

Market

CEP's gathering momentum set to bring a sea change in the FMCC sector

Page 18

Retail Innovation

How to make exemplary payoffs from executing great concepts

Page 24

Nutraceuticals

The category is primed for growth and on the cusp of a break-out

Page 30

PROGRESSIVE GROCER

November 2017

Volume 11 Number 11 | INR 100 | www.indianretailing.com

INDIA EDITION

Page 30

**WE SERVE
A PREMIUM
NICHE IN
FOOD AND
HOME NEEDS**



**DR B
BH BAO & BYC RAJU**
PROMOTERS, Q-MART RETAIL LTD.



“Munchon’s products appeal to the young generation as a value-for-money proposition”



Manoj Gupta ↑
Executive Director, AFP Manufacturing Co. Pvt. Ltd

Manoj Gupta, Executive Director, AFP Manufacturing Co. Pvt. Ltd, a leading player in the private label manufacturing of namkeens and snacks, speaks to Progressive Grocer about the new frontiers in marketing and branding that his company is looking to scale in the days ahead and his strategy for taking his brand and products across the country.

Tell us about your company and its products.

AFP Manufacturing Co. Pvt. Ltd. is an established name in the private label manufacturing of namkeens and snacks. We are a pioneer in this field with an experience of more than two decades in serving and delivering delectable namkeens and snacks. We have served leading players like Lehar Namkeens, Bharti Walmart, and others. AFP is committed to delivering high quality products, on time and within budget to the industry. We are also one of the best co-packer of PepsiCo (Kurkure) in India since 2011. We manufacture all types of namkeens and snacks under the brand name Munchon’s. Our range includes namkeens (Bikaneri Bhujia, Navratan Mix, Moong Dal, Khatta Mitha, Aloo Bhujia, Mast Bahar, Royal Treat, All in One, Chatpata Mix, Punjabi Tadka, Diet Mixture, Jhalmuri, Salted Peanuts, Heeng Jeera Peanut, Nut Cracker, Karare Peanut and many more) and extruded snacks (fried & roasted).

Which are the features that make your products especially appealing to the young generation?

The young generation is highly conscious of quality, which our Munchon’s products offer. Along with better quality, our products come with attractive packaging and are backed with ATL / BTL activities. All of these combine to make our products highly acceptable as

a value-for-money proposition and creates a brand image that appeals to the new generation.

What would you describe your product’s competitive USP and differentiators?

The USP of our products is their quality standards, which are backed with strong ethics based on our dynamism and drive to deliver high quality products to our valued customers, on time and within the budget. Our price points (MRP Rs. 5/-, Rs. 10/- pack sizes) are compelling enough for customers to convince them to switch brands and take to Munchon’s namkeens and savories.

What has been the growth rate of your products? What are your goals for the future?

Our growth in FY 2014-15 was 17% approximately, in FY 2015-16 it was 20% approximately and in FY 2016-17 we have grown @17% approximately. The company has been broadening its horizons under the Munchon’s brand and is looking to expand its footprint beyond the existing geographical boundaries. Our expansion plans will allow the products to be soon available all over India in the next two years.

What is the sales contribution from Modern Trade and General Trade respectively?

In general, the contribution of namkeens / snacks category to Modern Trade is approximately 6-7%. The rest comes from General Trade but our products do not cater to this channel currently.



What is your retailing strategy for strengthening the reach of your products?

At present, our strategy is to cater to all B & C class markets and to strengthen our rural distribution with a strong network of dealers/ distributors/ retailers backed with ATL / BTL activities in the first phase. Our future plan is to ramp up our presence in Modern Trade and to cater to A class markets with some more new products in the second phase next year.

What is your assessment of the way your product category is shaping up in terms of demand and growth?

In the past four years, Indian namkeens is growing at faster pace @24-25% (approx.) as compared to Western snacks growing @12% (approx.) overall.

What would be the market size for your product and how do you see it growing in the future?

Private Labeling remains our top focus. Now, we are also focusing on our own branding. We have gained a market share of 4-5% and the aim is to grow above 15% in our targeted markets in times to come.

What are the main underlying consumption trends that you see for your line of products?

Traditional Fried category is a leading trend in the market. Roasted category having low fat products is becoming popular in the higher end of the market though it may take several more years to develop this category into a mass consumption market. New flavors such as cheese flavor, Thai chilly, Wasabi, Salsa, etc, are the new trends in the urban market. Nacho chips are gaining share and growing in the market.

With consumers becoming more health-conscious, what impact is it having on the sales of your products?

Fried products in namkeens and snacks have always enjoyed the edge due to their better taste as compared with roasted ones. At the same time, the health category is also developing as is evidenced in the growing demand for our diet range – Diet Mixture and Jhalmuri.

What innovations and steps are you taking to make your products healthy and better for you?

Our mission is to source Nature's finest raw materials, process them using the best technology, and make them available across the globe at affordable prices. Our endeavor is to achieve new



technology adaptation to make roasted and low fat namkeens and snacks achieving global standards of excellence at all levels of operations with a focus on consumer satisfaction. We want our products to bring a smile on every consumer's face by offering them the best flavors of India.

Which are the factors that play an important role in the category performance?

The market is divided into three categories comprising kids, teenagers, and adults. The kids' category calls for new packaging and products that are soft, chewable, spicy, and also come with offers of freebies. Kids are always ready to adapt to new flavors and due importance should be given to this aspect. Teenagers, being health conscious, look for healthier and high-grade products. Adults look for the brand and price and they want their money spent well; hence the quantity aspect too forms a key consideration in their choice making.

Do you think retailers should allocate more shelf-space and give more weight to the category to help it grow?

More space for merchandising is certainly the need of the category. They should promote region-wise flavors and local taste. Besides, there should be a fair understanding of what constitutes reasonable margins as this is the need of the organized trade market currently.

What are the challenges in the market and what solutions have you embraced to meet your goals?

Local trade practices region-wise are major challenges in the market. Right packaging, great taste and right pricing are main points that we are addressing to meet our goals. As the margins are very thin in organized trade, it is a challenge competing with the price and trade margins in the unorganized sector. **PG**

The company has been broadening its horizons under the Munchon's brand and is looking to expand its footprint beyond the existing geographical boundaries. Our expansion plans will allow the products to be soon available all over India in the next two years.

