



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada

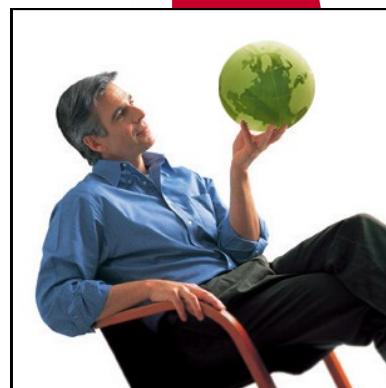
**International
Markets
Bureau**

MARKET INDICATOR REPORT | APRIL 2011

Consumer Trends Salty Snack Food in the United States



Source: Shutterstock



Consumer Trends

Salty Snack Food in the United States



► EXECUTIVE SUMMARY

The snack market has become complex in North America. Many companies have been heavily promoting the value of their products as a snack food, often increasing the energy density of their products.

The recent recession has changed people's shopping habits. According to a report published by PWC consulting, ("Basket Cases," The Economist, October 16, 2010) 93% of American consumers say they have changed their purchasing behavior as a result of the economic downturn. The snack food sector, however, has done well in terms of weathering the global economic storm.

Some consumers are buying smaller packets, which are cheaper, or huge ones, which are generally better value. Furthermore, some 18% of packaged goods buyers switched from a premium brand to a cheaper one during the recession. While the majority of consumers still buy their favorite brands, many are looking for better value options, such as their brand on sale. These price-conscious consumers view both taste and convenience as equally important when making their purchases.

The Frito Lay Corporation dominates in the snack food sector, with 6 of their brands among the top 10 most popular. Market data shows chips/crisps and tortilla/corn chips are the two most popular snack selections of American consumers, with chips/crisps capturing the highest value sales.

Within the salty snack sector, modest growth is predicted in the chip/crisps category until 2013 with volume sales slipping slightly, all the while maintaining its first place lead through to 2015. Tortilla/corn chips will continue their steady rise in volume sales over the next four years, holding their second place position. The most growth will be seen in the nuts category, reaching volume growth of 2.49% in 2015.

**All export/import data is in Canadian dollars, unless otherwise stated.*

► INSIDE THIS ISSUE

<i>Executive Summary</i>	2
<i>Snack Food Trends</i>	3
<i>Market Share</i>	4
<i>Company/Brand Shares</i>	5
<i>Distribution</i>	6
<i>Sector Forecasts</i>	6
<i>New Products</i>	7
<i>Product Claims</i>	8
<i>Key Resources</i>	9

“ Eighty percent of U.S. consumers are looking for best value, including trust in brand, taste and convenience, when they purchase snacks. ”



► SNACK FOOD TRENDS

- ▶ Extended work hours, fear of unemployment, and spending restrictions all play a role in the United States (U.S.) snack market. Consumers are skipping or delaying meals which is forcing them to seek convenient, quality snacks more often.
- ▶ A recent study (2010) published by Information Resources Inc. (IRI) showed that while shoppers are seeking the best value and are more disciplined in their buying decisions, snack food products continue to do well. However, 86% of buying decisions are made at home where shoppers prepare their lists, so manufacturers need to find ways to reach consumers before they ever reach the store. This report also revealed that 80% of consumers are looking for best value when they buy snacks, but value means more than just price, although it is a dominant factor. Value also includes such factors as trust in the brand, taste and convenience.
- ▶ While salty snack volume sales were flat during 2009, dollar sales grew 7% as a result of price increases that were implemented by many companies. The grocery channel experienced an increase in snack sales volume, with revenue up. Grocery claimed 75% of snack category sales.
- ▶ When consumers shop for snacks, 66% look for their favorite brands, while 43% go after their favorite brands on sale. Private label has made gains as quality and marketing has improved in recent years to take advantage of consumers' need to save, and that behavior is likely to remain.
- ▶ Snacks are an important part of healthy eating plans for many consumers, with 32% consuming snacks as mini-meals throughout the day. Over 60% of consumers eat snacks purely for enjoyment. Healthier snack products continue to do well, increasing by 3% in 2009 over the previous year, and up by 8% since 2005. In fact, 83% of consumers claim they eat snacks for their nutritional benefit and 40% seek benefits beyond basic nutrition. Eighty percent said they are trying to save on medical bills by staying healthy (IRI, 2010). While many consumers seek products that have less sodium and are perceived as healthier, taste is still king.
- ▶ Chips, extruded snacks, and tortilla/corn chips accounted for almost 56% of retail sales in 2010. While manufacturers have shown some innovation in this sector, many of these snacks still contain high amounts of fat and sodium. This may have contributed to their low market share growth of less than 1% in 2010. To address the health issues connected to these products, manufacturers will continue to launch healthier alternatives such as baked, multigrain, etc. Furthermore, reduced/lower sodium varieties should be key drivers in the sector.
- ▶ Nuts are gaining in popularity with the consumer and are predicted to continue experiencing high growth rates unseen since 2004. The ongoing success of nut sales can be attributed to consumers' awareness of the high protein, fibre and antioxidant characteristics of this snack. The cumulative average growth rate (CAGR) predicts sales growth for this sub-sector of 2.5% between 2010 to 2015.
- ▶ Volatility in commodity prices has impacted most unit sales for snacks, however, it is predicted to level off. Combined with price sensitivity, this kept unit prices stable in 2010.
- ▶ Microwave popcorn accounted for 36% of sector sales in 2010, with pre-popped (ready-to-eat) and cinema/carnival popcorn making up the remainder of popcorn sales. In volume terms, microwaveable popcorn accounted for the bulk of sales in this category for 2010.
- ▶ Jerky comprises the majority of bulk sales in the other sweet and savoury snacks sector. Due to its high price, jerky sales were negatively effected in 2009. In response, manufacturers are making smaller packs to reduce unit price. This action contributed to a 1% decline in 2010 for retail volume sales of other sweet and savoury snacks, while retail sales grew marginally in current value terms.

Other Snacks include: beef jerky, party mixes, trail mixes, seeds, bagel chips, and pita chips.

▶ MARKET SHARE



- ▶ Chips and crisps continued to generate the greatest sales value in 2010 showing steady growth since 2005. However, volume sales are the second highest in the category. Unit pricing was US \$10 per kilogram in 2010.
- ▶ Tortilla/corn chips had the second strongest performance in the category in terms of value, and the highest volume sales in 2010. Interestingly, the higher volume sales for tortilla/corn chips has been constant since 2005. Unit pricing in 2010 was US\$8.5 per kilogram.
- ▶ In the other sweet and savoury snacks category, which placed third in the sector, both sales value and volume have been fluctuating since 2005. Unit pricing in 2010 was US \$16.7 per kilogram.
- ▶ Extruded snacks placed fourth in the sector for 2010, with value and volume sales steadily increasing since 2005. Partial data for 2010 shows value sales dipping while volume sales grew slightly. Unit pricing in 2010 was US \$10.1 per kilogram.
- ▶ Popcorn snacks ranked fifth in overall sales performance for 2010. Since 2005 the category has seen both positive and negative growth in sales value and volume. Unit pricing in 2010 was US \$7.9 per kilogram.
- ▶ Nuts ranked sixth in both sales volume and value for 2010, showing steady growth since 2005. Indicators for 2010 show a continuation of similar growth. Unit pricing in 2010 was US \$9.2 per kilogram.
- ▶ Pretzels experienced a drop in sales in 2010, and rounded out the category with the lowest market share in the salty snack industry. Unit pricing for 2010 was US \$5.4 per kilogram.

**Note: 2010 data represents partial year statistics*

United States Sweet and Savoury Snacks Sales by Category: Value - 2005-2010 - US Millions

Item	2005	2006	2007	2008	2009	2010*
Crisps/Chips	5,161.30	5,345.40	5,452.40	6,106.10	6,823.60	7,001.00
Extruded Snacks	3,691.40	3,836.10	3,985.70	4,300.90	4,500.50	4,460.00
Nuts	2,617.80	2,746.00	2,883.10	2,995.50	3,129.70	3,402.00
Popcorn	3,780.40	3,897.50	3,850.70	3,881.50	4,071.70	3,929.20
Pretzels	1,197.00	1,285.80	1,302.70	1,379.50	1,423.10	1,410.30
Tortilla/Corn Chips	5,079.70	5,376.40	5,623.70	6,079.20	6,177.90	6,295.30
Other Sweet/Savoury Snacks	4,033.35	4,094.50	4,257.60	4,449.19	4,538.18	4,547.25

Source: Euromonitor *Note: 2010 data represents partial year statistics

United States Sweet and Savoury Snacks Sales by Category: Volume - 2005-2010 - '000 tonnes

Item	2005	2006	2007	2008	2009	2010*
Chips/Crisps	671.42	669.27	653.41	659.92	695.11	699.2
Extruded Snacks	450.3	454.09	446.97	446.56	441.95	442.84
Nuts	288	294.82	306.89	321.75	335.85	370.62
Popcorn	541.59	547.18	536.24	498.18	504.92	496.68
Pretzels	240.63	252.83	256.14	263.03	266.01	262.83
Tortilla/Corn Chips	685.79	703.65	717.02	728.36	730.85	737.37
Other Sweet/Savoury Snacks	268.19	268.1	265.85	276.16	274.28	272.11

Source: Euromonitor *Note: 2010 data represents partial year statistics



United States Sweet and Savoury Snacks Sales by Category: % Volume Growth 2005-2010

Item	2009/10	2005-10 CAGR	2005/10 TOTAL
Chips/Crisps	0.59	0.81	4.14
Extruded Snacks	0.2	-0.33	-1.66
Nuts	10.35	5.17	28.69
Popcorn	-1.63	-1.72	-8.29
Pretzels	-1.2	1.78	9.23
Tortilla/Corn Chips	0.89	1.46	7.52
Other Sweet and Savoury Snacks	-0.79	0.29	1.46

Source: Euromonitor

*Note: 2010 data represents partial year statistics

United States Sweet and Savoury Snacks Sales by Category: % Value Growth 2005-2010

Item	2009/10	2005-10 CAGR	2005/10 TOTAL
Chips/Crisps	2.6	6.29	35.65
Extruded Snacks	-0.9	3.86	20.82
Nuts	8.7	5.38	29.96
Popcorn	-3.5	0.78	3.94
Pretzels	-0.9	3.33	17.82
Tortilla/Corn Chips	1.9	4.38	23.93
Other Sweet and Savoury Snacks	0.2	2.43	12.74

Source: Euromonitor

*Note: 2010 data represents partial year statistics

► COMPANY/BRAND SHARES

United States Top Sweet and Savoury Snacks by Brand Shares 2006-2009 - % Retail Value

Brand	Company	2006	2007	2008	2009
Lay's	Frito-Lay Co	13.09	12.72	13.16	13.76
Doritos	Frito-Lay Co	6.58	7.03	7.04	6.61
Tostitos	Frito-Lay Co	6.07	6.08	6.43	6.32
Cheetos	Frito-Lay Co	3.81	3.86	4.09	4.37
Planters	Kraft Foods Inc	3.65	3.66	3.28	2.99
Ruffles	Frito-Lay Co	2.68	2.67	2.85	2.94
Fritos	Frito-Lay Co	3.05	3.05	3.01	2.88
Pringles	Procter & Gamble Co, The	3.18	3.05	2.98	2.67
Snyder's of Hanover	Snyder's of Hanover Inc	1.76	1.84	1.87	1.88
Jack Link's	Link Snacks Inc	1.68	1.99	2.05	1.85
Orville Redenbacher's	ConAgra Foods Inc	1.98	1.87	1.79	1.83
Utz	Utz Quality Foods Inc	1.14	1.26	1.32	1.35
Sunchips	Frito-Lay Co	0.99	1.26	1.28	1.31
Walmart	Wal-Mart Stores Inc	0.87	0.96	1.1	1.27
Chex	General Mills Inc	1.23	1.26	1.28	1.25
Quaker	Quaker Oats Co, The	1.05	1.02	1.02	1.04
Rold Gold	Frito-Lay Co	1.29	1.08	1.08	1.02
Pop Secret	Diamond Foods Inc	-	-	0.99	0.98
Slim Jim	ConAgra Foods Inc	0.91	0.93	0.89	0.98
Blue Diamond	Blue Diamond Growers	0.54	0.65	0.78	0.87
Santitas	Frito-Lay Co	0.61	0.61	0.64	0.79

Source: Euromonitor



► DISTRIBUTION

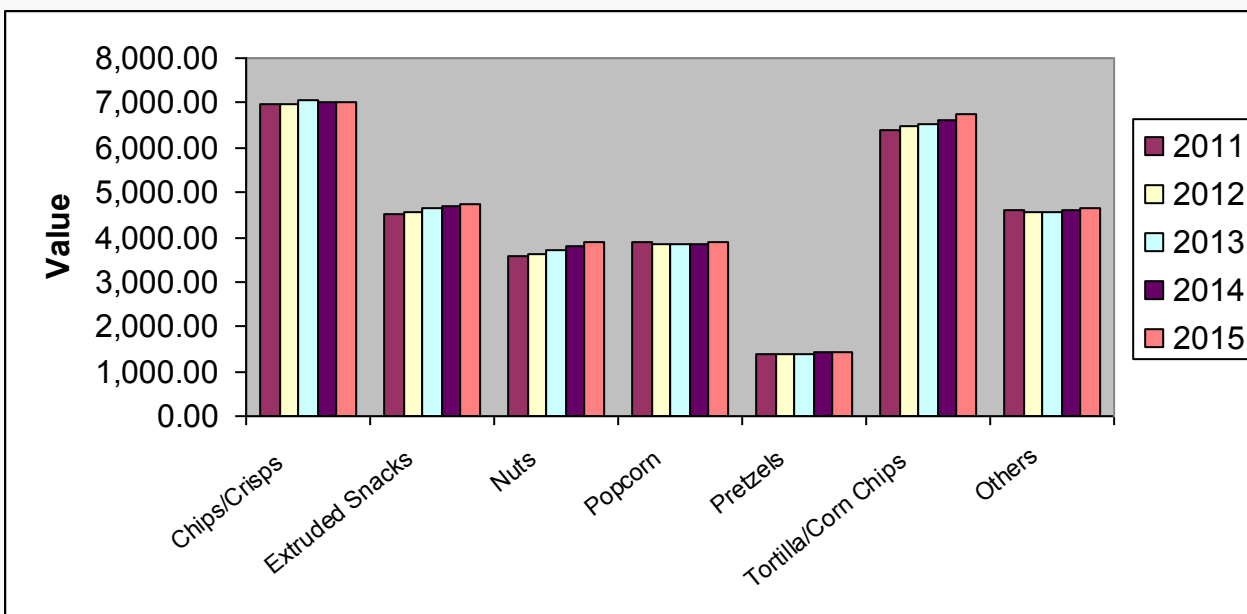
United States Savoury Snacks Sales by Distribution Format: % Analysis 2005-2009

% retail value rsp	2005	2006	2007	2008	2009
Supermarkets/Hypermarkets	73.4	73.5	73.64	74.63	75.53
Convenience Stores	10.72	10.73	10.72	10.72	10.75
Service Stations	5.08	5.11	5.13	5.16	5.20
Independent Retails	4.19	4.10	4	3.90	3.81
Specialist Retailers	5.57	5.51	5.44	4.53	3.64
Other	0.47	0.47	0.47	0.46	0.46
Vending Machines	0.32	0.33	0.34	0.34	0.35
Department Stores (incl. Duty-Free Shops)	0.14	0.14	0.14	0.14	0.14
Pharmacies/drugstores	0.11	0.11	0.12	0.12	0.12
Cash & Carry and Warehouse clubs	-0.1	-0.1	-0.1	-0.1	-0.1

Source: Datamonitor

► SECTOR FORECASTS

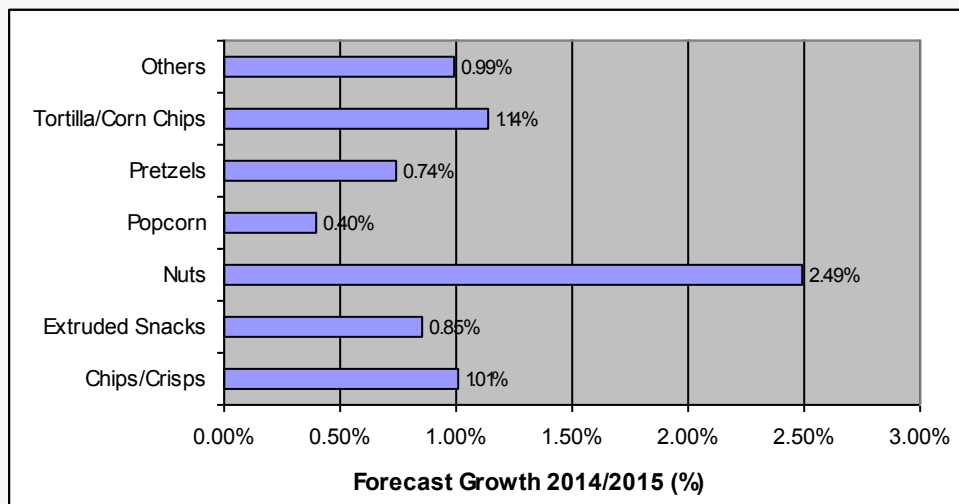
**United States Forecast Sales of Sweet and Savoury Snacks by Category
2011 to 2015—US millions**



Source: Euromonitor



United States **Forecast** Volume Growth for Sweet and Savoury Snacks by Category, 2014-2015

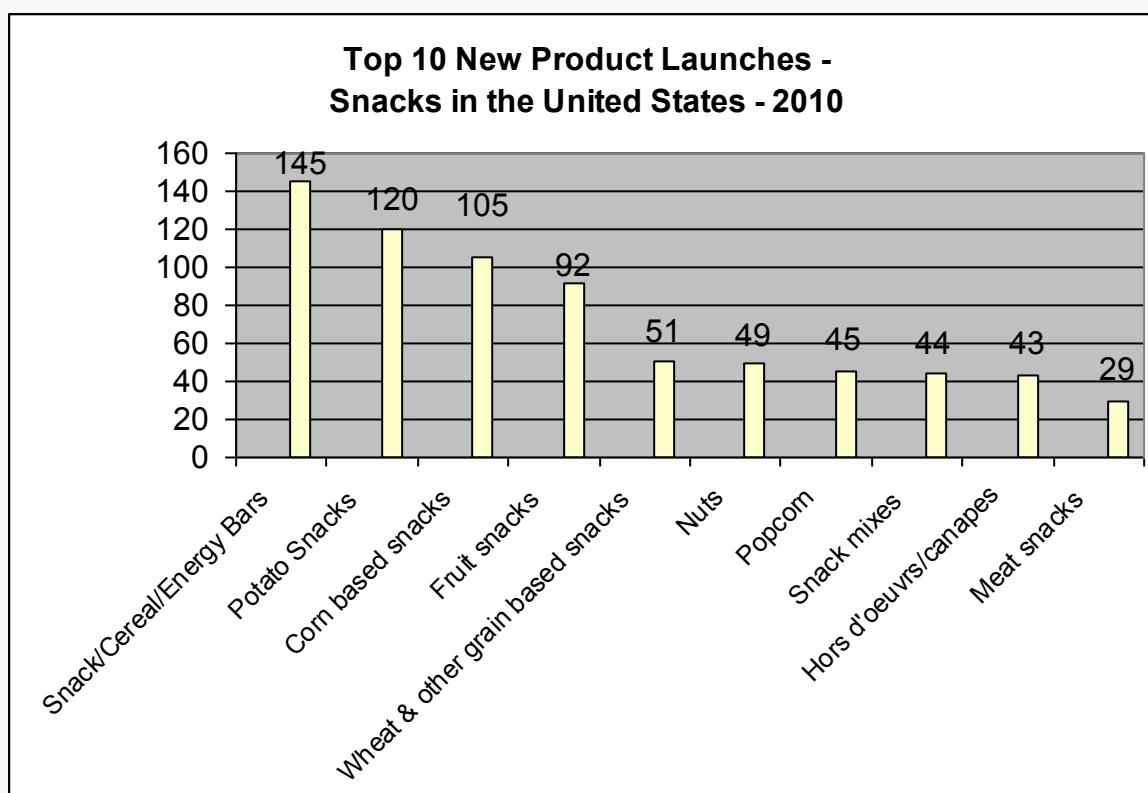


Southwestern
Ranch Flavoured
Potato Crisps

Source: Mintel

► NEW PRODUCTS

- In the United States, there were 774 new products launched in the snacks category for 2010.



Source: Mintel/GNPD, 2010

▶ PRODUCT CLAIMS



- ▶ Environmentally-friendly packaging, local ingredient sourcing and better-for-you claims, such as reduced sodium, are three popular types of product differentiation strategies that large corporations are incorporating into their snack products.
- ▶ Taking a look at the most popular claims within the new products launched in 2010 in the American snack sector, low/no/reduced transfat was the top claim found across 355 products. The chart below shows the breakdown of the top 10 popular claims.



Sea Salt by the Seashore Organic Multi-Grain Snack Chips
Source: Mintel

Top New Product Claims—Snacks in the United States—2010

	Low/No/Reduced Transfat	Kosher	No Additives/Preservatives	All Natural Product	Low/No/Reduced Allergen	Low/No/Reduced Fat	Gluten-Free	Low/No/Reduced Cholesterol	Ethical - Enviro. Friendly Package	Low/No/Reduced Sodium
Potato Snacks	112	62	58	70	53	32	53	31	22	3
Corn Based Snacks	100	56	54	54	38	14	38	24	1	6
Wheat & Other Grain Based Snacks	32	30	7	25	7	23	2	8	2	2
Nuts	33	31	17	8	10	3	10	18	4	12
Popcorn	39	36	17	11	13	9	13	11	15	4
Snack Mixes	31	13	10	16	1	10	1	15	5	26
Meat Snacks	8	0	3	2	1	22	1	0	1	0

Source: Mintel

- ▶ Within the newly launched salty snack products for 2010, the most popular flavor was plain/unflavoured, which was found in 85 products. The chart below shows a breakdown of the most popular flavours.

Top New Product Flavours—Snacks in the United States—2010

	Unflavoured/Plain	Cheese (Cheddar)	Salt (Sea)	Chocolate	Salt/Salted	Bar-B-Q	Cheese (other)	Butter
Potato Snacks	25	7	4	0	3	9	5	0
Corn Based Snacks	27	9	5	0	6	4	6	0
Wheat & Other Grain Based Snacks	17	5	2	0	2	1	0	0
Nuts	8	0	4	0	5	0	0	0
Popcorn	8	4	2	0	1	0	0	11
Snack Mixes	0	0	0	3	0	0	2	0
Meat Snacks	0	1	0	0	0	1	0	0

Source: Mintel



► KEY RESOURCES

- Byrne, James. "Snack Makers Pledge to Cut Out Adverts Aimed at Children." FoodNavigator.com. 27 Apr, 2010. Retrieved on Aug 16, 2010. From <http://www.foodnavigator.com/Science-Nutrition/Snack-makers-pledge-to-cut-out-adverts-aimed-at-children>
- Datamonitor. "Consumer Demographics of Confectionery, Sweet and Savoury Snacks and Cereal Bars" (2010). Retrieved on Aug 17, 2010.
- Datamonitor. "Distribution Shares of Confectionery, Sweet and Savoury Snacks and Cereal Bars" (2010). Retrieved on Aug 17, 2010.
- Datamonitor. "Retro Snack brands Case Study-Capitalizing on the consumer desire for nostalgia" (Dec 2008). Reference Code: CSCM0219. pp. 11
- Euromonitor International. "Chocolate Confectionery." (2010). Retrieved on Aug 16, 2010.
- Euromonitor International. "Sugar Confectionery (2010). Retrieved on Aug 17, 2010.
- Euromonitor International. "Sweet and Savoury Snacks." (2010). Retrieved on Aug 16, 2010.
- Euromonitor International. "Snack Bars." (2010). Retrieved on Aug 18, 2010.
- Global Trade Atlas. Annual Series Data. (2010) Retrieved on Aug 12, 2010. Retrieved on Aug 17, 2010. From <http://www.gtis.com/gta/>
- Montague-Jones, Guy. "Downsize me! FSA Right to Push for Smaller Snacks." Food Navigator.com. 04 Aug, 2009. Retrieved on Aug 16, 2010. From <http://www.foodnavigator.com/Financial-Industry/Downsize-me!-FSA-right-to-push-for-smaller-snacks>
- Planet Retail. "Top 5 Retailers" and "Buying Groups" (2010). Retrieved on Aug 16, 2010.
- Scott-Thomas, Caroline. "Nostalgia Boosts U.K. Food Market Growth." 16 Oct, 2009. Retrieved on Aug 18, 2010. From <http://www.foodnavigator.com/Financial-Industry/Nostalgia-boosts-UK-food-market-growth>
- Statistics Canada CATS database . Canadian Export Data (2010).

The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

Consumer Trends: Salty Snack Food in the United States

© Her Majesty the Queen in Right of Canada, 2011
ISSN 1920-6615 Market Indicator Report
AAFC No. **11458E**

Photo Credits

All Photographs reproduced in this publication are used by permission of the rights holders.

All images, unless otherwise noted, are copyright
Her Majesty the Queen in Right of Canada.

For additional copies of this publication or to request an alternate format, please contact:

Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

Aussi disponible en français sous le titre :

Tendances de consommation : Grignotines emballées aux États-Unis

Canada 