F&B: Tapping the health-seekers

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By Venkata Susmita Biswas

Packaged food and beverage brands are cutting back on sugar and salt in their products as pressure mounts from global and national regulators, and consumers look for healthier snacking alternatives.

In June this year, homegrown FMCG company CavinKare introduced ‘no added sugar’ milkshake variants under Cavin’s Milkshake Lite, whereas confectionery brand Mondelez India launched Cadbury Dairy Milk bars with 30% less sugar. Last year, PepsiCo, too, had reduced the salt content in two of its Lay’s chips variants and introduced Kurkure Multigrain packs with 21% lesser sodium.

This is in line with the Eat Right India movement launched by the Food Safety Standards Authority of India (FSSAI) in 2018. Companies like Hindustan Unilever, Britannia, Nestlé, Dabur, MTR and Haldiram’s have pledged to cut down the sugar and sodium level in their products — by approximately 5% — over the next six years.

According to Euromonitor International, the low-salt packaged food products market, that was worth Rs 265 crore in 2018, is growing the fastest at 31.2% compared to the low-sugar
foods and beverages markets. The reduced sugar foods and reduced sugar beverages markets are growing at 11.6% and 3.8%, respectively, with the former being the largest in terms of retail volume sales, at Rs 491 crore, while the latter, at just Rs 45 crore, hasn’t taken off well in India yet. Slow switch

CavinKare took 18 months of research and fine-tuning to debut Cavin’s Milkshake Lite in the market. For Cadbury, matching the taste of the less-sugar variant with the original, given its 70-year legacy, was key. “From a scientific lens, it’s difficult to reduce a significant portion of an ingredient and still maintain the same taste and quality,” says Anil Viswanathan, director – marketing (chocolates), Mondelez India.

Ankur Bisen, senior VP, Technopak Advisors, believes what is more crucial than the formulation is market readiness. While consumers are surely warming up to healthier alternatives, production and adoption of these will be gradual. “Since these behemoths have established themselves on the back of products with high sugar and salt content, it will be difficult for them to shift to healthier products overnight. This current phase is one of transition,” points out Bisen.

According to Rajat Wahi, partner, Deloitte Consulting India, this trend will not become mainstream for at least another decade. In the meantime, companies may look at acquisitions, greenfield opportunities, and new product launches in the health and wellness segment, apart from tweaking their current product portfolio. While this is part of the agenda of FMCG companies, he says, “it is still a very new category, and one does not find a large variety of these products in mom-and-pop stores yet.”

The retail presence of these products is largely limited to the urban markets and modern retail outlets, except maybe for CavinKare’s no-added-sugar milkshake, which is being sold at independent supermarkets and self-service stores in the metros and 10 lakh plus towns.

The missing ingredient

Neither CavinKare nor Mondelez is promoting these products extensively. And PepsiCo seems to be relying heavily on social media to get the message across to consumers, instead of using mainstream advertising. “This is a slow burn category. Therefore, we are focussing first on sampling, in-store and mall activations, and other BTL marketing initiatives,” says BP Ravindran, business head – beverages and dairy, CavinKare.

Mondelez, which is a big spender on advertising, has opted for digital, outdoor, and in-store visibility for its Cadbury Dairy Milk 30% Less Sugar variant. Wahi Swaad, Wahi Mithaas is how the company is positioning it. “We see the launch as not that of an SKU but of a
platform. At this stage, our focus will be to build awareness and drive trials for this new platform,” says Viswanathan.

Clearly, awareness about these healthier varieties is lacking. Wahi says the onus for this is on the FMCG brands. “Not all consumers are aware of the risks of consuming packaged foods high in sugar and salt. Brands will need to convey the health benefits and long-term positive impact of low sugar and salt products, especially since a lot of consumers are children and the youth,” he adds.