



**MARKET ACCESS SECRETARIAT
Global Analysis Report**

Sector Trend Analysis

Snack Foods in the United States

Septembre 2016



EXECUTIVE SUMMARY

In 2015, the snack sector continued to experience growth both in volume and in retail sales with a compound annual growth rate (CAGR) of 4.2% and 2.1% from 2011 to 2015. As the U.S. household shrinks, snacking continues to replace traditional meals and increase the sales of snack products that are healthy, convenient, and bold in flavour.

The strongest growing snack categories are popcorn, other snacks*, and nuts, with a CAGR of 7%, 6%, and 5.8% from 2011 to 2015. As consumers continue to consume healthier options, there is an expected growth in energy and nutrition bars with a projected CAGR of 6% (Euromonitor International, 2015).

Frito-Lay Co., CongAgra Foods Inc., and Link Snacks Inc are the top snack companies in the U.S. Together they account for 52% of the snacks category in 2015, while private labels and other (unspecified) companies accounted for 35.1% (Euromonitor International, 2015). Companies with snack products that align with the health and meal replacement trends are gaining successful growth within the snack sector, such as Hain Celestial Group and Hershey.

From January 2010 to December 2015, 13,991 new snack products were launched in the U.S., with an average of 2,332 product launches per year. The top five snack products were snack/cereal/energy bars (with 2,852 new products), nuts (1,636), fruit snacks (1,420), corn-based snacks (1,219), and potato snacks (1,210).

Note: Other snacks include jerky, snack mixes/combo packs, trail mixes, seeds, pita chips, and pork scratchings

CONTENTS

Executive Summary	1
Market Trends	2
Consumer Behaviour.....	2
Sector Analysis.....	2
Competitive Landscape.....	4
New Product Launch Analysis.....	5
For More Information	7
Resources	7



Visit our online library of public reports for more information on this and other markets.



MARKET TRENDS

In 2015, snacks in the United States (US) continued to see growth in both retail and volume sales, with a compound annual growth rate (CAGR) of 4.2% and 2.1% from 2011 to 2015. This growth is largely due to the changing household size and growing preference for convenience and bold new flavoured products.

The American household is shrinking, resulting in an increase in consumer preference for snack foods over traditional sit-down meals. This change is now growing demand for single-portion, portable, and healthier snack products (Euromonitor International, 2015).

Convenience is continuing to be a key factor in consumer's preference for certain snacks over others. For example, consumers are shifting away from microwave popcorn brands to less fresh, pre-popped brands such as Skinny Pop and Smartfood. This focus on convenience is significantly impacting the retail landscape, where convenience stores are gaining more shares over larger supermarkets. Following this trend, there has been an increase of 2% in the average unit price across all snack products in 2015 (Euromonitor International, 2016).

Lastly, younger consumers are having a notable impact on snack innovation as manufacturers are continually revolutionizing snack products with bold and spicy flavours that appeal to them (Euromonitor International, 2015).

CONSUMER BEHAVIOUR

In the US, 94% of consumers snack at least once a day, while more than 50% are likely to snack 2 to 3 times a day. As snacking is replacing traditional meals, 33% of consumers are snacking on healthier foods more than ever before. In Mintel research, younger consumers are more likely to snack than older consumers and are also more likely to be emotional snackers than functional snackers.

In Mintel research it was also determined that 63% of American consumers value the taste of salty snacks more than healthier snacks. However, consumers are finding a balance between health and indulgence, where 34% of snackers are limiting their intake of sweet snacks. This is especially true for older consumers (Mintel, 2015).

SECTOR ANALYSIS

In 2015, snack products saw a 3% increase in sales with a closing total of US\$ 44.3 billion. Snack products are also expected to increase at a CAGR of 2.3% from 2016 to 2020. The strongest growing category is popcorn with a CAGR of 7.1% from 2011 to 2015. It is expected to maintain the strongest growth in the next forecasted period with a projected CAGR of 3.1% and value sales of US\$ 3.5 billion by 2020. This growth will stem from a continued shift towards ready-to-eat brands with health-focused positioning.

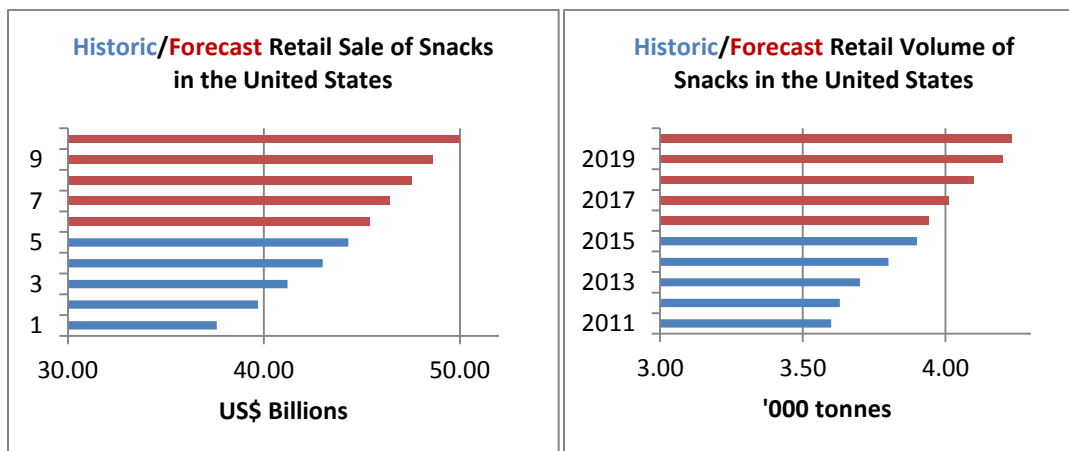
The second fastest growing snack category is "other snacks" (largely dominated by high-protein meat snacks and trail mixes) with a sales value of US\$ 6.4 billion and a CAGR of 6% from 2011 to 2015. Within the "other snacks" sub-category, jerky was the primary driver of growth with 42% market share (Euromonitor International, 2015).

Nuts were the third fastest growing category with a 3% increase in value sales of US\$4.6 billion. This category is expected reach US\$ 5.3 billion by 2020, with a CAGR of 2.1% from 2016 to 2020. Growth will largely stem from health-positioned products and innovation with stronger flavours that younger consumers enjoy (Euromonitor International, 2015).

Within the snack bars category, energy and nutrition bars (one of the biggest beneficiaries of the current snacking trends) are expected to see strong growth with a projected CAGR of 6% from 2016 to 2020.



This sub-category is expected to see high levels of innovation, specifically with manufactures such as Hershey and Mars (Euromonitor International, 2015).



Source: Euromonitor International, 2015

Historic Retail Sales of Snack Products in the United States, in US\$ millions

Category	2011	2012	2013	2014	2015	2011-2015 CAGR*(%)
Snacks	37,567.7	39,740.1	41,189.3	43,007.8	44,303.7	4.2
Crisps	7,101.8	7,285.0	7,416.2	7,849.5	8,034.1	3.1
Tortilla Chips	6,313.5	6,556.6	6,818.9	7,187.5	7,339.3	3.8
Snack Bars	5,986.0	6,288.5	6,496.2	6,643.5	6,846.4	3.4
Other Snacks**	5,111.5	5,578.7	5,853.1	6,165.0	6,442.4	6
Extruded Snacks	4,611.1	4,873.9	5,015.2	5,157.6	5,384.1	4
Nuts	3,626.8	4,068.9	4,231.7	4,430.5	4,549.8	5.8
Popcorn	2,173.8	2,321.7	2,497.0	2,697.5	2,856.6	7.1
Pretzels	1,620.6	1,725.7	1,797.3	1,820.2	1,821.9	3
Fruit Snacks	1,022.6	1,041.1	1,063.8	1,056.6	1,029.1	0.2

Historic Volume Sales of Snack Products in the United States, in '000 tonnes

Category	2011	2012	2013	2014	2015	2011-2015 CAGR*(%)
Snacks	3,555.2	3,631.2	3,679.9	3,800.7	3,859.0	2.1
Tortilla Chips	721.6	732.6	740.6	789.5	805.0	2.8
Crisps	729.3	736.9	738.3	780.6	787.4	1.9
Extruded Snacks	444.7	460	467.7	466.1	478.6	1.9
Popcorn	337.9	346.5	350.0	364.9	385.3	3.3
Nuts	329.3	331.8	341.9	347.8	351.5	1.6
Other Snacks*	301.7	318.4	327.3	329.9	332.5	2.5
Pretzels	283.9	293.8	302.5	303.9	301.2	1.5
Snack Bars	281.5	286.2	286.0	289.5	295.5	1.2
Fruit Snacks	125.4	125.0	125.5	128.5	122.0	-0.7

Source for both: Euromonitor International, 2015

*CAGR: compound annual growth rate

**Other snacks include jerky, snack mixes/combo packs, trail mixes, seeds, pita chips, and pork scratchings



Forecast Retail Sales of Snack Products in the United States, in US\$ millions

Category	2016	2017	2018	2019	2020	2016-2020 CAGR*(%)
Snacks	45,400.6	46,403.2	47,457.1	48,560.9	49,686.7	2.3
Crisps	8,155.8	8,285.2	8,430.0	8,587.5	8,750.8	1.8
Tortilla Chips	7,498.0	7,685.2	7,880.2	8,096.0	8,315.9	2.6
Other Snacks	6,641.5	6,850.1	7,057.1	7,271.4	7,497.9	3.1
Snack Bars	7,001.1	7,097.4	7,214.2	7,340.1	7,472.6	1.6
Extruded Snacks	5,551.5	5,654.5	5,750.9	5,842.9	5,930.7	1.7
Nuts	4,656.1	4,796.3	4,951.7	5,117.8	5,292.1	3.3
Popcorn	3,070.3	3,197.0	3,306.6	3,399.8	3,473.3	3.1
Pretzels	1,813.4	1,828.7	1,852.0	1,879.1	1,911.1	1.3
Fruit Snacks	1,012.9	1,008.9	1,014.6	1,026.3	1,042.3	0.7

Forecast Volume Sales of Snack Products in the United States, in '000 tonnes

Category	2016	2017	2018	2019	2020	2016-2020 CAGR*(%)
Snacks	3,940.5	4,009.7	4,081.3	4,155.2	4,227.9	1.8
Tortilla Chips	824.1	842.6	860.5	879.7	898.6	2.2
Crisps	800.9	815.7	832.4	850.1	868	2
Extruded Snacks	492.7	500.8	508.1	515	521.6	1.4
Popcorn	407.2	416.5	423.3	428	430.2	1.4
Nuts	356.5	363.6	371.3	379.2	387.1	2.1
Other Snacks**	337.3	342.5	348	353.8	359.8	1.6
Snack Bars	302.3	307.2	313.1	319.6	326.3	1.9
Pretzels	300.1	302.5	306.1	310.4	315.4	1.2
Fruit Snacks	119.4	118.3	118.5	119.5	121	0.3

Source for both: Euromonitor International, 2015

*CAGR: compound annual growth rate

**Other snacks include jerky, snack mixes/combo packs, trail mixes, seeds, pita chips, and pork scratchings

COMPETITIVE LANDSCAPE

PepsiCo Inc.'s Frito-Lay division continue to lead the snacks sector with 45% market share. However, in 2015 the company's shares declined due its lack of presence in the fastest growing "other snack" category. Alternatively, Hain Celestial Group is one of the fastest growing companies in the sector by doubling its shares to 1% in 2015 with brands that aligned with the health and wellness trends (Euromonitor International, 2015). Another growing player within this sector is Hershey, after acquiring Krave Pure Foods Inc. the company gained rapid growth with its premium jerky brand.

Private labels are experiencing low growth within the snacks sector with only 10% value share in 2015. This is due to the perceived quality gap between private label products and branded products. However, private labels are able to gain success in fruit snacks, nuts, trail mixes, and other snacks categories in which they had 27%, 28%, and 12% market share in 2015 (Euromonitor International, 2015).

For the snack sector, supermarkets, hypermarkets, and forecourt retailers are major distribution channels, all accounting for 72% share of retail sales. However, channels such as convenience stores are growing retail channels, with 3.8% market share.



NEW PRODUCT LAUNCH ANALYSIS

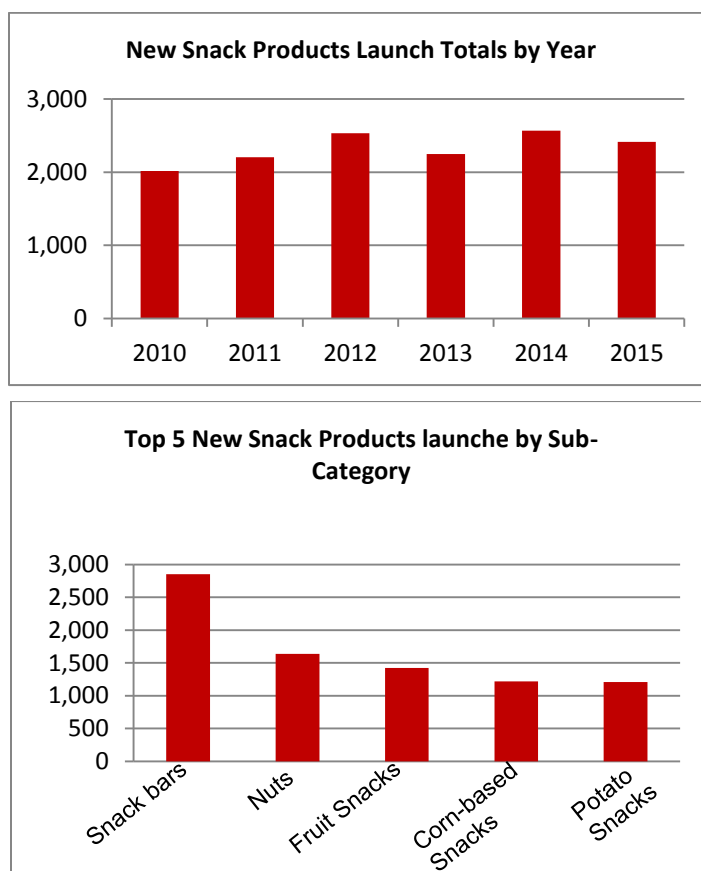
This section combines all snack products based on new product launches from January 2011 to December 2015.

According to the Mintel Global New Products Database (GNPD), there were 13,991 new snack products launched in the U.S., with an average of 2,332 product launches per year. Of these products, 38% were new products and 62% were a combination of new variations (packaging, formulation, and variety/range extensions) of existing products. In addition, 4,009 of the total were branded while 1,281 were private-label products.

Within the 13,991 new product launches, the top five snack products were snack/cereal/energy bars (with 2,852 new products), nuts (1,636), fruit snacks (1,420), corn-based snacks (1,219), and potato snacks (1,210). Spring water, Jabuticaba powder, Yerba Mate extract, Goji extract, and Amla powder are the top five new ingredients appearing in the snack category for the first time (tracked by GNPD). While the fastest growing flavours consist of cherry, vegetable, pork, ginger, carrot, and vinegar.

The top growing claims in the U.S. within the snacks category are hormone free, event merchandising, ethical – human, and bone health. The top declining claims are Carbon Neutral, Low/No/Reduced Saturated Fat, Low/No/Reduced Calorie, Vegetarian, and Vitamin/Mineral Fortified.

Within the last five years of the new snack products launches in the U.S., 5% were imported from the world while 95% were domestic (Mintel GNPD, 2016). The top countries the U.S. imported new snack products from were Canada (338), China (56), Mexico (55), Thailand (50), and South Korea (27).



Source for both: Mintel GNPD, 2016



New Product Launches of Snacks Products in the United States January 2010 to December 2015

Feature*	Yearly Launch Counts					
	2010	2011	2012	2013	2014	2015
Yearly product launches	2,017	2,206	2,534	2,250	2,569	2,415
Top Five Claims						
Kosher	766	800	844	1039	1355	1357
Low/No/Reduced Allergen	391	439	437	734	1102	1133
Gluten-Free	351	418	411	699	1066	1084
No Additives/Preservatives	461	458	452	551	750	717
Low/No/Reduced Transfat	574	433	453	420	534	479
Import Status						
Imported	0	2	0	159	316	269
Not Imported	0	0	0	322	753	802
Storage						
Shelf Stable	1803	1996	2303	2081	2367	2256
Frozen	171	146	150	144	142	110
Chilled	43	64	81	25	60	49
Top Five Flavours (incl. blend)						
Unflavoured/Plain	225	254	314	226	236	255
Not specified	203	185	205	166	173	62
Flavours Unavailable	88	90	87	54	51	33
Salt (Sea)	31	39	56	53	87	85
Chocolate (unspecified)	42	48	65	53	48	32
Top Five Ingredients**						
Salt	792	809	954	1356	1599	1412
White Sugar	542	598	695	1011	1209	1030
Food Acids	519	541	621	1013	1166	1001
Natural Flavoring Substance	444	499	571	966	1119	985
Sunflower Seed Oil	294	334	420	702	889	844
Top Five Packaged Types						
Flexible	1224	1374	1617	1546	1717	1556
Flexible stand-up pouch	214	323	252	275	380	477
Not Specified	213	182	130	90	97	32
Composite	55	97	83	62	53	60
Flexible sachet	59	37	80	60	58	93
Top Five Companies						
Aldi	80	66	44	60	62	165
Frito-Lay	61	54	68	87	88	43
General Mills	50	46	55	69	91	48
Target	25	35	22	126	85	43
Kroger	18	21	71	45	80	56
Country of Manufacture						
United States	0	0	0	322	753	802
Canada	0	0	0	66	137	135
China	0	2	0	9	33	12
Mexico	0	0	0	11	25	19
Manufacturer Type						
Branded	1532	1633	1786	1616	1873	1679
Private Label	485	573	748	634	696	736

Source for both: Mintel Global Products Database (GNPD), 2016

*Note ranking is based on 2010 to 2015 data

**Note: the totals for ingredient count will add to more than the total launches as products can use multiple ingredients.



FOR MORE INFORMATION

International Trade Commissioners can provide Canadian industry with on-the-ground expertise regarding market potential, current conditions and local business contacts, and are an excellent point of contact for export advice.

- **Overview of Trade Commissioner Services in the United States of America**
www.tradecommissioner.gc.ca/us
- **Find a Trade Commissioner**
www.tradecommissioner.gc.ca/eng/find-trade-contacts.jsp

For additional intelligence on this and other markets, the complete library of Global Analysis reports can be found under *Statistics and Market Information* at the following link, arranged by sector and region of interest:

- ats-sea.agr.gc.ca

RESOURCES

Euromonitor International, 2015. *Sweet and Savoury Snacks in the US*.

Euromonitor International, 2016.

Mintel Global New Products Database, 2016.

Mintel Market Sizes, 2014. *Snack Food*.

Mintel Market Sizes, 2014. *Snack Bars*.

Mintel, 2015. *A snacking nation: 94% of Americans snack daily*.



SNACK FOODS IN THE UNITED STATES

Global Analysis Report

Prepared by: Ranna Bernard, Market Analyst

© Her Majesty the Queen in Right of Canada,
represented by the Minister of Agriculture and Agri-Food (2016).

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.

To join our distribution list or to suggest additional report topics or markets, please contact:

Agriculture and Agri-Food Canada, Global Analysis

1341 Baseline Road, Tower 5, 3rd floor

Ottawa, ON

Canada, K1A 0C5

E-mail: MAS-SAM@agr.gc.ca

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 (AAFC) assumes no liability for any actions taken based on the information contained herein.

Reproduction or redistribution of this document, in whole or in part, must include acknowledgement of Agriculture and Agri-Food Canada as the owner of the copyright in the document, through a reference citing AAFC, the title of the document and the year. Where the reproduction or redistribution includes data from this document, it must also include an acknowledgement of the specific data source(s), as noted in this document.

Agriculture and Agri-Food Canada provides this document and other report services to agriculture and food industry clients free of charge.

STAY CONNECTED

