

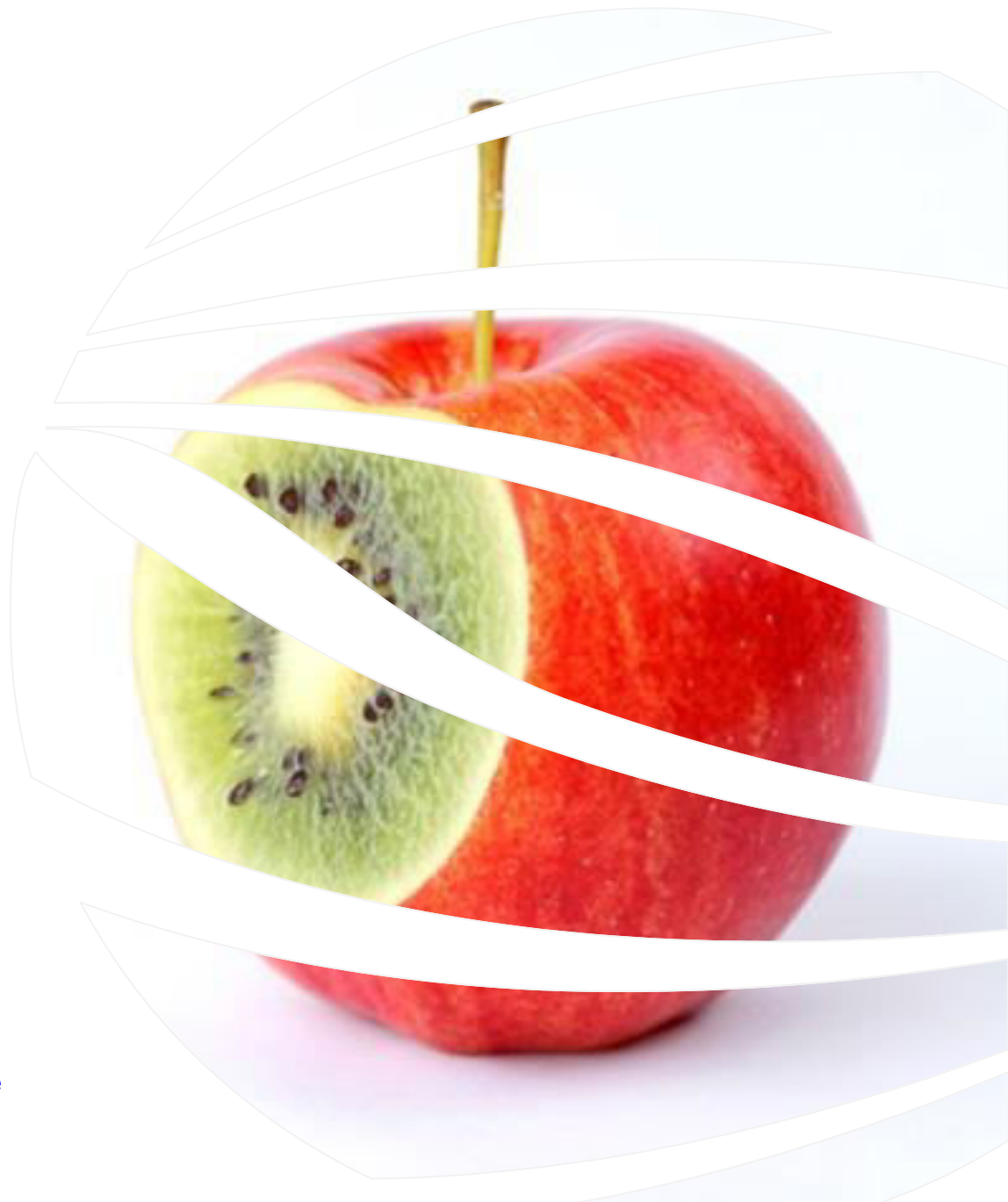


# Snack Foods See Continued Disruption



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 **Quick read**

## Introduction

Thanks to our hectic lifestyles, the food industry is no longer about inventing the next big meal idea, but about coming up with the next big snack for consumers who are continually short on time, and looking for healthier and tastier options - this disruption is setting and driving new trends in the market.

## Changing Landscape

Consumers now define snacks differently than a decade ago: We used to think a snack was crisps or biscuits. Now snacks can be anything from beverages to mini-meals. The large variety of snack foods include but are not limited to nuts, salty snacks such as chips/crisps, and sweet snacks such as popcorn, refrigerated snacks such as puddings, crackers, rice cakes, meat snacks such as beef jerkies, as well as dips and spreads such as peanut butter, salsa and hummus.

Perceptions of snacking have shifted from a behaviour to be avoided to a means of sensible eating. Snacking and what a snack is have been redefined to the advantage of the industry. Now, the consumers enjoy healthier snacks guilt-free with endless flavour possibilities.

## Competition

Snack foods compete against other “impulse” food items, including chocolate, cookies and crackers, baked goods, fruits and vegetables, and fast food, which makes the competition very intense. The table below not only shows a diverse mixture of what consumers consider snacks, but also that consumers do not have loyalty to any one type of snack.

Consumers crave variety, which has driven the industry to be more and more innovative over the last decade.

## Big & Bold Flavours

Consumers want big and bold flavours. This is essential to keep in mind when developing healthy snacks. Reducing sodium, fat and sugar in formulations for health reasons may often result in a product that is lacking in flavour. Successful snack

- Modern lifestyles demand modern food solutions, and the food industry is continually aiming to create healthier and tastier snacks for time poor consumers
- Perceptions of snacking have shifted from a behaviour to be avoided to a means of sensible eating
- Snack foods compete against other “impulse” food items, including chocolate, cookies and crackers, baked goods, fruits and vegetables, and fast food, which makes the competition very intense
- Consumers crave variety, which has driven the industry to be more and more innovative over the last decade
- Europe and the US remain the largest markets for snack foods. The Asia/Pacific region, Latin America, the Middle East, and Africa are the fastest-growing snack food markets
- The snack foods market is very fragmented and fiercely competitive, with a myriad of industry players
- Products made from uncommon seeds, pulses, grains, and root vegetables, as well as organic snack food products will continue to gain popularity in the market.
- Niche products that offer novelty flavours, shapes, textures or unique ingredients will also keep gaining traction.

brands are the ones that deliver great taste with healthy ingredients.

Snacks provide the convenience consumers want with a less expensive price tag than a full meal. Moreover, prices of snacks can be raised more quickly and easily with much smaller repercussions than staple foods – as snacks are often impulse purchases, buyers are willing to grab-and-go to satisfy an immediate craving while paying less attention to the price tag.



**Figure 1: % of Consumers Who Consumed Snacks in the Last Month (Global)**

Snack	% (who said they consumed)
Chocolate	64%
Fresh Fruit	62%
Vegetables	52%
Cookies/Biscuits	51%
Bread/Sandwich	50%
Yogurt	50%
Cheese	46%
Chips/Crisps	44%
Nuts/Seeds	41%
Gum/Ice Cream	33%

Source: Nielsen

## Global Snacks Market

Europe and the US remain the largest markets for snack foods. The Asia/Pacific region, Latin America, the Middle East, and Africa are the fastest-growing snack food markets. The US snack foods manufacturing industry includes about 500 companies with combined annual revenue of about \$30 billion.

Over the next five years, the industry is expected to continue growing as per capita disposable income rises, enabling consumers to purchase snacks more frequently and trade up to branded and premium varieties.

The snack food production industry has experienced a resurgence over the past decade, benefiting from the introduction of numerous healthy snacks and favourable product pricing. Consumers have become increasingly health conscious, seeking more nutritious varieties of traditional snacks, such as potato chips and popcorn. Industry operators have

successfully responded to shifting consumer tastes by introducing a variety of reduced-fat and low-calorie alternatives. Furthermore, new companies that specialise in nutritious snacks have entered the industry to capitalise on growing demand for these products. These newer products are priced at a premium when compared with mainstream and generic brands, boosting profit margins.

The snack foods market is very fragmented and fiercely competitive, with a myriad of industry players in a large number of categories from small to large. Demand is equally created through taste and health notions. And consumers want both at the same time. The right combination of flavour and ‘healthy’ is decided by the consumer at the time of purchase. Understanding the thought process behind these purchases is essential to supply the right product to the right consumer at the right time.

The SWOT analysis below provides an overview of the internal and external issues for snack companies and how these are being shaped and influenced.

## The Future

Consumers want healthy, yet flavourful options. Improving our understanding of consumer demand and the elements that shape demographic preferences will help manufacturers find the right balance between flavourful and healthy. It is the utmost important task for manufacturers who want to increase their chances of success in this highly competitive sector.

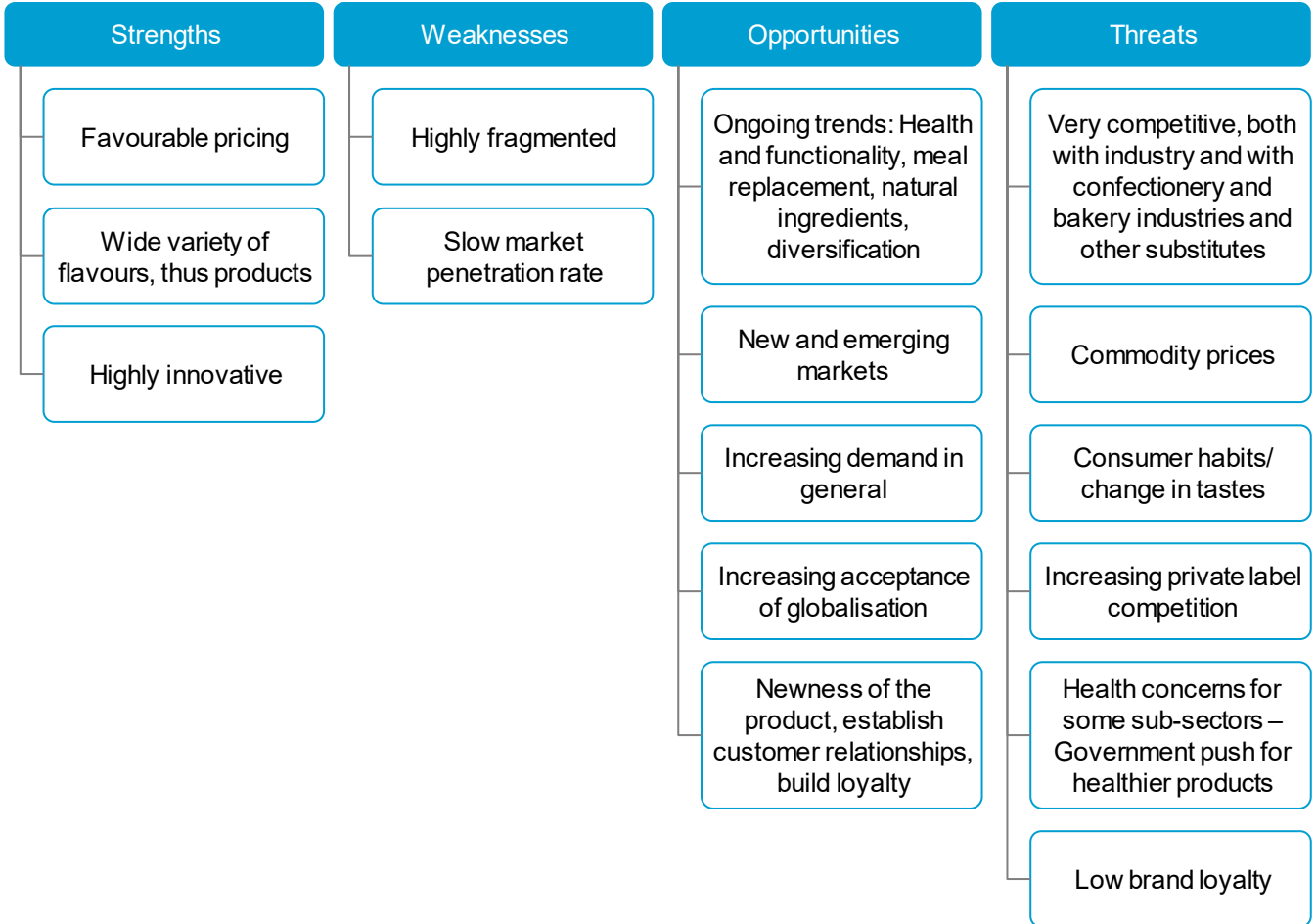
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Protein-rich snacks will keep gaining prominence, such as jerky products, nut butters, nuts and seeds and plant protein-based snacks. More high-protein nutrition bars will keep hitting the market. Plant-based proteins will continue to gain traction across the snack aisle.

Niche products that offer novelty flavours, shapes, textures or unique ingredients will also keep gaining traction. Products made from uncommon seeds, pulses, grains, and root vegetables, as well as organic snack food products will continue to gain popularity in the market.



**Figure 2: Snack Foods Industry SWOT Analysis**



Source: Farrelly & Mitchell Research, Nielsen

**Conclusion**

Modern lifestyles demand modern food solutions, and the food industry is continually aiming to create healthier and tastier snacks for time poor consumers. Perceptions of snacking have shifted from a behaviour to be avoided to a means of sensible eating. Snack foods compete against other “impulse” food items, including chocolate, cookies and crackers, baked goods, fruits and vegetables, and fast food, which makes the competition very intense. Consumers crave variety, which has driven the industry to be more and more innovative over the last decade. Europe and the US remain the largest markets for snack foods. The Asia/Pacific, Latin America, Middle East, and Africa are the fastest-growing snack food markets.

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**Expert in this Insight**

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