

Category Watch: Snacks

Tasting experience, nutrients, portability and innovative solutions will drive growth
Page 36

Category Management

Lighting up the path to purchase by creating thoughtful store environments for shoppers
Page 41

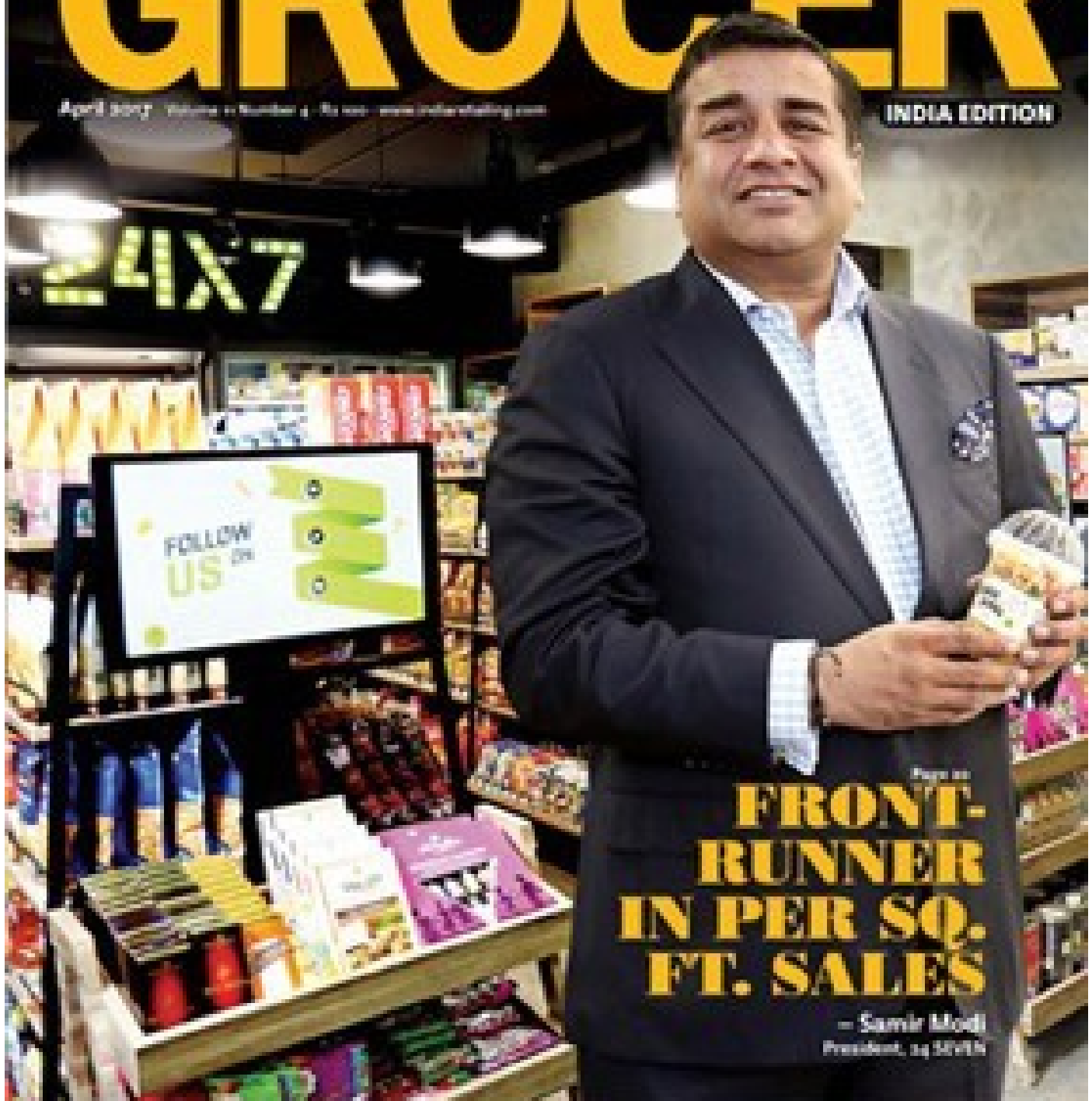
Technology

How IoT adds value to manufacturing worldwide industry in the food industry
Page 47

PROGRESSIVE GROCER

April 2017 Volume 11 Number 4 \$5.00 www.indiastalling.com

INDIA EDITION



Page 28
**FRONT-RUNNER
IN PER SQ.
FT. SALES**

— Samir Modi
President, IQ SIVIS

Today, more than ever before, eating occasions are now overwhelmingly linked with snacks. Be it ready-to-eat popcorn, veggie chips or nuts, snack items considered better-for-you options are driving sales growth in snack food categories. Analysts attribute this trend to the rise in urban population, increasing per capita income, busier lifestyles, higher disposable income and need a need for convenience arising out of the fast-paced lifestyles and a growing cultural tradition of snacking between meals. Over the past two decades, snacks have found high acceptance across large and small cities to become the preferred choice for consumers. According to Ranjana Sundaresan, Senior Research Analyst, Mintel, "During 2011-15, the retail snack food category grew at an annual rate of 20.5% by value and 12.3% by volume and the category is projected to grow at an annual rate of 18.0% by value and 13.3% by volume in the 2016-20 period."

According to research commissioned by Mintel, snacking is pretty much an established trend for Indian consumers. About 75% of adults aged 18-64 said they snacked at least once a day. Among younger adults – those in the 18-34 age group – 77% said they snacked once a day. This dropped slightly to 73% for adults aged 35-64 years. According to Mintel's data, India's organized snack market was worth INR 197.8 billion in 2015 and it should only continue to grow as India is one of the fastest growing economies in the world. According to Mintel, the major product segments within retail packaged snacks category includes:

- Chips, which includes primarily potato chips
- Snack Nuts, which includes packaged nuts intended for immediate consumption
- Other Snacks, which includes potato-based snacks, rice-based snacks, corn-based snacks, popcorn, fruit snacks/jellies among others. Other Snacks also covers a large variety of branded and packaged traditional snacks, including but not limited to mixture, chivda and banana chips.

As per Mintel's Global New Products Database (GNPD), Other Snacks, which is the largest segment, accounted for 70% by volume and 61% by value of the retail snacks market in 2015. Chips followed, accounting for 34% by value and 27% by volume. Snack nuts accounted for 4% of volume sales and 6% of value sales. This segment saw the highest volume of growth between 2014 and 2015, at 22%. In 2016, in terms of new products, nuts led the overall snack category with 21% of launches.

With the entry of major players like PepsiCo India Holdings Pvt Ltd, ITC Ltd, and Balaji Wafers Pvt Ltd in the snacks category, salty snacks have grown tremendously over the past decade. The introduction of brands such as Lay's, Uncle Chipps, Bingo! and

Balaji within potato chips and brands such as Kurkure, Cheetos, and Bingo! within puffed snacks have proved to be a huge hit among consumers. According to market researcher, Euromonitor International, salty snacks is the largest selling snack product in terms of retail value sales with a contribution of 55%-58% of total value sales within snacks in India. It is also the largest in terms of volume share. About four years ago, packaged namkeen had replaced Western snacks such as potato chips and finger sticks as the largest segment within branded salty snacks market. According to Manoj Gupta, Executive Director, AFP Manufacturing Co. Pvt. Ltd, "In the last four years, Indian namkeens have grown at faster pace @ 24-25% as compared to Western snacks @ 12% overall." AFP, which has over two decades of experience in manufacturing snacks ranging from moong dal, namkeen mixture, aloo bhujia, sweets, bakery, kaju mixture and extruded snacks, is also one of the leading players in the Private Label category that has served some of the top snack players like Lehar Namkeens, Bharti Walmart and others.

Demand Accelerators

Innovative products & variants: The Indian snack market has always been known to surprise and delight



“**During 2011-15, the retail snack food category grew at an annual rate of 20.5% by value and 12.3% by volume and the category is projected to grow at an annual rate of 18.0% by value and 13.3% by volume in the 2016-20 period.**

— Ranjana Sundaresan
Senior Research Analyst,
Mintel

Major snack categories in India and their sales growth					
Sub-Category	2013	2014	2015	2016	Total Sample
Nuts	18.13%	18.56%	20.55%	21.38%	19.50%
Wheat & Other Grain-Based Snacks	12.96%	12.78%	11.94%	11.05%	12.27%
Snack Mixes	11.67%	12.59%	11.05%	11.30%	11.72%
Bean-Based Snacks	11.67%	11.78%	11.94%	11.10%	11.64%
Fruit Snacks	9.65%	10.52%	13.06%	13.65%	11.53%
Potato Snacks	8.96%	7.19%	6.55%	7.54%	7.59%
Rice Snacks	8.36%	6.74%	5.38%	5.65%	6.63%
Vegetable Snacks	4.68%	5.89%	5.38%	2.95%	4.83%
Corn-Based Snacks	3.15%	3.89%	4.12%	3.97%	3.76%
Hors d'oeuvres/Canapes	3.39%	4.07%	3.56%	3.56%	3.66%
Total Sample	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Mintel



In the last four years, Indian namkeens have grown at faster pace @ 24-25% as compared to Western snacks @ 12% overall.

— **Manoj Gupta**
Executive Director,
AFP Manufacturing
Co. Pvt. Ltd.



By cutting down extra sugar, zero trans-fat, and cholesterol, we are making our products lighter and easy to digest, hoping to attract consumers from all age groups.

— **Gobind Ram Chodhary**
MD, Anmol Bakers

its consumers with innovative and great tasting offerings. The new flavours are inspired by the food culture and the fun spirit of Indians. By tweaking their product offerings to suit the taste of Indian consumers, snack brands have launched new variants of the products to cater to region-specific demand, which has widened the consumer base. “With more than 34 varieties of biscuits, Anmol Bakers provides its customers with a wide range of variety to choose from,” says Gobind Ram Chodhary, Managing Director. Similarly Cornitos, one of the leading FMCG brands in the Indian snack market, which is operated by Greendot Health Foods Ltd, and which has been clocking an impressive 30% growth rate annually, has Nacho Crisp, a Mexican snack in International flavours to cater to the Indian palate, apart from ten other varied flavours of Nachos.



is the most important criteria in the choice of a snacking product. Indian consumers are looking for snacks that are fresh, crisp and flavourful. Freshness is also one of the top criteria in choosing a snacking product. While nearly three-quarters of consumers wish there were healthier snack options, more than three in five agree that taste is more important than how healthy the snack is for them. So to keep the balance between Health & Indulgence is the mantra for success in snacking segment.”

Price points: Adoption of low-cost pricing strategies to make the product affordable for consumers has also enhanced the consumer base for the category. “Price is a primary factor in snack purchases, particularly in rural areas, which tend to be characterized by lower levels of disposable income. Consequently, the affordability of small pack sizes plays an important role in stimulating demand in rural regions,” says Dilip Radhakrishna, Research Analyst – Packaged Food at Euromonitor International. Consumers are always tempted to shift their choices and preferences whenever new products are launched or various marketing and pricing campaigns of different brands are introduced. “Our unique propositions to our valued customers, matching with smart packaging and our price points (MRP Rs. 5 and Rs. 10 pack sizes) convince them to switch brands and get addicted to our savories,” says Manoj Gupta of AFP. Another brand meticulous to play along strategic price points is Anmol Bakers, which is among the seven leading biscuit and cookies FMCG brands in India. “Our biggest USP is affordable prices and our products are bought by all sections of consumers, taking Anmol to new heights,” says Gobind Ram Chodhary of Anmol.

Product features and attributes: Taste followed by health figures prominently as the factors influencing the choice of snacks by Indian consumers. As per Mintel’s research, almost one in three (29%) adults who snack said taste was their priority when it comes to choosing a snack followed by health, which was chosen by 25% of consumers. Products that get the elusive balance of health and indulgence right stands to gain the most. According to Avinash Tripathi, Category Head, Godrej Nature’s Basket, “Taste

Emerging Consumption Trends

Healthier products are at the heart of the conversation around snacking, primarily due to the changing values of consumers. Being healthy is becoming an increasingly aspirational marker as consumers become more conscious about the food choices they make. Health-conscious snackers demand healthy, low fat, low calories, low trans-fat, organic, fiber rich, vitamin & mineral fortified snacks while others want exotic tastes and flavours. So the health aspect should be balanced with the demand for taste. According to Mintel Global New Products Database, snack food launches that claim low/no/reduced cholesterol grew by 22% between 2015 and 2016. Snack launches with high/added fiber grew 46%. “Health is becoming increasingly important for Indian consumers, and new product launches are increasingly highlighting their better-for-you credentials, such as in the form of the ingredients used or the nutritional benefits offered. Nearly a quarter of adult Indians who consume snacks say that they would be willing to pay extra for lower calorie content snacks,” says Ranjana Sundaresan of Mintel. With increasing consumer health-consciousness shaping demand, one can expect to see more innovations and technology adaptation in the product segments besides the launch of new health-orientated savory snacks, including multigrain products, low-calorie products, and snacks with low levels of fat and cholesterol.

According to Rajnish Ohri, MD, Tilda Hain India Pvt Ltd (A Hain Celestial Company), makers of the snack brands ‘Terra’ and ‘Sensible Portions’, “With consumers becoming more health conscious, the impact on the sales of ‘Terra’ and ‘Sensible Portions’ has been very good as our products are all natural and rooted in vegetable-based snacking.

