



**Food ingredients
India**



**Health ingredients
India**

**PROPAK
INDIA**

India: Food & Beverage Market Review 2020

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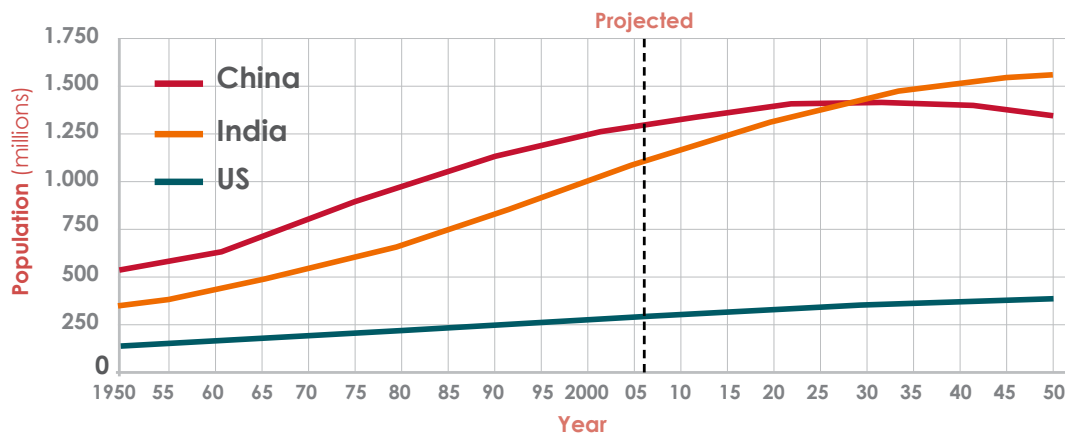


1. Market opportunities in India

1.1 Demographic change

India is expected to become the largest country in population size, surpassing China around 2022, according to the UN.¹

Population growth in India, China and the US*



The Indian population is much younger than many other Asian countries, with a median age of 28 years old. The urban population is increasing, with 34.5% living in urban areas, and while India's middle class is relatively small in 2020 at 5% of the population, it is expected to grow steadily to account for 40% of all Indian consumption by 2025².

¹ http://www.un.org/en/development/desa/population/events/pdf/other/10/World_Population_Projections_Press_Release.pdf

² <https://www.livemint.com/Politics/HY9TzjQzljCZNRHb2ejC2H/The-rise-of-Indias-neo-middle-class.html>



1.2 A business friendly environment

- India has a large young population and a strong export sector, with a potential consumer base that far outstrips the majority of other nations in both the developed and developing world.
- Company incorporation process has become easier.
- Updated accounting standards continue to bring India's reporting framework closer to internationally accepted accounting language.
- Further adjustments and improvements are projected for Good and Services Tax related laws.



1.3 India is highly attractive to food businesses

- Revenue in the Food and Beverage industry in India is expected to show an annual growth rate (CAGR 2020-2024) of 14.2%, resulting in a market volume of US\$1,264m by 2024³.

³ <https://www.statista.com/outlook/253/119/food-beverages/india#market-age>



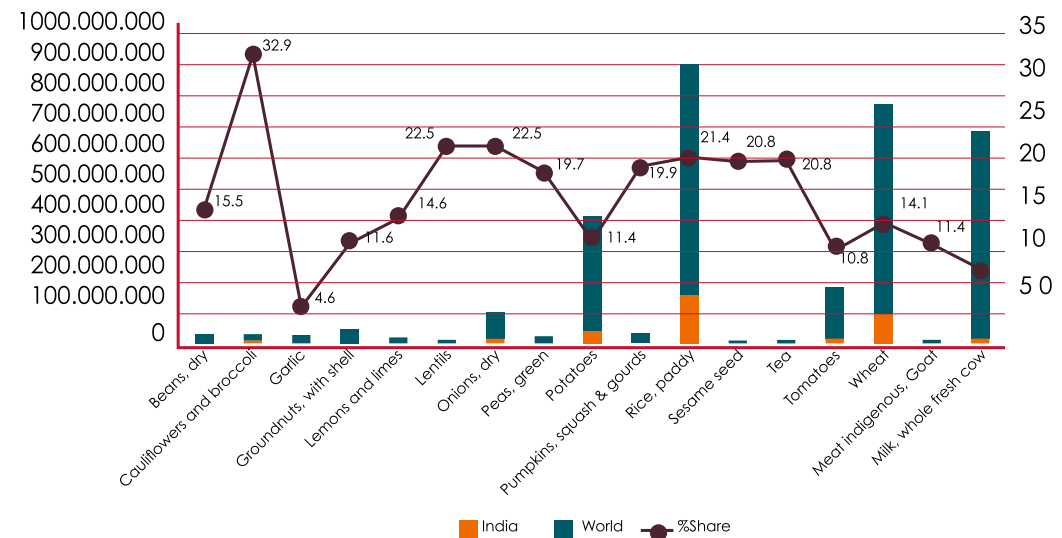
1.4 Potential for further growth

- The food and beverage market is primarily driven by growing urbanisation and rapidly surging young population who are shifting consumer demands.
- The online food ordering business in India is in its nascent stage, but is witnessing exponential growth.
- By 2024, the Food Processing industry will potentially attract US\$33 billion investments and generate employment for 9 million people.
- By 2030, Indian annual household consumption is set to treble, making India the 5th largest consumer⁴ base in the world.

⁴ <https://www.investindia.gov.in/sector/food-processing>



Where India Ranks Key agricultural and related commodities where India is ranked 2 (Value MT)



Source: Project Consultants Business Opportunity in India within Food Sector – Suman Project Consultants

2. India in Detail

2.1 Tapping into F&B trends in India

- **Healthy lifestyle:** Influenced by trends for physical and mental wellbeing, Indian consumers are seeking healthier alternatives when it comes to food and beverages.
- **Convenience:** With a growing urban population and increasingly hectic lifestyles, convenience food and beverages including on-the-go snacks, ready-made meals, and packaged foods are increasingly important.
- **New experiences and flavours:** Excited by new products, the millennial population is concerned with experiences and innovative flavours and textures.
- **Influence on Western tastes:** Over the past decade, the health food ingredients market has swelled internationally. With western consumers in particular constantly seeking the next new flavour or ingredient with key health benefits, many of these ingredients originate in India.
- **Sustainability:** The younger Indian population are more concerned about environmental and social issues, and seek sustainable efforts and initiatives from food and beverage companies.



2.2 Growth potential for health ingredients

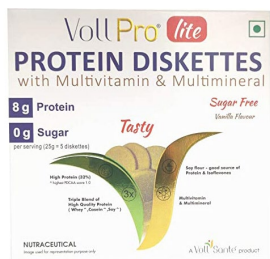
2.2.1 Growing health concerns in India

- With a growing middle class who have more disposable income, consumers are seeking healthy alternatives to fit in with a more active lifestyle. Natural and functional ingredients are growing in popularity, and the changing consumer lifestyle is influencing packaging and methods of consumption.
- Close to two thirds of the disease burden in India is due to lifestyle diseases. Known as the diabetes capital of the world, India has 30 million diabetes patients, while 61 million patients suffer from cardiovascular diseases and an increasing number are suffering from thyroid problems, obesity, and hypertension. Increased awareness of the causes of these diseases has led to people looking for healthier food and beverage⁵ options.

⁵ <https://www2.deloitte.com/content/dam/Deloitte/in/Documents/consumer-business/immersion/Deloitte-Chaper-india-Food-Report.pdf>



2.2.2 Main health-related growth categories



Functional food and beverage

The Indian nutraceutical market is poised to grow from US\$2.8 billion in 2015 to US\$8.5 billion by 2022⁶. By appealing to health trends, products promoting benefits including vitamins and proteins are performing well.

Example: Voll Pro Lite Protein Diskettes

Native flavours

Many ingredients and products that have traditionally been used in India have been adopted by the West due to properties which boost health and the immune system. This has increased the popularity of products using natural products, such as turmeric and moringa, both domestically and internationally.

Example: Moringa Oil by Moringa India



Plant-based alternatives

Internationally there is a growing interest in plant-based alternative foods to replace meat products. Promoting environmental and ethical benefits, this sector is growing in India with companies such as Udaipur-based Good Dot leading the way.

Example: Vegetarian Bytz by Good Dot

⁶ <https://www.businesstoday.in/sectors/pharma/healthy-living-in-new-year-as-nutraceuticals-sell-more-than-pharma-products/story/392742.htmlDocuments/consumer-business/immersion/Deloitte-Chaper-india-Food-Report.pdf>

2.3 Main packaged food growth categories

Demand for pre-packaged snacks is set to increase, with the revenue in the Snack Food segment amounting to US\$5,839 million in 2020. The market is expected to grow annually by 6.3% (CAGR 2020-2023)⁷.



Vegetable intake

Mintel research indicates that Indian consumers are interested in increasing their vegetable intake, which has led brands to launch vegetable snacks that bring together taste and health.

Example: TBH Gourmet Crispy Beetroot Chips with Mediterranean Sea Salt

Source: Mintel



Biscuits

Biscuits are practically a staple in India, so creating versions with further benefits such as high-protein variants of increased fibre to aid digestion make healthy products more accessible.

Example: Soffit Raisin and Flax Seeds Protein Cookies

Source: Mintel



For women, by women

The 100% female workforce at Whistle Snacks cater to the female market by creating low-calorie snacks with appealing packaging and interesting flavour combinations.

Example: Lime-n-Chilli Makhana by Whistle Snacks

Source: Whistle Snacks

⁷ <https://www.statista.com/outlook/40110000/119/snack-food/india>

2.4 Main dairy and bakery growth categories

As the largest producer of milk in the world, India is a key player in the dairy industry. One of the fastest growing beverage segments in the Indian market, dairy is predicted to become a billion-dollar market by 2021.

The Indian bakery industry reached a market value of US\$7.22 billion in 2018, and is the second largest producer of biscuits after the USA. The appetite for baked goods in India continues with consumers open to new variations and innovations.



Milkshakes

The Indian milkshake market is expected to grow at a CAGR of 25% between 2019 and 2024, driven by a large young population, changing lifestyles, convenience, and health consciousness⁸.

Example: Shakos

Source: Shakos



Unique Flavour Profiles

Flavours common to the Indian palette are popular in flavoured dairy products with spiced variations common.

Example: Masti Spiced Buttermilk by Amul

Source: Mintel



Reduced sugar

Appealing to concerns of sugar intake and diabetes, many Indian companies are producing sugar-free bakery products.

Example: Health for Life Oats & Jamoon Cookies by Nilgiri

Source: Mintel

⁸ <https://www.imarcgroup.com/indian-milkshake-market>

2.5 Main beverage growth categories



Tea

The hot drinks market is expected to grow annually by 6.5% between 2018 and 2021. India is the world's largest consumer of tea with around 30% of the total global output. Iced tea consumption in India is quite low, but according to Mintel the product is especially popular with young Indian men creating opportunities for expansion within this market.

Example: Ice Brews Freeze Lychee Tea by Te-A-Me

Source: Mintel

Beauty Benefits

Tapping into the growing beauty and personal care markets, many beverage products are claiming beauty benefits to appeal to this demographic.

Example: Auric Body Defence Drink

Source: Mintel



Non-alcoholic

The non-alcoholic drinks market is expected to grow annually by 12.8% with juice sales growing by 5.4% in 2021. The market for alcoholic drinks is expected to grow annually by 7.9% to 2021.

Example: Alo FruT Sweet Lemon Juice with Aloe Vera Pulp and Juice

Source: Mintel

