

# Sweet and savoury snacks in Asia

**Market research expert Euromonitor anticipates strong growth in the sweet and savoury snack segment in Asia in the coming years. Here, a summary of its findings.**

## China

In China, retail value sales reached RMB 81 billion in 2012, up 16% on 2011, propelled by naturally healthy and better-for-you concepts. The 'other' sweet and savoury snacks category witnessed the highest current value increase, with a rise of 17% in 2012. Products that offer a health and wellness positioning are expected to experience the most robust development. The average unit price increased by 4% in 2012.

Supermarkets and hypermarkets will remain the main sales channels for sweet and savoury snacks for the near future. However, as a newly-emerging retail channel that is seeing rapid growth, internet retailing is predicted to play a more important role. As a result of brand-building efforts and the establishment of logistics systems, key business-to-consumer online retailers such as yihaodian and Tmall have become more popular among domestic consumers. Internet retailing is also able to provide consumers in lower-tier cities with easier access to newly-launched sweet and savoury snacks. The greatest potential threat to the growth of sweet and savoury snacks will be consumers' concern regarding food safety.

## India

In India, sweet and savoury snacks grew by 24% in current value terms to reach Rs 88.6 billion in 2012. Healthy snacks will be the new buzzword in sweet and savoury snacks. Manufacturers are expected to launch new products which are both healthy and tasty. Baked products are expected to do well in the market. Consumers will eventually give more importance to the ingredients used in making the product. For instance, products with no MSG, no trans fats or no preservatives will be well accepted among urban Indians. The rural market will become more important, as a result of improved household disposable income and wider distribution reach of manufacturers.

'Extruded snacks' is expected to show robust growth. Growth will be mainly attributable to high sales from snacks at lower price points priced between Rs 5 - 10.

Sweet and savoury snacks are unlikely to be affected by competition from other snack categories like sugar and chocolate confectionery, ice cream and snack bars. The advantage of savoury snacks is that they do not contain sugar and can be consumed with coffee or tea. Manufacturers are coming up with innovative products with local flavours, which are not common for other snacks like sugar and chocolate confectionery.

Independent small grocers will continue to be the most popular channel for sweet and savoury snacks in India. However consumers will increasingly switch to modern retail stores for a wider selection of products and more comfortable shopping environment.

## Singapore

Looking at Singapore, sales of sweet and savoury snacks increased by 4% to reach S\$ 126 million in 2012. At 9%, nuts recorded the highest value growth in 2012. Consumers are expected to choose the healthy variants of snacks. Since healthier snacks are often produced by smaller dedicated players which focus on quality and providing all-natural ingredients, the competitive environment might change over the long-term forecast period. Sweet and savoury snacks are expected to see a constant value CAGR of 2% over the forecast period.

'Other' sweet and savoury snacks are expected to see the fastest growth with a constant value CAGR of 3%. Since this category remains smaller in size and very fragmented in terms of market shares, there is still room for growth as well as increasing the shelf space at retailers. Healthy variants such as seaweed, dried fish and seafood and mixed nuts snacks, fall under this category, which is well accepted by local consumers. New types of products are likely to be introduced by Japanese and local players.

## Thailand

In Thailand, sweet and savoury snacks are expected to register a 4% constant value CAGR. Growth is likely to be driven by aggressive marketing and advertising and product innovation by the leading manufacturers of chips/crisps, extruded snacks, fish snacks and seaweed snacks. As health awareness continues to grow in Thailand, local consumers might reduce their spending on and consumption of sweet and savoury snacks. 'Other' sweet and savoury snacks will also gain competitive advantages as such products have stronger health and wellness positioning. Chips/crisps and extruded snacks are expected to continue to receive the most support in terms of flavour

innovation and advertising, driven by Lay's and Testo. Both brands continue to invest heavily in TV advertising and celebrity marketing. The increasing number of new entrants will see the competitive landscape remain fragmented. Extruded snacks are likely to attract many new entrants as this segment lacks a clear leading brand.

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