

Safety of packaged formats drives demand in Asia

Demand for snacks in Asia is booming. Globally, some 60% of the total retail volume growth of the sweet and savoury snacks industry between 2013 and 2018 is projected to come from Asia Pacific, according to Euromonitor International. Around half of the total growth in snacks will come from just two categories - extruded snacks and other sweet and savoury snacks. Global manufacturers should not wait to cash in on the region's huge potential.

Food safety revitalises Chinese sales

One of the reasons behind the growth of snacks is that confidence is quickly returning to some snack categories which lost the trust of consumers. In China, for instance, growth in other sweet and savoury snacks will thrive on the back of a revival in sales of cup jelly. These products were affected by a food safety scandal in 2012 involving the use of industrial gelatine in their manufacture. Confidence returned gradually after the scandal and sales have picked up quickly since the beginning of 2013.

Selling them packaged

Another reason behind the rise in demand is the popularity of artisanal snacks. Asian manufacturers have realised that the best way to tap into the expanding snacking culture in the region is to sell packaged local snacks that are already present in loose formats. In doing so, they do not need to introduce a new snack product but just sell an existing one in a packaged format. One of the 'star performers' in China, for instance, is packaged seaweed snacks. This is a local Chinese low-calorie product with a high content of unsaturated fatty acids and which is becoming quite popular among health-conscious urban female consumers. Because it is sold packaged, food safety controls are stricter than with those products sold loose. In a country shaken regularly by health scares, this is of crucial importance.

Selling local snacks in a packaged format is also proving to be a key driver of demand in India. Local products like bhujia (spicy short noodle-shaped snack made from gram flour and lentil flour) and papads (thin, crisp Indian pancakes made from lentils or other ingredients) are thriving because middle-class Indian consumers are choosing them as an indulgent snack to be consumed alongside tea and coffee.

Providing value for money

Competitive pricing is also playing a key role in the growth of specific snack categories. While disposable income is rising steadily, there is still a large swathe of consumers unwilling to spend as much on indulgence products as consumers in Western Europe and North America. In India, the relatively low price of extruded snacks is giving them a competitive edge over more expensive chips/crisps. According to Euromonitor, sales of chips/crisps are projected to rise by just 13% in retail volume terms in 2013 compared to 21% for extruded snacks. One of the reasons for this difference in price is the popularity of corn-based extruded snacks, which are cheaper to manufacture than potato-based chips. Corn-based products account for the majority of extruded snacks and are regarded by the majority of Indian consumers as a healthy and tasty treat.

No time like the present

Global snack manufacturers should not hesitate because the money is there waiting. To gain a share of it, they will need to invest in order to adapt their snack portfolios to local tastes. They will need to invest some of their resources in ensuring the safety of their products in countries regularly shaken by food safety scandals, like China. They should also think about where to sell their products. In India, for instance, the bulk of snack sales take place in small shops known as kiranas. Agreements with local wholesalers or even other established domestic snack manufacturers will open a door to the market. Chips/crisps manufacturers should also not see themselves as at a disadvantage. There is demand for these products if they offer Asian flavours and target more affluent districts in urban areas. Global snack manufacturers should thus act now because there is huge potential for money making in the region. It is simply up to them to go and get it, Euromonitor recommends.

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