



# How Kannur in Kerala is turning into a cradle of organic food retailing

KERALA'S OVER-A-DECADE LONG ADOPTION OF ORGANIC FARMING IS TURNING KANNUR INTO A HOT SPOT OF ORGANIC CULTIVATION. AND A NEW GENERATION OF ENTREPRENEURS ARE TAKING UP ORGANIC RETAILING AND SHOWING THE WAY TO OTHERS TO TRANSFORM THEIR VENTURES INTO PROFITABLE BUSINESS WITH ENOUGH POTENTIAL TO GROW AND SCALE UP.

By Roshna Chandran

**W**hen **Shaji Nambiar** quit his sales job in Bangalore, his mind was already made up on his next course of action. For some months now, he had been thinking of going back to his roots in Kerala and exploring the possibility of hanging his shingle in his home town of Kannur. Located in northern Kerala along the Malabar Coast in the Arabian sea, Kannur was fast gaining prominence as a hub for organic agricultural products.

Nambiar's mind was all hopped up at the thought of joining the organic revolution that was catching fire in Kannur

where local farmers and the government had joined forces to turn the city into a hub for organic products. "Organic is something I have always been very passionate about and I felt Kannur had

Shaji Nambiar





all the right ingredients and the opportunity to make it big”, says Nambiar who roped in his two brothers to set up an organic store in the heart of the city.

### Easy shopper conversion for organic retailers

Opened in 2016, Nambiar named their 250 sq.ft. store “Grameen Mantra”, which would provide consumers a chemical-free and 100% natural grocery shopping experience. The store opened to a good public response and soon built up a sizable customer catchment for its products.

“Kannur has long been acquainted with the organic farming tradition and people here are well aware of the benefits of organic products. So, we didn’t really need to educate or evangelize anyone and large numbers of city residents automatically became our regular customers,” says Nambiar.

Walk-ins at Grameen Mantra have been picking up steadily as concerns around the pandemic have faded, with the store attracting a wide and varied audience of 20-90 year olds. The store hawks about 250 SKUs and sells pesticide and chemical-free farm-fresh vegetables and fresh fruits such as bananas, papayas, and more. To promote its products far and wide, Grameen Mantra leverages its own social media accounts on Facebook, Instagram and WhatsApp.

“In food grains, we have seen millets soar in popularity and we find a huge number of health-conscious customers who go for the millet range, which comes in different varieties. While millets are extremely popular with diabetics, snacks like choco fills, wheat chocos, vanilla fills and other ready-to-eat snacks are popular among kids,” says Nambiar.

He adds that quinoa as a superfood is also gaining popularity and has pretty much replaced rice in many Kannur home diets. “Organic pulses, jaggery and brown sugar also contribute significantly to our sales,” informs Nambiar, adding that purchases at the store record an average ticket price of Rs. 500.

Grameen Mantra also stocks beverages, locally procured dairy products such as A2 milk, ghee, butter and paneer. “Our private

labels such as turmeric powder, pepper powder, coconut oil, full bran rice, cereals, honey and cashew are also a big hit among consumers,” shares Nambiar.

### Eager retailers jump on the organic bandwagon

Like Nambiar, there are many others who have tapped into the fast-spreading culture of organic farming and retailing in Kerala, which has struck strong roots in places like Kannur. The trend for organic started way back in the 1990s but hardly anyone could have predicted that it would spread so fast and strong.

The momentum picked up discernibly in the early 2000s, fanned by a host of factors including a growing awareness of the negative impacts of chemical fertilizers and pesticides on the environment and human health, a desire for more sustainable and environmentally-friendly food options, and government support for organic agriculture.

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One of the farmer producer organizations to have worked out a successful model for sustaining organic farms in and around Kannur is Mayyil Rice Producer Company Ltd. (MRPCL). The company, which is both into organic farming and retailing, has emerged as a shining example of how organic farming and retailing can help both farmers and consumers to improve the quality of their living besides bringing on a host of other social, economic and environmental benefits.

“Several new generations of farmers in cities like Kannur have moved away from traditional

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farming methods due to a lack of commercial support and crop failures and have embraced organic farming in recent years,” says T.K. Balakrishnan, Managing Director, Mayyil Rice Producer Company Ltd, pointing out that apart from Kannur, Alappuzha and Trichur are the two other districts that enjoy the distinction of having the highest number of organic farmers in Kerala.



T.K. Balakrishnan

MRPCL first started working with farmers in 2018 and has since grown into a prominent farmer co-operative in Kannur whose objective is to improve the livelihoods of its members through the production and sale of high-quality rice. The company is engaged in the production of a variety of rice such as paddy, parboiled rice, and broken rice and also provides value-added services to its members, including training on good agricultural practices, access to credit, and assistance with marketing and sales.

“In addition to our rice production activities, we also provide support to our farmer-members in areas such as agricultural inputs, farm mechanization, and post-harvest management. By working together, the farmers of MRPCL can achieve economies of scale and access



markets that would be difficult for them to reach individually,” says Balakrishnan who also operates three exclusive Mayyil stores in Kannur.

“The health-conscious middle-aged consumers have been the biggest customers for our store products. Rice, millets, pulses and coconut oil have been the fastest-moving categories at our stores. Our ticket size is in the range of Rs.300-500 and the stores stock about 50 SKUs with all products grown at MRPCL-managed farms. Our Mayyil- branded products are also sold to a large number of retailers in Bangalore where there’s a huge demand for organic products,” shares Balakrishnan.

Like Shaji Nambiar and T Balakrishnan from Kannur, there are scores of other instances where people, sometimes drawn in from completely unrelated fields, are entering the organic retailing space in Kannur.

### CARRYING THE TORCH OF ORGANIC RETAILING IN KANNUR

#### MAYYIL STORES

- ▶ Founder: **T.K.Balakrishnan**
- ▶ Launch Year: **2017**
- ▶ Parent Company: **Mayyil Rice Producer Company Ltd.**
- ▶ Headquarters: **Mayyil, Kannur**
- ▶ Total Number of Stores as on date: **3**
- ▶ Operating Model of Store: **Rented**
- ▶ Location of Stores: **Kannur, Kerala**
- ▶ Annual Turnover: **Rs. 24 lakh**
- ▶ Bill/ Ticket Size: **Rs.300-500**
- ▶ Daily Foot Traffic: **50 per store**
- ▶ SKUs per store: **50**
- ▶ Number of Employees: **2**

#### BABAS NATURAL BASKET

- ▶ Founder: **Rageesh MC**
- ▶ Launch year: **2020**
- ▶ Parent Company: **Babas Natural Basket**
- ▶ Headquarters: **Kannur**
- ▶ Operating Model of Store: **Rented**
- ▶ Total Number of Stores: **1**
- ▶ Location of Store: **Kannur, Kerala**
- ▶ Total retail space: **400 sq.ft.**
- ▶ Annual Turnover: **Rs.5 crore (projection for FY23-24)**
- ▶ Bill Size: **Rs. 1000 and above**
- ▶ Number of SKUs: **242**
- ▶ Number of Employees: **6**

Among the eager converts is **Rageesh MC**, a former sales manager at Coca-Cola Company in the Middle East, who went on to establish Babas Natural Basket, an NPOP- (National Programme for Organic Production) certified store in Kannur, in 2020.

The idea of opening an organic store came to Rageesh when he realized the difficulty of sourcing organic rice grains for one of his friends diagnosed with cancer. "While local grocers have expanded their range with plenty of product categories that are globally sourced and even though most customers in Kannur are well exposed with brand concepts offered in the Middle East, Africa and several other countries, I was determined to prove that the best organic, pesticide-free produce can be sourced from local farms in and around Kannur," says Rageesh.



**Rageesh MC**

To fulfill his aspiration, he set about creating a reliable supply and logistics chain that would enable sourcing from farms in Kerala. Once that was achieved, Rageesh began packaging the products for retail as well as for export. To ensure consumer trust and product authenticity, he arranged for routine checks made by INDOCERT, a Kochi-based enterprise that ensures all products are genuinely organic. It is also India's first indigenous certification

body, operating nationally and internationally with thousands of operators in the certification system.

Word about Babas Natural Basket spread fast even though it was all done by word of mouth. "Today, our store attracts people from Mumbai and even expats from the UK who come to purchase in bulk, as organic products are more expensive elsewhere," says Rageesh, adding that millets contribute 25% of the sales revenue while beverages and fresh vegetables are also in great demand.

**Many entrepreneurs are tapping into the fast-spreading culture of organic farming and retailing in Kerala, which has struck strong roots in places like Kannur.**



**GRAMEEN MANTRA**

- ▶ Founders: **Shaji Nambiar, Sajith Nambiar & Shijin Nambiar**
- ▶ Launch Year: **2016**
- ▶ Parent Company: **Grameen Mantra Organics & Naturals**
- ▶ Headquarters: **Kannur, Kerala**
- ▶ Operating Model of Store: **Rented**
- ▶ Total Number of Stores: **1**
- ▶ Location of Store: **Kannur, Kerala**
- ▶ Total Retail Space: **250 sq.ft.**
- ▶ Annual Turnover: **Rs. 60 Lakh**
- ▶ Bill/ Ticket Size: **Rs. 500**
- ▶ Number of SKUs: **250**
- ▶ Number of Employees: **3**

**HAPPY SOULS**

- ▶ Founders: **Pooja Bedi and Namrata Thakkar**
- ▶ Launch Year: **2021**
- ▶ Parent Company: **Magicians of Wellness (India) LLP**
- ▶ Headquarters: **Anjuna, Goa**
- ▶ Operating Model of Store: **Company Owned & Company Operated (COCO) and Franchise**
- ▶ Total Number of Stores: **1 Franchised outlet and 1 company owned**
- ▶ Location of Stores: **Anjuna, Goa (COCO) and Kannur, Kerala (Franchise)**
- ▶ Franchise Owner: **Najeeb M**
- ▶ Retail Space of Franchise Store: **1000 sq.ft.**
- ▶ Annual Turnover: **Rs. 1.2 crore (projection for Kannur outlet)**
- ▶ Bill/Ticket Size: **Rs. 600-1000 (Kannur outlet)**
- ▶ Number of SKUs at Kannur Store: **230**
- ▶ Number of Employees: **2**

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### Retailers from outside hop to Kerala's organic epicentre

Rageesh is now working to build a franchise model for Babas Natural Basket and plans to take his franchise model to Pune with a Rs. 15 lakh investment. While it's a befitting case of how Kannur's organic retailers can grow and extend their store footprint to other places through the franchise route, those from outside are also looking to set up shop in a city that is fast becoming a hotbed of organic retailing in India.

In one such instance of cross-over retailing, Goa-based Happy Soul recently opened its very first franchise outlet in Kannur. Spread over 1,000 sq.ft., the store boasts of a wide range of organic certified products as well as chemical-free personal care categories made with natural ingredients and also has a continental restaurant attached to help experience the brand's product range and draw more walk-ins. Equipped with modern interiors, the store's product range attracts customers from all segments and age groups, including a large number of walk-in teenagers. "We started operations in November 2021 and I want people in Kannur to try the new organic lifestyle. We stock over 230 SKUs across categories like crockery, organic food items especially millets, ready to eat as well as ready-to-cook products, quinoa, pulses, cooking oils, ghee, chocolates, beverages, among others and all of them are quite popular. The fastest-moving categories are personal care products such as essential oils, body care, bath essentials and aromatic candles," says *franchise owner Najeed M*, pointing out that the ticket price ranges from Rs. 600-1,000 and that the demand for hemp products is also increasing among his customer base in Kannur.

At the Kannur Happy Soul store, all products are

sourced out by the parent company in Goa and the team at the head office scrutinizes the products for authenticity and certification before supplying them to the store. The stocks are bought in bulk via the supply chain of the parent company, which also does the hand holding and training of staff at the franchise store for a period of 6 months. Promotional and marketing activities too are carried out by the head office located in Goa. "An initial investment of Rs. 4,50,0000 has to be stumped up for the franchise license and returns on the investment start flowing in by the third year," reveals Najeed, who is targeting a growth of 100% this fiscal.

### Strong demand for organic fuels retailers' expansion and growth plans

Enthused by the public reception to his store, Najeed is already looking to add to his franchise stores in places like Bangalore and Ernakulum in Kerala. "While our brand's promotions are widely carried out through social media, I feel that there's only a limited audience that is exposed to our online activities. We have found that most of our customers get connected to our store through word of mouth," he says, adding that the store has plans of setting up Sunday Bazaars to draw in more customers into its exclusive shopping experiences.

**Opened in 2016, the 250 sq.ft. Grameen Mantra store in Kannur provides consumers a chemical-free and 100% natural grocery shopping experience. The store opened to a good public response and has built up a sizable customer catchment for its products.**



If Najeeb's expansion plans go through, he is looking at targeting an annual turnover of Rs. 1.2 crore and also turning his current store and prospective ones into a one-stop shopping and food destination for tourists. Already, cultural tourism around the organic farms in Kannur is fast gaining traction and attracting tourist hordes who love to savor local food while residing with farmers.

Najeeb's optimism about the future of organic retailing in Kannur and Kerala is shared by others of his ilk. Grameen Mantra's Nambiar says that the store has already shifted to a new and better site prompted by the rising popularity of his store.

"In Oct. 21, we decided to relocate to Thayetheru from near Caltex, which is a busy commercial area in Kannur. We didn't see any point in having a store at a high street as there wasn't enough parking space. The new location provides more parking space and has a better residential milieu. Currently, our annual turnover is Rs. 60 lakh, and we see it going up appreciably as we plan to add more categories to our private label range and also expand the



brand's footprint to other parts of Kerala. Going forward, as people become more aware and concerned about the food they eat, choosing chemical-free and natural ingredients will become a top priority for many more households," says Nambiar.

Rageesh of Babas Natural Basket, whose products are also available at all Lulu supermarkets, says he is targeting an annual turnover of Rs.5 crore for FY23-24. "We have already introduced more product categories to our store range. Our new hair oil and baby massage oil are seeing good demand and they will help push our cosmetics and cleaning product range," he says, adding that operationalizing the Kannur International Airport since 2018 has helped bring a lot of business opportunities for producers and retailers.

Just two years into the launch of his single store in Kannur, Rageesh has already expanded and built his supply chain for catering to other places like Kochi, Trivandrum, Thrissur, and Kottayam. With an eye to expanding towards the North, he has built an effective supply chain for taking his products to Pune and Nagpur. Apart from focusing on his fastest-moving categories like beverages, millets and fresh vegetables sourced mainly from Idukki in Kerala and Bangalore, Rageesh is also working to develop his product supply chain from Kochi to Mumbai.

Like-wise, Mayyil Rice Producer Company has also chalked up its expansion agenda. "Apart from our two Mayyil stores and the other supermarkets in Kannur, our plan is to extend the reach of all Mayyil-branded products to many more supermarkets in Kerala and beyond. We are looking at Bangalore and the markets in other parts of India as well," informs Balakrishnan, adding that MRPCL is also working to open an agri-park modeled on the lines of a training centre that will help educate consumers on how organic products are made and about their social, economic, environmental and health benefits as well.

### Conclusion

Overall, the future of organic cultivation and retailing in Kerala looks promising, with a growing demand for organic products and a supportive environment for farmers and retailers. However, it will be important to continue to educate consumers about the benefits of organic foods and to provide support for farmers and retailers to help them succeed in this market.

While producers and retailers have been instrumental in fanning the popularity of Kannur's organic products, the opening of Kannur airport has acted as a force multiplier for amping up the visibility of organic products and creating new opportunities for farmers and businesses.

By connecting local farmers and businesses with markets around the world, the Kannur airport has helped to drive demand for organic food products from Kerala and contributed to the growth of the state's organic farming sector. **PG**

