

Purpose-Driven Retail: Improving Lives, Empowering People, and Driving Growth



Charitha Subasinghe, President – Retail Sector, John Keells Group and CEO for Keells Supermarkets.

In a dynamic retail environment, the supermarket division of Ceylon Cold Stores (CCS), a part of the John Keells Group, rebounded and achieved robust growth in 2024/25. Charitha Subasinghe, President – Retail Sector for the John Keells Group and CEO for Keells Supermarkets, explains how the Group blended targeted expansion, operational excellence, and purposeful initiatives to boost profitability, deepen consumer loyalty, and safeguard the business's future. By harnessing data analytics and supply chain upgrades and synchronizing physical stores with digital and omnichannel platforms, the business adapts to evolving consumer habits while upholding social responsibility and a future-oriented mindset.

Words: Jennifer Paldano Goonewardane.

Photography: Sujith Heenatigala and Dinesh Fernando.

The supermarket segment recorded strong growth in 2024/25. What were the key strategic initiatives within the retail business that drove this performance and contributed to the Group's overall profitability?

The significant profitability increase in the supermarket segment was driven by both inorganic and organic expansion. The Supermarket segment enlarged its footprint by opening new stores and delivered strong same-store growth, demonstrating enhanced performance at existing locations.

A core strategic focus over the last four to five years, especially during economic instability and hyperinflation, has been staying relevant amid rising consumer price sensitivity. This required a strategic reevaluation of pricing—not by sacrificing margins, but by enhancing sourcing efficiency. By working directly with collection centers and streamlining the supply chain, the supermarkets delivered better value while preserving margins.

Simultaneously, the company made substantial investments in data analytics. These capabilities refined both customer engagement and operational efficiency, enabling better, data-driven decisions across the business. These combined efforts produced strong same-store growth, increased market share, and measurable improvements in overall performance, demonstrated by a 12 percent increase in profitability during the year.

The recovery of Sri Lanka’s economy—marked by lower inflation, declining interest rates, and improved currency stability—has clearly helped consumer-facing businesses. How has this macroeconomic shift translated into real changes in consumer purchasing behavior across your categories?

The shift in Sri Lanka’s macroeconomic climate produced a tangible, quantifiable change in consumer purchasing. Pre and post-crisis phases represent distinct realities. At the crisis peak, consumption dropped sharply—by nearly 30 percent—as inflation soared to approximately 60 percent. Consumers visited stores less frequently, bought fewer products per trip, and prioritized essentials.

As conditions stabilized over the past 12 to 24 months, the trend began to reverse. By 2025, food inflation turned negative, leading to a strong rebound in consumption, as volumes increased by approximately six to seven percent. This recovery is reflected in key metrics we track, such as shopping frequency, basket size, and overall spend.

Better macroeconomic fundamentals have further supported this recovery. Remittance inflows and tourism revenue have directly boosted household incomes. This has sparked a consumption rebound in both urban and regional markets.

Looking at the first nine months of the 2025/26 financial year, how would you assess the trajectory of the business so far? Are you seeing the same momentum continuing across beverages, confectionery, and retail? The business has maintained a positive trajectory in the first nine months of 2025/26, sustaining momentum across beverages, confectionery, and retail. This reflects a solid foundation built over the past year and a steady revival in consumer demand. However, recent developments may create some short-term uncertainty. Up to that point, teams consistently delivered strong performance, continually reinforcing the overall positive direction of the business, supported by the platform established during the recovery phase.

The supermarket segment recorded strong same-store growth with increasing footfall. What factors are driving consumers back to physical stores, and how are you enhancing the in-store experience?

Consumers’ return to stores stems from evolving shopping patterns and a unified retail experience. Globally, retail shifted from mainly in-store to a surge in online

shopping during COVID, before settling into an omnichannel mix. Shoppers now prize flexibility—seeking choices regarding how and where they shop.

In response, we have reinforced our omnichannel strategy, moving beyond physical shops to quick commerce and last-mile platforms such as Uber, with further expansion planned. This approach keeps us accessible across diverse touchpoints, helping retain loyalty as preferences shift.

At the same time, we supported in-store footfall by enhancing the physical retail experience. We expanded our offering beyond traditional grocery to include a more robust food proposition, such as prepared foods and bakery items. This shift mirrors the broader retail trend of allocating more space to ready-to-eat and convenience categories.

By combining physical retail, digital channels, and an enhanced in-store experience, we created multiple growth drivers that boost same-store performance and position the business for sustained future growth.

How has consumer behavior shifted in the past few years, particularly in terms of value-seeking versus premiumization?

Over recent years, consumer behavior has become more segmented, with value-seeking and premiumization trends emerging simultaneously. To succeed in a mass-market retail business, it is essential to remain relevant across all customer segments rather than focusing solely on a single group.

Enhanced data analytics have given us a deeper understanding of customer needs from a segment perspective—whether value-driven, mid-market, or premium. This knowledge enables us to tailor our product assortment, pricing, and overall experience to each group. Value-seeking customers focus on affordability and essential purchases, while premium customers demand a distinct product range and a more elevated shopping experience.

We strive to balance our approach across segments so that each customer finds our offering relevant. This segmentation has driven stronger same-store growth and increased footfall. While there is room to improve, we will continue refining our proposition to better meet diverse customer needs and capture growth across the spectrum.

With omnichannel retail rapidly transforming global grocery markets, how are you integrating digital channels, delivery platforms, and physical stores into a seamless consumer experience?

We center our omnichannel retail approach on creating a seamless and integrated customer experience across digital platforms, delivery channels, and physical stores. Our teams have already started this integration, with each channel designed to complement the others rather than operate in isolation.

One key development in this space, the launch of our Keells Nexus app, has driven strong early adoption, with around 220,000 downloads so far. The app enables customers to plan shopping more effectively by accessing offers in advance, and we plan to introduce more personalized promotions.

Beyond our own platforms, we expanded into digital and delivery ecosystems so customers can access our products through more convenient touchpoints. We do not pursue digitalization for its own sake. Instead, we use technology to simplify the grocery shopping experience, making it more efficient, intuitive, and responsive to customer needs.

Our goal is to reduce shopping friction. We empower customers with more flexibility and control over their engagement, and provide a seamless omnichannel experience.

Over recent years, consumer behavior has become more segmented, with value-seeking and premiumization trends emerging simultaneously. To succeed in a mass-market retail business, it is essential to remain relevant across all customer segments rather than focusing solely on a single group.

How does the Group prioritize investments between manufacturing expansion, technology upgrades, and retail network growth?

We approach investment decisions not as a trade-off, but by evaluating each opportunity within a clear framework. We focus on long-term growth potential and required return thresholds.

If an investment aligns with the Group's strategic priorities and meets the

acceptable hurdle rate, we evaluate it on its own merits. We then present these proposals to the Board for approval, ensuring disciplined capital allocation.

We do not inherently favor manufacturing, technology, or retail. Instead, we focus on making the right investments that support sustainable growth. Whenever a proposal meets these criteria, the Group does not face constraints in securing resources or approvals.

How are you strengthening supply chain resilience, especially amid economic volatility and dynamic global events shaping domestic realities?

Strengthening supply chain resilience has been a key strategic priority, particularly given the economic volatility and evolving global dynamics. Over the past few years, we have made significant investments to build a more integrated and controlled supply chain infrastructure.

A central element of this is the establishment of over 200,000-square-foot warehouse located just north of Colombo, which has enabled us to centralize operations across dry, chilled, and increasingly frozen categories. This hub-and-spoke model allows suppliers to deliver to a single location, improving efficiency, reducing logistical complexity, and minimizing exposure to disruptions such as fuel shortages.

In parallel, we have developed a network of collection centers across the country—from Jaffna to the South—working directly with farming communities. This direct sourcing model enhances supply visibility and enables us to better manage seasonality, ensuring the right products are available at the right time and at the right price. It also helps mitigate risks associated with climate variability by sourcing the same crops from different regions in line with seasonal cycles.

Additionally, our strengthened infrastructure enables more effective inventory planning, allowing us to anticipate potential shortages and maintain optimal stock levels. These investments, amounting to several billion rupees, reflect our commitment to ensuring product availability and operational continuity.

We continuously explore opportunities to extend our assets and capabilities into complementary areas. The data we collect across our operations is a valuable resource that allows us to optimize supply,

enhance offerings, and explore new business collaborations.

Would you say that your resilience has been shaped by Sri Lanka's experience of navigating multiple economic cycles?

Yes, resilience has certainly been strengthened by operating through multiple economic cycles in Sri Lanka. Importantly, we had already begun investing in and strengthening our supply chain ahead of the recent crisis, which positioned us well to navigate the challenges when they emerged.

At the same time, it is important to recognize that many of today's disruptions are global in nature and often beyond the control of any single country.

Even in a largely domestic food business, a significant portion of inputs—such as raw materials and ingredients—still need to be sourced internationally. As a result, supply chain risks are no longer purely local but are increasingly influenced by global factors.

This reality has reinforced our focus on building greater control and resilience within the supply chain. Our approach has been to proactively strengthen infrastructure and sourcing capabilities, rather than rely on external conditions. These investments are aimed at ensuring continuity, managing risk more effectively, and maintaining stability in an increasingly uncertain operating environment.



Which adjacent categories or product segments hold the greatest potential for expansion in the future?

We see significant potential in adjacent categories and product segments that leverage the strengths and infrastructure we have already built. For example, our collection centers, originally set up to supply supermarket customers with fresh produce at the right price, are now enabling us to serve B2B clients, including nearly 100 hotels and institutions. Beyond this, we continuously explore opportunities to extend our assets and capabilities into complementary areas. The data we collect across our operations is a valuable resource that allows us to

optimize supply, enhance offerings, and explore new business collaborations. Similarly, infrastructure developed for supermarkets—such as parking and logistics—has been repurposed to support initiatives like EV charging networks, creating additional value beyond our core grocery business. Our approach is to leverage existing assets, data, and capabilities to expand thoughtfully into adjacent businesses, moving beyond B2C grocery retail while strengthening B2B opportunities and future growth potential.

Having led the transformation of the retail business over the years, what has been the most significant strategic shift you've implemented, and what is your long-term vision for the retail segment within the Group?

The most significant strategic shift we have implemented in the retail business has been moving toward a purpose-driven organization. We took the time to define our purpose based on data and insights from households across the country, asking ourselves: what do people truly expect from a retailer? This led to our guiding purpose: to improve the quality of life for the nation. It may sound ambitious, but it's very practical.

With over a million unique households shopping with us monthly, ensuring they have access to the right products at the right quality directly impacts their daily lives. This principle informs everything we do—from pricing and product assortment to the integration of physical stores with digital and omnichannel experiences. We have also focused on our people as part of this purpose. Around 7,000 young employees, most in their first job, are trained through our Retail Academy, which equips them with valuable skills and prepares them for better opportunities beyond the company.

Additionally, community programs like preschool meal initiatives and English training for youth reinforce our commitment to social impact. Our purpose-driven approach guides our decisions and behaviors across all stakeholders—customers, employees, and the community. While financial results are important, our actions are primarily motivated by this purpose. Each year, we challenge ourselves to ensure we are delivering meaningful impact, making this approach part of the DNA of our retail business. This commitment to purpose, combined with operational excellence, is what I consider our greatest achievement, and it will continue to shape the long-term vision of the retail segment.

Our purpose-driven approach guides our decisions and behaviors across all stakeholders—customers, employees, and the community. While financial results are important, our actions are primarily motivated by this purpose. Each year, we challenge ourselves to ensure we are delivering meaningful impact, making this approach part of the DNA of our retail business.