

# ORGANIC MARKET DEVELOPMENT

## EXPANDING DURING RECESSION

Organic Market Development has firmly emerged from the red to post some impressive figures in 2009. The expansion in Coonoor and the new Green Shop (GS) in Mysore are promising better retail sales as this report is written. With better operating margins and scale of operation, OMD is looking to achieve the objectives it has set out to do for the current financial year. Expanded product portfolio, better space utilization and improved wholesale performance have been the strategy that worked towards the recovery.

Despite the disaster that struck Nilgiris during November, which severed the road connectivity all around the district and the continued extreme weather conditions with heavy rains and landslides for a fortnight, Green Shops in Coonoor and Kotagiri achieved near normal (about 80%) of their usual turnover showing the strength of their local customer base. Though, Green Shop, Ooty performed 50% of its normal capacity, exposing the dependency on tourism, it has shown an impressive recovery during December, to top the table in terms of Green Shops' sales.

Overall turnover has risen by 18.33% from INR 60.08 lakhs to INR 71.09 lakhs with the wholesale and retail ratio hovering at 39% : 61%.

## MORE SPACE AND MORE PRODUCTS

Year 2009 is memorable two more new spaces for Green Shops have been added. The first one is situated inside The Green Hotel, Mysore in association with The Green Hotel, Mysore who supported us in setting up the Bee Museum & Green Shop at Ooty. Though the space is 10ft by 12ft, it has made heads turn and is showing potential.

The next surprise came on the heels of the Mysore project which was the opportunity of expanding Green Shop, Coonoor. The space below the Green Shop fell vacant and the immediate response to that was to take it up top. The offer came from the owner of the building Mr. Hansraj, who categorically said he will look for other tenants only when Keystone

Contributions to sales from all branches are given below.

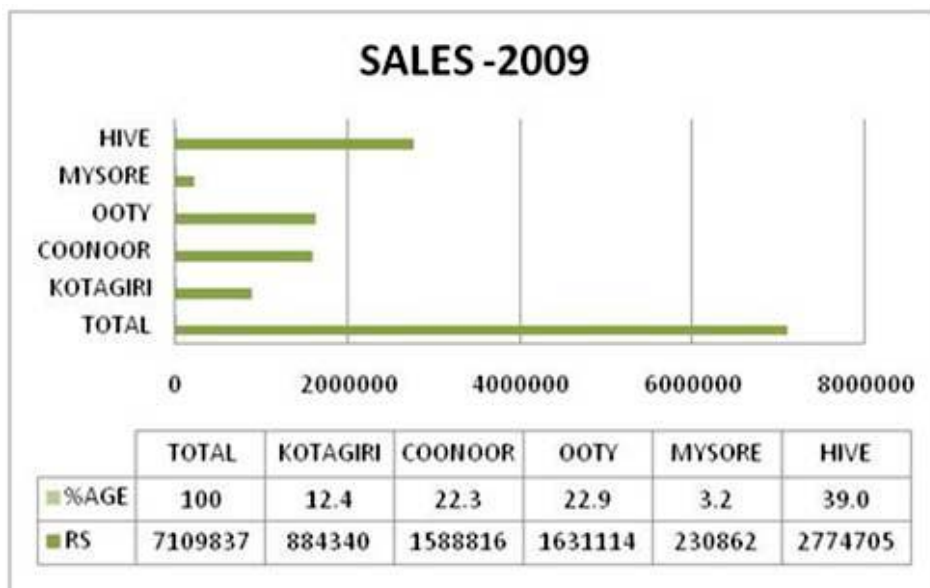
### SALES ANALYSIS 2009

(All values in INR ,000)

MONTH	TOTAL	GS KOTAGIRI	GS COONOR	GS OOTY	GS MYSORE	HIVE
Jan	579.376	63.384	124.024	81.213	-	310.755
Feb	445.972	58.74	112.029	107.914	-	167.289
Mar	627.094	74.582	104.076	142.259	-	306.177
Apr	673.94	67.563	140.191	194.641	-	271.545
May	733.209	148.281	149.668	236.382	-	198.878
Jun	486.195	69.725	100.757	133.504	-	182.209
Jul	515.957	48.797	105.645	157.972	-	203.543
Aug	551.148	65.891	145.684	107.422	-	232.151
Sep	515.374	60.09	131.727	99.161	41.752	182.644
Oct	635.619	65.541	168.482	115.825	49.876	235.895
Nov	417.577	57.493	92.764	57.803	56.832	152.685
Dec	928.376	104.253	213.769	197.018	82.402	330.934
INR	7109.837	884.34	1588.816	1631.114	230.862	2774.705

declined to take the space. With no choice but to oblige (and no money to pay!) the space was reluctantly agreed to. Due to the preoccupation with bringing up the Green Shop at Mysore, nothing happened till September first week. A visit by Nivedita Banerjee from Samaj Pragati Sahayog, Madhya Pradesh changed the course of the plan. She is a crucial network partner and supplier of Kumbaya Garment and had shown keen interest to develop the new space into a Kumbaya Showroom.

Day by day, the new space is taking shape and is receiving good response from the customers. The challenge here is to set up the food counter and cater to the needs of the customers favoring organic and fair trade products. One area which needs immediate attention was putting up information on the shop floor. Focus will be on getting the information to customers in more ways during next year.





## Operating Details of OMD

### Top ten sellers

HIVE	GS, KOTAGIRI	GS COONOOR	GS OOTY	GS MYSORE
Honey	Honey	Honey	Honey	Pebbles Soap - Jasmine
Balm	Oil	Ladies Kurta	Ladies Kurta	Sweet Honey
Soap	Tea	Oil	Trifed Handicraft	Pebbles Soap - Lemongrass
Clove	L-Kurta	Tea	Tea	Pebbles Soap - Basil
Candle	Soap	Shawl	Oil	Tea Coaster
Glass Bottle	Coffee Powder	Mens Shirt	Mens Shirt	Candle
Cinnamon	Balm	Soap	Balm	Amla Candy
Tea	M-Kurta	Coffee Powder	Soap	Bitter Honey
Coffee Powder	Dhupa	Incense	Coffee Powder	Coffee Powder
Amla Candy	M-Shirt	Tea Bags	Incense	Greeting Card

# all figures presented are for from Calendar year 1<sup>st</sup> January 2009 to 31<sup>st</sup> December 2009

**Top ten suppliers**

(All values in INR ,000)

S.No	Particulars	Amount
1	Kumbaya Garments	793
2	Banglapadigai	440
3	Kullu Karishma	365
4	Amuthasurabhi	310
5	Thumbithakadu	292
6	Maan Pharma	239
7	Kombai	204
8	The Ants	200
9	Unitea	198
10	Auropooja	168

**New Suppliers**

THI, Sittilingi

Dastkar Andhra Marketing Association, Hyderabad

Naturellement, Auroville

Samaj Sewi Sanstha, Bastar

Sasha Association for Craft, Kolkata

The Ants Store, Bangalore

Mahila Umang Producers Co Ltd, Uttarakhand

**New Dealers**

Indulj, NewDelhi

Manipura Kuzhu, Kodanad

Palms Spa, Ooty

Probe Hygienic, Coimbatore

**Top ten dealers**

(All values in INR ,000)

S.No	Particulars	Amount
1	Antony, Salem	332
2	Trifed	203
3	Auroannam	202
4	Thumbhidakadu	146
5	Todar Then Malar	127
6	Honey Hut	99
7	Modern Stores	93
8	Tantea Emporium, Ooty	86
9	Bon Appetit	80
10	Matha Amirthananda Mayi Mutt	78

Tantea Dealer, Dodabetta

The Altitude Store, New Delhi

Total Herbal, Haryana

**Tulsi Tea Dealers**

Baker's Junction, Coonoor

Classic Shoppe, Ooty

Nilgiri Govt Co-op Store, Ooty

The Hills Convenience Store, Ooty

Sundry Creditors: 28 Suppliers; Outstanding payable-  
INR 1,132,309Sundry Debtors: 53 Dealers; Outstanding receivable-  
INR 633,813

 Lost Forest



The direct and indirect expenses were INR 1,435,129 nad to highlight on the operating expenses, the following table is included. Salaries, packing materials and rent occupy the top 3 positions giving little scope for cost control. Improved performance of Green Shops and higher efficiencies at Hive are the key elements in achieving better results in the coming years.

<b>Overheads</b>	<b>Expenses %age</b>
Salaries	29.73
Packing Materials	24.12
Rent	12.71
Freight In	5.58
Shop Expenses	4.41
Marketing Expenses	3.22
Organic Bazaar	2.71
Freight Outward	2.51
Electricity	2.27
Communication Expenses	1.88
Staff Welfare Exp	1.87
Rates & Taxes	1.48
Processing Expenses	1.40
Printing & Stationery	1.26
Bank Charges	1.20

Insurance	0.57
Training Stipend	0.47
Computer & Consumables	0.37
Commission Paid	0.27
Packing Expenses	0.02

### **Spin off**

With the new law about taxing trusts doing business of their entire turnover coming into effect from April 2011, there is little option but to spin off OMD into a separate entity. What kind of an entity remains to be seen as the final decision will be taken by the Board of Trustees. Plans are on the anvil to move Hive to a new building to be constructed in the campus. This will be designed strategically to accommodate growth and expansion. Spaces will be provided for designing new product lines , improve packaging and operating efficiencies. Ideas swirling in the mind include, another spacious Green Shop in Mysore and start a separate wholesale unit in Hive. Coimbatore Green Shop has been kept in the back burner for more than a year will gain attention after the Mysore project is up and running. Entering a new phase of strong financial growth will allow us to improve product range and quality!

## **GREEN SHOP MYSORE**

Inside the Green Hotel, nestling in the corner in front of the Malgudi Coffee Shop, Green Shop in Mysore is doing brisk business. Inaugurated on the 5th of September 2009, Green Shop is carving a niche for itself. Though, linked to the occupancy of the hotel currently, Green Shop is always drawing discerning customers from Mysore city. The area admeasuring 120 sq ft is not enough to showcase our entire range of products, still holds the customers' attention and admiration. Done in wood and glass, the shop evokes a response which defies its size. Honey is the top selling product next to soaps and balms. In the four months of its being, Green Shop Mysore has shown tremendous potential for growth. We hope to ramp up sales and do more exhibitions and new product launches in the coming year. Sudhakar, who is managing the show all by himself proved to be an asset and his enthusiasm and follow up with Hive and customers require special mention.

