VIEWS | OPINION

# The Transformation of Indian Biscuits Industry

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By **Kalyani Sharma** | April 20, 2020



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**Amrinder Singh, Bonn Group of Industries talks about the transformation of Indian biscuits industry**

India is one of the largest biscuit manufacturing countries after the US and China. While the country is one of the largest biscuit consuming nation, per capita consumption is still very low at 2.1kg – compared to Ireland, which is the highest at 21.76kg. The market for biscuits and cookies in India has come a long way accounting for about 72 per cent of the sales in the bakery industry. Increasing consumption of packaged and convenience foods, the availability of a variety of biscuits and an increase in disposable incomes have provided a major boost to the

industry.

According to Market Outlook report, India’s biscuit market stood at $3.9 billion in 2016, and is projected to grow at a compound annual growth rate (CAGR) of 11.27 per cent, in value terms, between 2017 and 2022, to reach $7.25 billion by 2022.The demand will be driven by factors like taste and preference, demand of convenience food, concern for health and wellness as well as shift towards premium biscuits such as sugar free, oats, wheat and multi-grain biscuits among others.

Indian biscuit market: History and current scenario

In past, biscuits in India were made by using ordinary flour, sugar and saturated oil and underwent industrial procedures of molding, baking and cooling. However, with an increase in the disposable income as well as changing tastes and preference of people forced the biscuit manufacturing units to come up with a new range of biscuits. This challenge was met well with the innovation of salted biscuits which reduced the amount of sugar put in the batter by adding more salt. Other changes made in the production of biscuits were thinner crusts and addition of digestive ingredients to make them more nutritious.

Currently the biscuit industry is made up of the organized and unorganized sector with renowned brands dominating the market share in the organized sector. On the other hand, the unorganized sector consists of small bakery units, cottage and household type manufacturing and packaging units that help them distribute their goods in the surrounding areas. Self-managed and focused product lines plus less expenditure on marketing are the factors that contribute to the growth of the unorganized sector.

**Embracing innovation to overcome challenges**

Demand for healthy biscuits is increasing due to the active lifestyle of consumers who are looking for convenient eating options. Currently, India has 64 percent of its population in the working age group which makes millennials the driving force behind modern consumer trends. Millennials carefully read nutritional values on packages as well as grab snacks at least two times a day.

This is why the biscuit industry must pay close attention to the recent trends and opportunities which can help it produce exactly what is in demand. Biscuits are broadly categorized in the following segments like Glucose, Marie, Cream, Crackers and Milk but most consumers have already tasted these which is why companies are increasingly innovating with new flavors and ingredients to fuel the interest of consumers.

As per past developments, biscuits have transitioned from light to high fiber to multi/whole grain and oats ashealth conscious consumers want biscuits with high nutritional value. This has made manufacturers use more fibrous and nutritious ingredients like oats along with reducing the amount of artificial colors and preservatives and avoiding high fructose syrup completely.

Another variant for health-conscious consumers are the low sugar or sugar-free biscuits that help with weight management, cholesterol management and more. Such low sugar, and even sugar-free biscuit options, however, do not compromise with taste as they contain healthy replacements such as honey, coconut, fruits, dark chocolate, etc.

Furthermore, brands are going one step ahead by experimenting with delicious yet nourishing exotic fruits and nuts. Hazelnuts, figs, pears, bananas and many such ingredients have been emerging in popular biscuits across the country, elevating the biscuit eating experience for consumers. Since fruits and nuts are packed with essential vitamins and minerals, these biscuits are perfect for new-age consumers who want health with taste.

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