eminent sense to heed to the concerns voiced by leading industry representative and food manufacturers on why the front-of-the-pack food label can go a long way to inform consumers on whether a product contains excessive sugar, sodium, and saturated fat, helping them make a healthier choice and also act as a major boost for increasing exports of packaged food products in the global market, especially those produced by Indian MSME units. The FSSAI, which is deliberating on the much-awaited FOPL regulation for India, should act fast to allay the nation's concerns on food safety, nutrition and health. **PG**

Impact of plastic ban on the FMCG sector

THE BAN ON SINGLE-USE PLASTIC ITEMS MIGHT AFFECT THE VOLUMES OR PROFITABILITY OF VARIOUS CONSUMER GOODS CATEGORIES, ESPECIALLY FOR THE LOWER-PRICED STOCK-KEEPING UNITS AS SWITCHING TO MORE ENVIRONMENT-FRIENDLY ALTERNATIVES WILL ENTAIL HIGHER COST BESIDE THE PROBLEMATIC AVAILABILITY OF SUCH ALTERNATIVES.

By Vikas Kumar Agarwal

To minimise the use of plastic and its detrimental effects, the Indian government has banned single-use plastics, which include straws, spoons, containers and other such things. The ban came into effect on July 1, 2022.

The government has banned the manufacturing, imports, distribution and sale of single-use plastic items across the country. The prohibited items include earbuds with plastic sticks, plastic balloons, plastic flags, candy sticks, ice-cream sticks, polystyrene decoration, plastic plates, cups, glasses, cutlery like forks, spoons, knives, straws, etc. The ban will likely extend to other single-use plastic items like sachets, pouches, wrappers and laminated tubes in the medium term. This might affect the volumes or profitability of various consumer goods categories, especially for the lower-priced stock-keeping units.

India is the fifth highest country in plastic waste generation, with a discharge of 3.5 million tonnes in FY20. Per capita, India's plastic waste generation has nearly doubled during FY2016-20.

The current ban includes items with low utility and high littering potential. Large consumer companies do not highly use these items and will have a limited effect. Amongst the things that have been banned, plastic straws, which are used with low-value packs of juices



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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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