

\$189.08 Million: Export value of gherkins from India in the 10 months to January FY24.

Progressive GROCER

Ahead of What's Next

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LISTING FEES
Impact and Implications
for FMCG Brands.

SMALL-TOWN RETAIL
How SuperK is Turning
Kirana Shops into Profitable
Modern Convenience Stores.

FROZEN FOOD
Why Your Next Culinary
Adventure Lies in the
Freezer Aisle.

the organic world

BEVERAGE

Consumer Trends,
Market Forecast, and
Supermarket Play of Key
Segments.



The Organic World
***India's Largest Multi-Store
Retailer for Organic and
Natural Groceries***



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Founder, The Organic World

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All FMCG brands aim for market penetration but listing fees in modern trade is a significant barrier for new brands. It forces them to consider the trade-off between securing prime placement in stores and allocating resources for brand building and consumer engagement. Our story Shelf Wars and the Battle for Aisles (*pages 22-31*) offers great insights from a cross-section of retail experts on the impact and implications of listing fees on FMCG brands and suppliers.

Stepping from modern trade retail formats into the future of small-town retail in India is to traverse very different journeys and business models. One small format retailer that is upending the business and economics of small-town retailing is SuperK. Launched in 2019, this supermarket chain has swiftly etched its mark on the retail map with a current count of 127 stores across 80 Tier III & IV towns in Telangana and Andhra Pradesh. Read how SuperK has introduced a fresh paradigm to retail dynamics in India's tier 3 towns and beyond (*pages 82-89*).

Meanwhile, in Bangalore, another retailer has emerged as the premier destination for organic offerings. With 17 stores under its belt, The Organic World offers the widest range of chemical- and preservative-free groceries under one roof – 3000+ SKUs that meet all the monthly consumption needs of a family. Not surprising that it has risen to become India's largest multi-store retailer for organic and natural groceries. (*pages 34-43*)

With summer at its peak in many parts of India, beverages are having their moment under the sun. Our category spotlight on beverages (*pages 48-81*) brings up an in-depth coverage exploring market sizing, analysis, and the supermarket play of all primary beverage segments.

Enjoy the issue packed with great features and compelling narratives to engage you.



Amitabh Taneja
Editor-in-Chief

All feedback welcome at editorpgindia@imagesgroup.in

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Cover Story 34



THE ORGANIC WORLD: India's Largest Multi-Store Retailer for Organic and Natural Groceries

The Organic World has emerged as the premier destination for organic offerings in Bangalore. Its 17 stores in prime neighborhoods of the city engage discerning consumers with their commitment to excellence, variety, affordability, and authenticity. Offering the widest range of chemical- and preservative-free groceries under one roof, The Organic World has risen to become India's largest multi-store retailer for organic and natural groceries.



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Shelf Wars and Battle for Aisles

For FMCG companies, listing ensures prime placement of products in stores and access to a coveted audience of consumers. However, for small and emerging brands, their aspirations for market penetration are often hindered by the financial burdens associated with listing fees.

Consequently, these nascent entities are compelled to weigh in on the potential benefits of securing a listing against the opportunity cost of allocating precious capital towards alternative avenues for brand building and consumer engagement.

A cross-section of retail professionals weighs in on how new and emerging brands should navigate the listing fees system to get the most bang for their buck.

BY SANJAY KUMAR

In the fast-paced world of fast moving consumer goods (FMCG) retail, the battleground is no longer the familiar shop aisles but also the negotiation tables where the currency of shelf space is often determined by listing fees. The term broadly refers to an up-front payment that a brand manufacturer makes to the retailer to introduce his products at the retail stores.

Retailers typically have limited prime shelf space, especially in high-traffic areas within their stores. They often allocate these spaces to established brands with proven track records of sales and consumer demand. Charging listing or placement fees allows retailers to maximize revenue from these coveted spots. For FMCG companies, whether big or small, securing a listing with retailers means more than just a place on the shelves — it signifies access to a coveted audience of consumers whose purchasing decisions are influenced by the products they encounter during their shopping journeys. Across both General



THE ORGANIC WORLD

India's largest multi-store retailer for organic and natural groceries



GAURAV MANCHANDA
Founder, The Organic World

Explore the journey of The Organic World, which has emerged as the premier destination for organic offerings in Bangalore. Its 17 stores in prime neighborhoods of the city engage discerning consumers with their commitment to excellence, variety, affordability, and authenticity.

Offering the widest range of chemical- and preservative-free groceries under one roof – 3000+ SKUs that meet all the monthly consumption needs of a family, The Organic World has risen to become India's largest multi-store retailer for organic and natural groceries.

BY SANJAY KUMAR



Recounting how his entrepreneurial journey took off, **Gaurav Manchanda**, *Founder, The Organic World (TOW)*, a leading organic food and grocery retail chain in Bangalore, has an interesting tale to narrate. “My journey into entrepreneurship was shaped by my upbringing in Bangalore and experiences in the United States,” he says.

Having grown up in Bangalore, Gaurav's path took a turn when he ventured to the US for higher education and work. “During my tenure in the US, I lived in Boston, New York, and California. My academic pursuits culminated with the completion of a master's degree. Additionally, I honed my professional acumen in New York while serving as a strategy consultant,” Gaurav recalls.

While living in the US, Gaurav cultivated a passion for cooking and embraced a healthier lifestyle, inspired by the easy availability of organic and nutritious foods. “The easy accessibility to organic and nutritious foods in the US was something I admittedly took for granted. However, upon returning to India in 2016, I recognized a significant gap in the availability of such foods, including organic and clean-labeled options, which were still nascent in the market.”

Driven by his passion for healthy and organic eating, as well as a desire to address this gap, Gaurav envisioned creating a platform that would make such foods accessible to a wider community in Bangalore. Thus, the idea of establishing a retail format, known as The Organic World, took shape.

What helped to actualize Gaurav's entrepreneurial vision was the family's ownership of farms in the eastern region of Karnataka. Perceiving the opportunity to incorporate their organic farm produce into a retail environment, Gaurav initiated his venture in 2017 with the establishment of The Organic World stores at prominent Bangalore locales.

Over the subsequent six-year period, TOW has undergone substantial growth, and now boasts of 17 stores, spanning some 23,000 sq.ft. of retailing area. These outlets – 13 company-owned and operated alongside 4 franchise stores – are strategically



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The food business in India is living through an age of back-to-roots renaissance, with manufacturers, retailers and food service chains rolling out never-before products and experiences celebrating indigenous ingredients, authentic flavours and consumer-first strategies. Discover the biggest trends of this back-to-basics intelligence at India's most powerful food B2B intelligence event.

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CATEGORY WATCH


Beverage

MAPPING INDIA'S BOOMING BEVERAGE MARKETS



From the effervescence of carbonated soft drinks to the soothing warmth of hot beverages, India's beverage industry is undergoing a seismic shift like never before. Currently valued at USD 17 billion and expected to nearly double by 2030, the non-alcoholic beverage market is a battleground where giants like Coca-Cola and PepsiCo vie for dominance. But beyond the fizz and the flavor, a deeper story unfolds, revealing a nation in transition, where health consciousness, urbanization, and changing lifestyles are reshaping consumption patterns.

BY SANJAY KUMAR



The beverage category covers a wide range of drinks such as carbonated soft drinks, fruit juices and nectars, tea, coffee, energy drinks, malted drinks, dairy-based beverages, and flavored and bottled water. From traditional beverages deeply rooted in Indian culture to international brands capitalizing on emerging trends, the market offers a wide array of options to consumers. This diversity reflects the multifaceted preferences of India's vast and varied consumer base.

As the Indian economy continues to grow and urbanization accelerates, India presents abundant opportunities for both domestic and international players. With a growing middle class and rising disposable incomes, there's a burgeoning demand for premium and niche beverage offerings, presenting avenues for market expansion and differentiation.

Industry Snapshot

Thanks to the business opportunities that the category offers, many global and domestic companies, including start-ups are investing in this sector, promoting

innovation and bringing greater choice for the consumers. In March 2023, Reliance Consumer Products relaunched Campa, a 50-year-old iconic beverage brand. The brand's portfolio includes Campa Cola, Campa Lemon, and Campa Orange. Global beverage companies such as Red Bull and Danone have entered the market and effectively introduced their products. Meanwhile, established industry giants like Coca-Cola, PepsiCo, and Nestle have expanded their product range to diversify their offerings.

As a result, the market has evolved and has made way for many new products, which have found an instant connect with Indian consumers. Big Indian conglomerates like Dabur, Tata Consumer Products, and ITC too are diversifying their product portfolio while several startups and small and medium-sized enterprises have also entered the category over the past decade.

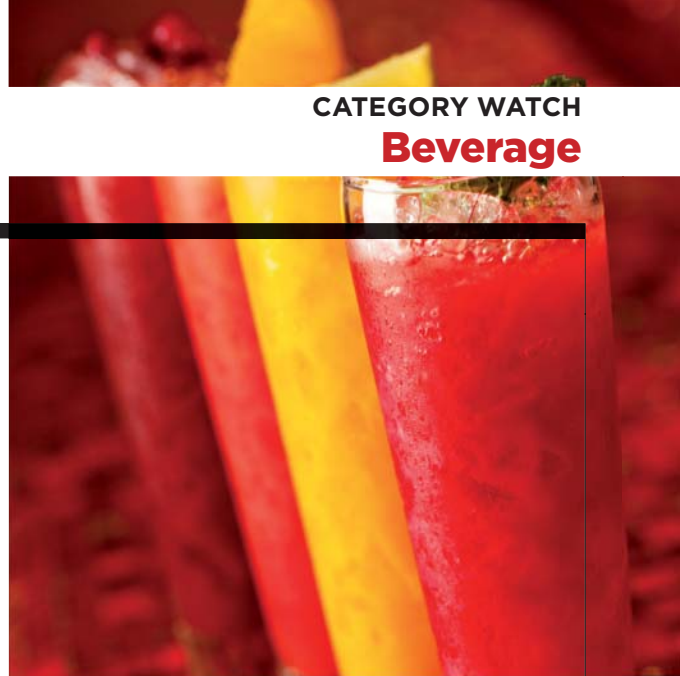
Industry observers say that about 35% of the companies have introduced new products in the Indian market, which include zero-sugar or sugar-free products and other products like tea and coffee-based drinks, and organic drinks. They point to the discernible shift towards healthier and functional beverages, driven by increasing health consciousness among consumers. This trend has led to a surge in demand for categories such as herbal teas, natural fruit juices, and functional drinks fortified with vitamins, minerals, and antioxidants.

The non-alcoholic beverage market in India currently stands at USD 17 billion. Among its various segments, carbonated drinks hold the largest share, constituting approximately 40% of the market, followed by packaged water, juices, nectars, and other beverages.

The growing demand for beverages has made it a lucrative category in the retail landscape where it plays a crucial role as a driver of footfall and consumer engagement in retail outlets. The strategic placement and promotion of beverages within retail spaces not only enhance customer satisfaction but also contribute significantly to overall sales and profitability.

Beverages, particularly those with innovative flavors and packaging, serve as a compelling draw for consumers, encouraging impulse purchases and fostering brand loyalty. As per various industry estimates, the beverages category contributes 8-10 per cent of the total food & grocery (F&G) market in India.

With the rising demand for convenience, consumers are increasingly seeking on-the-go options that are easy to carry and consume, such as packaged bottled water and energy drinks. This has led to an increase in the number of convenience stores, cafes, and vending machines across the country.





How Beverages are Playing Out at Supermarkets

India's beverage market, valued at USD 17 billion, is witnessing robust growth, fueled by increasing demand for non-alcoholic options. From traditional favorites like carbonated drinks to emerging trends in functional beverages and health-focused alternatives, supermarkets are at the forefront of this transformation. With insights from industry experts and retail leaders, explore the dynamics driving the evolution of beverages in India's supermarket landscape and the strategies shaping the future of this dynamic category.

BY SANJAY KUMAR



India's robust retail market continues to show a strong appetite for non-alcoholic beverages, with steady growth observed over the years. According to various reports, the current value of the non-alcoholic beverage market stands at USD 17 billion. Carbonated drinks lead the market, followed by packaged water, juices, nectars, and other beverages. Excluding packaged water, the industry is currently valued at USD 12 billion, expected to reach USD 20 billion by 2030. A recent projection suggests that the domestic non-alcoholic beverage market is on track to reach USD 21.5 billion by 2028, growing at a compound annual growth rate (CAGR) of 6.72% over the next four years.

While the growing demand for beverages certainly contributes to the expansion of the sector, India's hot weather for the majority of the year serves as a key catalyst for sustained growth. India's tropical climate, characterized by high temperatures and humidity levels, creates a constant need for hydration and refreshment among consumers. During the scorching summer months, in particular, the demand for beverages surges as individuals seek relief from the heat and replenishment of fluids lost through perspiration.

Why SuperK is the Reigning Champion of Small-Town Retail

Emerging as an agent of change in 2019, SuperK – co-founded by Anil Thontepu and Neeraj Menta – has introduced a fresh paradigm to retail dynamics in India’s tier 3 towns and beyond. With its recent \$6 million funding led by Blume Ventures, the supermarket chain has swiftly etched its mark on the retail map with a current count of 127 stores across 80 towns in Telangana.

This insightful story penned by **Mithun Madhusudan**, *Founder, The Indian Pivot*, originally shared on LinkedIn, offers an exploration of the strategic underpinnings propelling SuperK’s rise and its implications for the future of small-town retail in India. With due credit to the author, we are sharing this captivating narrative, which sheds light on the transformative dynamics shaping the retail landscape in India’s Tier III & IV towns.



Based in Kadapa, Andhra Pradesh, SuperK, founded in 2019, operates a chain of retail supermarkets in Tier 3 towns and beyond. Since launching its first store in January 2020, SuperK has rapidly expanded, and now boasts of 127 outlets across 80 towns in

Telangana, all operating under a franchise model. With a deliberate focus, SuperK strategically targets smaller towns with populations ranging from 20,000-500,000.

As a tech-enabled grocery retail chain catering to small towns, SuperK offers a diverse range of staples and fast-moving consumer goods (FMCG) within its stores, albeit without fresh fruits and vegetables. Approximately half of its revenue stems from food products, with the remaining half attributed to non-food items. Noteworthy is the fact that within the food category, nearly half of the sales originate from private-label brands.

Strategic Positioning in Modern Trade

The retailer has strategically positioned itself within the rapidly evolving landscape of food and grocery retail, which is witnessing a pronounced shift towards organizational structuring and the widespread adoption of Modern Trade (MT) formats. Modern Retail is expected to take share from unorganized retail over the next few years.