

Progressive GROCER

Ahead of What's Next

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INDIA EDITION

SUSTAINABILITY

Is 'organic' the only sustainable option offered by retailers?

DAIRY INDUSTRY

Using digital applications can boost productivity and profitability.



Dhanyam Organic Superstores

*Turning organic into
a 'profitable niche'*



L to R:
Thendral Madhusoodhanan and
Madhusoodhanan K, Directors,
Dhanyam Organic Superstores

SNACKS

Products that balance health, nutrition, and indulgence with tasty, portable options will rule the market.



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Organic retailing is a tough business to crack. While the success and failure rates of all food stores depend on numerous factors including location, competition, management, and market demand, the odds of business mortality are loaded heavily against organic retailers.

The business is characterized by a very slender base of organic-buying consumers, high cost of organic products, and the attendant challenges in managing the organic supply chain. That explains why many retailers who start down the organic road lose their way before reaching the finishing line.

While making ends meet is a huge existential challenge for most organic stores, our story on *pages 16-26* serves as a *Rx* on how to run an organic retail enterprise successfully and profitably. Dhanyam Organic Superstores, which runs 9 organic outlets in Chennai, has created its own retailing canon in running the business profitably and scaling it up.

Like organic, dairy too is a complex business to run and manage. While the perishable nature of milk and issues around its quality and integrity create its own set of challenges, there are other confounding aspects of the dairy business. Read our story on *pages 48-58* to discover how large parts of India's dairy industry continue being saddled with legacy burdens and has a myopic view toward new-age digital solutions.

Dairy companies lose roughly about 3% of their milk production within the plant itself, besides losing some more in the form of pilferage and wastage during transportation. But by using digital tools, companies can plug all such loopholes and lacunae, and improve their overall operational efficiency and profitability.

As always, there is a slate of other interesting stories in this issue to keep you up to speed with the business of grocery retailing.

Amitabh Taneja
Editor-in-Chief

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Dhanyam Organic Superstores: Creating its own canon in organic retail

The way husband-wife duo Madhusoodhanan K and Thendral Madhusoodhanan have poured body and soul together to build a successful specialized organic retailing enterprise in Chennai - from a single Dhanyam Organic Superstore in 2010 to nine outlets today - is an exemplum of how one can transmute an inner passion into a soaring arc of accomplishment.

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Is 'organic' the only sustainable option offered by retailers?



DHANYAM ORGANIC SUPERSTORES: CREATING ITS OWN CANON IN ORGANIC RETAIL

The way husband-wife duo Madhusoodhanan K and Thendral Madhusoodhanan have poured body and soul together to build a successful specialized organic retailing enterprise in Chennai - from a single Dhanyam Organic Superstore in 2010 to nine outlets today - is an exemplum of how one can transmute an inner passion into a soaring arc of accomplishment. As the couple round out 13 years in the organic business, Dhanyam Organic Superstores have come to occupy a cherished place at the top table in Chennai's organic food retailing universe.

Today, Dhanyam came to offer a huge range of finest natural and 100% organically-grown food, made available in a pleasant modern retail format and with the option to shop online.

BY SANJAY KUMAR

Life offers several remarkable instances of people carving a shining and fulfilling career by pursuing their passion and interest. The way Madhusoodhanan K and wife Thendral Madhusoodhanan stepped out on a limb to chuck up brilliant and flourishing careers in the corporate world only to chart a very different course in organic retailing is one for the books and a story worth telling and recounting.

A postgraduate in Management from IIM Ahmedabad (2004-06) and B.Tech (Computer Science) from Pondicherry University (1997-2001), a gilded career path opened up before Madhusoodhanan when the time came to move past the college portal. His corporate gigs saw him work with some tech and finance companies before joining the venture capital industry.

Thendral, before tying the knot with Madhusoodhanan, earned her academic stripes as a postgraduate in English literature and computer science and later worked in the IT Industry for five years.



L to R: Thendral Madhusoodhanan and Madhusoodhanan K, Directors, Dhanyam Organic Superstores

Digital Twins to Reshape Retail Business by 2035

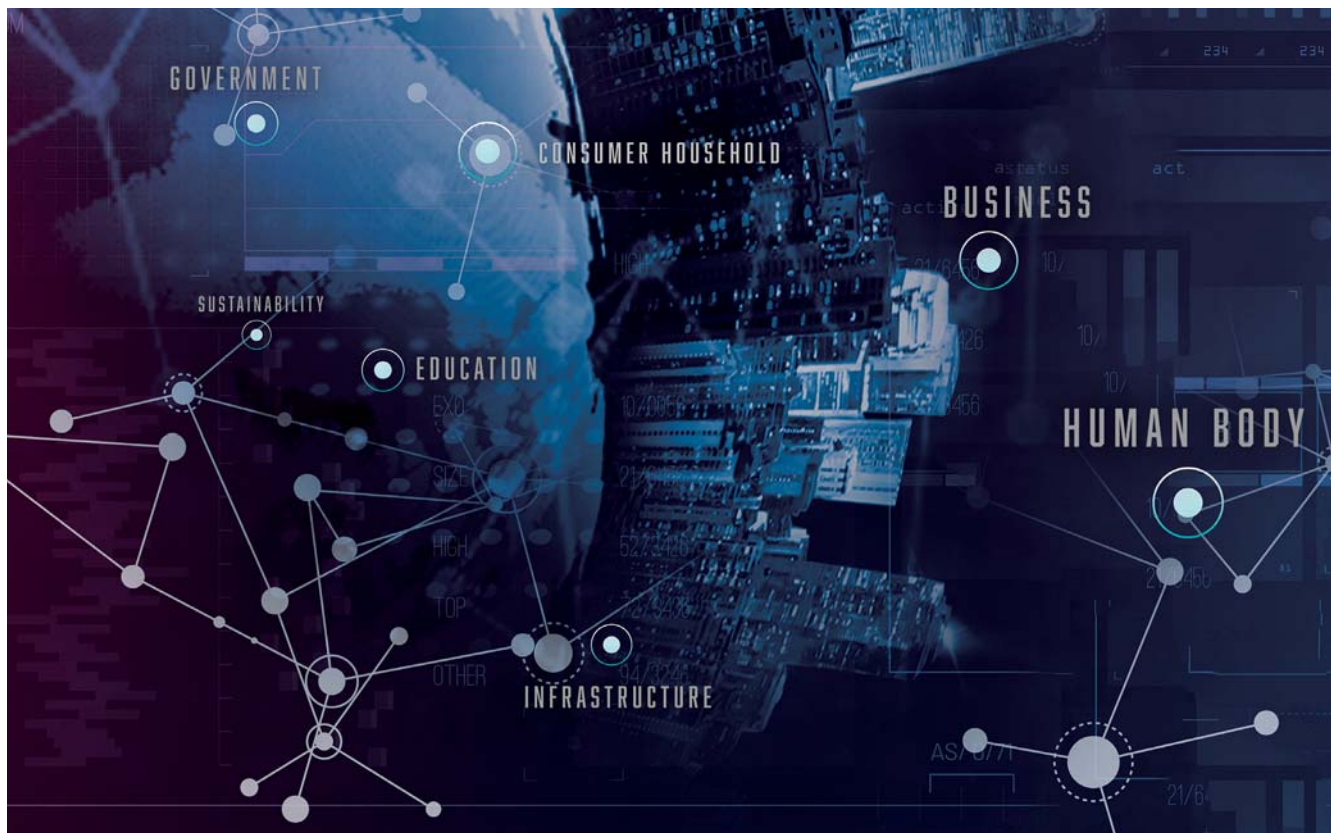
Digital twin technology will act as a critical enabler for executives by helping them rehearse the future. It will transform businesses by using the predictive nature of the technology to collaborate with other organizations more closely.

BY PROGRESSIVE GROCER BUREAU

A foresight survey called 'TCS Digital Twindex' done by Tata Consultancy Services predicts that Digital Twins – virtual replicas of physical objects, processes, or systems that are used to simulate, predict, and improve real-world activities – will revolutionize homes, workplaces, communities, businesses and even healthcare in the coming years.

The Digital Twindex has been prepared by TCS Futurists based on a study conducted using the Delphi technique, which is utilized in foresight to reduce bias and reach consensus around both quantitative and qualitative questions.

Participants in the study included scientists, futurists, and subject matter experts from across TCS' networks. They were asked to rate how soon widespread digital twin adoption would occur across industries and society at large. They also answered open-ended questions around the impact and risk of digital twin technologies. Some of the results from the TCS Digital Twindex





A gobsmacking choice of healthy and tasty treats

Retailers who want to grow sustainable sales and increase customer traffic in their snacks category need to capitalize on the important trends. The ones who make snacking easy through effective merchandising, pricing, and promotion strategies that focus on shoppers wants and needs will help drive sales throughout the store. Brands, on their part, should strive to engage the consumers with innovative and unique products that have the right mix of taste, health, quality and affordability baked into their differentiated offerings.

BY PROGRESSIVE GROCER BUREAU

Until about a decade or two ago, snacks were considered as a break-time light food. In recent times, however, people have been increasingly eating snacks between the meals. Indians, in increasing numbers, are becoming snack eaters between the meals as they love to snack everywhere from theater, to workplace, to car, and everywhere else.

Increasing numbers of consumers are gravitating toward smaller meals and toward snacks to counteract the pangs of hunger.

According to a Mintel research, today snacking is pretty much an established trend for Indian consumers. Its study showed that about 75% of adults aged 18-64 years snacked at least once a day. Among younger adults – those in the 18-34 age group – 77% said they snacked once a day. This dropped slightly to 73% for adults aged 35-64 years.

When it comes to replacing meals with snacks, younger consumers are most likely to engage in this behavior: More of younger millennials say that this is common practice for them, the most of any age group. Lunch was the most common meal to

Creating solutions for changing the dairy industry's cost-benefit calculus

India remains the largest producer of milk in the world, contributing 23% of global milk production. The growth rate and production capacity may look staggering, but they flatter to deceive. Far from being a volumetric paradise for milk, India's dairy industry finds itself behind the eight ball, beset with a welter of challenges such as low milk productivity, poor milk quality, and inefficient supply chain management. Gurgaon headquartered and India's leading SaaS platform for dairies, Mr. Milkman is one company that is showing the way for milk brands to ramp up their productivity, efficiency and profitability. By using its digital applications that offer real-time tracking of operations and sales, dairy companies are able to gain a better grip and understanding of their overall business.

BY AKRITI VIRMANI

Recall the adage we all grew up hearing about India being “the land of milk and honey”. That popular saying might sound out whack today considering the milk supply shortages reported in many parts of the country. Recent months have witnessed India's dairy industry encounter numerous challenges. From facing issues such as a shortage of milk and dairy products to sharp spikes in milk price, crises in the Indian dairy industry come blowing in like weather fronts, all too often.

In the past six months alone, the price of milk has racked up by 15%, which has been largely attributed to a shortfall in milk production. According to data given out by food commodity price database Mintec, milk prices in India rose from 46 rupees per liter to 53 rupees per liter from November 2021 to the beginning of May.





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Our July Special Edition

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Branded Spices in 2021

₹**25,000** crore

Branded Spices in 2025

₹**50,000** crore

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The Snack Track

Protein portions, permissible indulgence and a focus on flavor come out winners as noshing habits evolve.

BY LYNN PETRAK



A few years ago, food industry analysts noted that the United States had become a nation of grazers, with people searching for solutions that fit their on-the-go lifestyles and elevated tastes. Then came the pandemic, supply chain backups, inflation rates not seen in more than 40 years, and global upheaval.

Even the most prescient trend forecaster couldn't have anticipated the simultaneous headwinds that would blow into the market and change the way that people buy and consume products. The overall snack sector has been affected by this spate of changes, with people seeking equal parts comfort and health as they nosh and nibble during day and night schedules that are decidedly different from the past decade. Driven by taste, price, convenience and circumstances that are regularly in flux, consumers are reshaping the snack market.

If it seems a little up and down, that sentiment is shared by Sally Lyons Wyatt, EVP and practice leader, client insights at Chicago-based IRI, who has shared insights on the "seesaw state of snacking" in a recent webinar. "The bottom line is that COVID and inflation have not stopped consumers from snacking; however, we are seeing a seesaw state," Wyatt notes, citing increases in some categories and package sizes, and declines in others.

Likewise, Jeff Frank, group VP, grocery products for Austin, Minn.-based Hormel Foods Inc., says that there has been a shakeout of sorts in snacking habits. "Snacking and grazing and 'snealing,' as we call it — eating snacks as meals — were all significant trends before the pandemic, but there's no question that the pandemic accelerated changes," he observes, noting that the shift to at-home eating has been a major catalyst. "We can all relate to working from home and having the refrigerator and pantry a few steps away, and now those behaviors have endured into the current time."

The lagging return to pre-pandemic schedules has bolstered the state of snacking as people continue to reach for more snacks at home.



Key Takeaways

- ▶ While more people are snacking more of the time, there's been a shift in both palates and plates when it comes to eating occasions.
- ▶ Convenience, cost and health are also key considerations when it comes to snacking.
- ▶ Despite inflation and lingering COVID-19 concerns, consumers are eager to serve snacks at in-person gatherings.

The World of Snacking

Before we go any further, let's take an overarching look at the current state of snacking: According to IRI, 45% of people in the United States consume three or more snacks a day, and core snacking outpaced total food and beverage in 2021. An earlier study by Chicago-based Mintel revealed that 94% of Americans snack every day.




While more people are snacking more of the time, there's been a shift in both palates and plates when it comes to eating occasions. The annual "State of Snacking"



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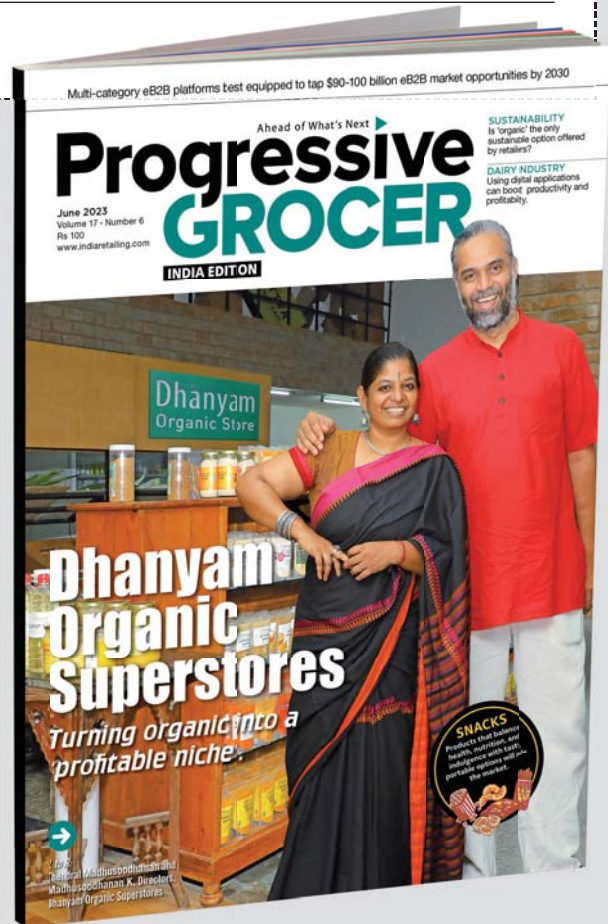
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How Retailer Hearty Mart is Transforming a Village Economy and its Community

As a retailer, Hearty Mart's vision was always to create an enterprise that went beyond generating economic value for its stakeholders. It is also actively engaged in building an enterprise that also fosters positive social change for the community at large.

By Progressive Grocer Bureau

Business and commerce are the lifeblood for building a healthy economy. A retailing business, for example, generates immense opportunities for the people around, and they create financial value for the employees and the founders alike.

Retailers also have the power to foster a lot of qualitative changes in the communities they engage with. In doing so, they create real and tangible social and economic value for the community they interact with. One such example of a retailer making a social impact is the Gujarat-based Hearty Mart – a company that is propagating the ethos of Indian rural cohesiveness and promoting the welfare of its employees and their village.

Hearty Mart operates 15 stores spanning some 23,000 sq.ft. of retailing area in Gujarat's rural market covering small towns and villages. The company also runs its FMCG unit through which it manufactures good quality food & grocery products and Indian spices for supplying to hotels and also for exporting them overseas.

Among Hearty Mart's various social initiatives like training and mentoring village youth to become entrepreneurs in their own right, one of its initiatives in Sathal – an unassuming village in central Gujarat – stands out for its social impact in the lives of villagers.

Two farmers from the same family, Wazir Ali (Managing Director at Hearty Mart) and Hussain Abbas (CEO at Hearty Mart), decided to take a chance and enter the world of trading as suppliers to highway hotels to diversify their income stream.

As they grew in their business journey, their desire to give back to Sathal became more pronounced. Initially, they started out

