

**G**ONE ARE THE days when people would casually reach out for a pack of potato chips or *namkeen* sourced from their local *kirana* store to satiate their hunger pangs or cravings in between meals. Today's consumers are well-informed and, most importantly, health-conscious, and know the number of calories that a small bag of chips can pack in, or the high sodium content for that matter.

Established brands as well as startups are realising this shift in consumer preferences and dietary habits in India and seizing the opportunity to cater to the growing demand for healthier snack options. They are offering snacks that are not just tasty but also pack a healthy punch.

Take for instance, BRB Chips, which is pioneering the popped chips category in India. Its chips are neither fried nor baked, and come in a range of low-fat and gluten-free potato, corn and rice variants. Identifying healthy snacking as the next big segment, Abhishek Agarwal, co-founder and COO of BRB Chips, says, "Selling only healthy food doesn't work today when most people are looking for munchies and quick bites to satisfy their cravings in between meals, and also as a stress buster. With the baked or popped snack categories few and far between, we have seen an extraordinary change in people's munching habits in the past three years."

What Agarwal says resonates with the small-scale but fast-moving range of popped, baked or roasted snacks that are now finding their footing in the ₹3.75-trillion Indian packaged food industry, of which snacks and sweets comprise 33.4%. Within snacks again, the healthier alternatives are gaining ground and are projected to grow at an impressive CAGR of over 20% from 2020 to 2025, as per the Union ministry of food processing industries.

And why wouldn't they? A new survey reveals that 73% of Indians prefer to read ingredient lists and nutritional value before purchasing snacks, highlighting a growing inclination towards healthy snacking in the country. Also, nine out of ten Indians are looking for healthier alternatives to traditional snacks. Specifically, 60% people are now opting for natural, additive-free products containing wholesome ingredients like nuts, seeds and whole grains.

The Healthy Snacking Report 2024, released by snacking brand Farmley in July, is based on a survey of over 6,000 people across India and aims to examine the evolving consumption trends.

Similarly, *makhanas* (fox nuts) and dry fruits are emerging as popular choices in the healthy snacking category. As per the report, 67% of the respondents are reaching out to a bowl of these nutrient powerhouses as a go-to snack.

## Market watch

The idea of launching BRB Chips by Gurugram-based Forbidden Foods came when Agarwal co-founded the brand in 2018 along with former BIRA91 co-founder Anuj Krishan to target the missing ingredients in the packaged healthy snack space.

BRB Chips has a brand presence in quick commerce via Blinkit, Zepto, Swiggy, Amazon and BigBasket, which contribute to 50% of the current revenue, apart from institutional channels like 2,000 vending machines through multiple partners across 10 cities in India, predominantly metro and tier-1 cities; HORECA alliances with Costa Coffee, Barista, Nothing Before Coffee and Akasa Airlines, as well as large corporate offices like Uber, Fidelity, Google and Microsoft.

Clearly, this niche yet growing snacks category is fast catching up with the health-conscious consumers looking for new flavours and tastes and driving the snacking business.

According to Innova Market Insights, there is a significant shift in consumer preferences towards healthier snacking options, with approximately one-third of individuals increasing their consumption of BFY (better for you) snacks. In contrast, only around 15% have increased their intake of sweet or savoury snacks.

Popped products are likely to find more users among financially healthy consumers (10% compared to 7% of the total sample), while metro dwellers are more likely to choose baked products (23% vs 16% of the total sample), as per Mintel's Healthy Snacking report 2023. Given the size of Indian demographics, there is an upward mobility in terms of people's ability to spend and willingness to try new products.

The interest in healthier snacking options is evident with Indian consumers increasingly looking for low-fat snacks. Techniques like popping, baking, vacuum-frying, and air-frying are being used to offer low-fat alternatives. However, there is still limited awareness and interest around these emerging processing techniques, says a Mintel study. It shows that Indian consumers want low-fat snacks. "Snacks that make low-fat claims emphasise processing techniques such as baking, popping, air frying and vacuum frying. In an attempt to create differentiation, instead of competing with regular

**In this age of consumer consciousness, FMCG brands are responding with offerings that don't tip the guilt scales but score high on taste and texture**

# THE healthy MUNCH

fried snacks, they end up comparing two healthy processing techniques and competing with each other. Brands can engage with consumers by explaining the benefits of new processing techniques and compare them to traditional frying," says Dr Anamika Banerji, senior food and drink analyst, Mintel Reports India.

## Options galore

While the popped, baked or roasted range is yet to catch the attention of global behemoths like PepsiCo, which owns popular brands such as Lay's, Cheetos, Doritos and Kurkure, the homegrown regional players like Balaji Wafers, BRB, Too Yum and Farmley are cashing in on the segment offering a range of flavours that deliver taste and health in one pack.

Nourish Organics has baked Popeas protein puffs; UNIBIC, too, has popped chips called Pop Crisp. Mr Makhana's range of *makhana* snacks comes in 10 delectable flavours, including *pudding* party, *piri piri* paradise, butter tomato, and lime and chilli. Gobbleright, launched last year, is a baked snacks brand with gut-friendly products. Why Fry offers popped potato chips that claim to have 60% less fat than regular fried chips.

Balaji Wafers, the ₹5,000-crore snack brand, has introduced baked products under its Pop Rings range that comes in three flavours, and Katak Batak coated peanuts in two flavours. It plans to launch more in the ₹5 and ₹10 price points.

Popcorn & Company offers over 20 gourmet popcorn flavours such as the signature caramel, cheesy *sriracha*, and crunchy *lichi*. Farmley has an extensive range of over 100 products such as roasted peri peri *makhanas*, Thai chilli cashews, and Date Bites, which combine almonds, dates, honey, pistachios, cashews and *ghee* for a sugar-free treat. The munchies (made from *makhana* flour) in flavours like *Andhra masala* and *Amritsari achari* suit regional taste buds.

"The baked snacking industry is a booming market segment. Our top three best-selling flavours—Crusties Italian Cheese Potato Puffs, Crusties Peri Peri Potato Puffs and King Curry Bean Puffs—are offered at a premium pricing of ₹40. We also see a market shift towards healthier snacks boosting consumer confidence in the Cornitos Crusties range, driving growth and expansion for the brand," says Vikram Agarwal, MD of Cornitos.

Roasted rice crackers and air-fried snacks are also gaining ground as health-conscious substitutes for processed snacks. "While roasted and baked are interchangeable terms, we want to establish a category around snacks that are not fried. We plan to reintroduce popped snacks, leveraging our early investment in this technology as the market matures. We have pivoted on rice crackers, which connect well with the Indian food tradition. We have

adapted unique flavours of Japanese cuisine which are growing in popularity," says Amit Mehta, VP and MD, Kameda LT Foods India, a joint venture of LT Foods (owner of Daawat brand) and Kameda Seika, a brand of rice crackers in Japan.

The JV has made an investment in excess of \$10 million in developing, adapting and manufacturing the product for the Indian market. The brand currently is crafting rice crackers with soy sauce and Indian spices besides flavours like 'Sesame Soy' under the Kari Kari brand. The company expects strong double-digit growth for the next 5 years backed by strong consumer demand.

Another healthy snacking category is the air-fried snacks that claim to cut calories by 75% compared to the traditional deep-fried options. "This segment is on the rise. While chips arising from healthier options like beetroot, lady finger, sweet potato and other vegetables have caught the customer eye, replacing traditional deep-fried packed products, the newer technologies have risen the production costs. This is the only reason why air-fried products haven't been able to replace the monopoly of deep-fried FMCG," feels Lalit Gupta, co-founder and CEO, LandCraft Retail (Food Square). Its store in Bandra, Mumbai, houses a portfolio of healthier alternative products (air fried/vacuum fried) across brands like TBH, NATCH, Urban Platter, Slurrp Farms, Nourish Organics and Urban Mom.

## Pricing growth

The pricing differs for baked and non-baked and popped items which reflects the quality of ingredients and prepara-

tion methods used. "Popped snacks are slightly more expensive due to additional processing steps. However, gourmet popcorn remains competitively priced to offer the best value to the consumer," says Vikas Suri, CEO and founder of Popcorn & Company that is anticipating a 10x growth this year.

The brand is focusing on its core products like movie night DIY kits, and ready-to-eat and ready-to-cook popcorn. For instance, the movie night package has four unique flavours, ranging from the traditional butter salted to *bhel puri* and *hari mirchi* and cheese, along with flavoured seasonings and DIY popcorn tubs to enhance theatre-like experience. The kit with four seasonings is priced at ₹349 for 450 gm.

Similarly, understanding the pulse of consumers, Farmley focuses on low-calorie, zero sugar and palm oil-free products replacing it with zero-oil, olive oil, or *ghee*. The brand has experienced exponential growth over the past three years, culminating in net revenue of ₹215 crore in FY24.

"Based on market analysis and consumer feedback, healthier alternatives can command a premium of 40-50% over regular snacks. This premium is justified by the use of quality ingredients such as olive oil or *ghee*, and the innovative processes involved in creating these products. The market has shown a willingness to pay a premium for products that combine taste with health benefits," says Akash Sharma, co-founder and CEO, Farmley.

However, the Indian market is relatively new for this category, admits Agarwal of BRB Chips. He says, "We don't

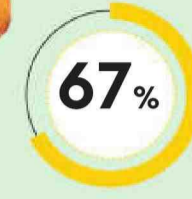
## CAUTIOUS CRAVINGS



Indians say favourite time to snack is with their evening cup of tea or coffee



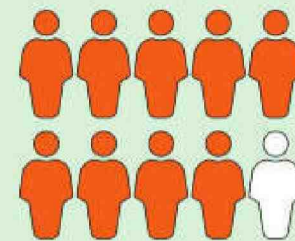
Indians prefer to read ingredient lists and nutritional value before purchasing snacks



Indians reach out for a bowl of snacks having nutrient powerhouses like *makhanas* (fox nuts) and dry fruits



Indians are now opting for natural, additive-free products containing wholesome ingredients like nuts, seeds and whole grains



9 out of 10 Indians are looking for healthier alternatives to traditional snacks



Indians, however, identify 'high retail costs' as a barrier to making the switch towards healthier snacks

Source: Healthy Snacking Report 2024 by Farmley



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"We see a market shift towards healthier snacks that is boosting consumer confidence in our range, driving growth and expansion

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*wadi* are air-fried rather than deep-fried, having its calories reduced to 75% compared to the deep-fried ones. According to Gupta, compared to the total consumption of the snacking category, air-fried products currently have a 1.2% share.

## Informed decisions

Recently, the Food Safety and Standards Authority of India (FSSAI) approved a proposal to display nutritional information regarding total sugar, salt and saturated fat in bold letters and relatively increase the font size on labels of packaged food items. The amendment aims to empower consumers to better understand the nutritional value of consumed products and make healthier decisions.

"We have always prioritised clear and honest communication with consumers. The FSSAI changes align well with our commitment to quality and transparency reinforcing consumer trust, and we are well-positioned to adapt to these requirements seamlessly, continuing to build our robust market presence," says Agarwal of Cornitos.

The homegrown snacking brand's new flavours are a testament to both delectable and health-conscious snacking options. There are six variants of baked snacks under its brand Crusties—cheesy garlic chickpea puffs, *dilli chaat* chickpea puffs, lemon chilli bean puffs, king curry bean puffs and Italian cheese potato puffs.

As per Mehta of Kameda LT Foods India, the snacking market is a mix of diverse players—organised vs unorganised, national/international brands vs regional and local brands. "So such regulations help in standardising norms and practices adopted by companies around product claims and declarations—especially for healthy snacks. We are committed to working with the regulatory body on all such initiatives," he adds.

But brands need to be meticulous about their ingredient selection and compliance with nutritional standards set by the FSSAI. Agarwal of Cornitos says, "This change will lead to introduction of healthier product ranges while the new labelling standards will require adjustments, and we see this as a chance to strengthen our dedication to quality. This might be more demanding for smaller brands. That said, as the festive season approaches, we remain committed to offer exceptional value in both compliance and customer satisfaction."