

Current Trends In The US Snack Industry

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In honor of National Snack Food Month , Euromonitor analyses the current trends in the US snack industry.

Hot/Spicy Flavours “Heat Up” the Market

Within sweet and savoury snacks, manufacturers are introducing new products aimed at consumers’ increasing affinity for hot/spicy flavours. In April 2011, for instance, Frito-Lay partnered with the Tapatio hot sauce brand to release Tapatio-flavoured Doritos, Fritos, and Ruffles chips/crisps (tortilla, corn, and potato, respectively). The company also launched its Cheetos Crunchy Fiery Fusion line in 2011, while other manufacturers worked with major hot sauce companies like McIlhenny Co (Tabasco brand) to produce spicy-flavoured snacks. This trend follows what we have seen in related categories like spicy chili/pepper sauces, which have seen dramatic growth in recent years. These spicy flavours are especially popular with younger consumers.

Unique Snack Formats Reshape the Industry

New product launches that offer consumers something new and unique in terms of format/taste continue to appeal to consumers. The success of brands such as Stacy’s Pita Chips (Frito-Lay Co) and Kettle Chips (Kettle Foods Inc) has generated new products such as “Popchips” and “Pretzel Crisps.” Frito-Lay also looked to capitalise on these trends by launching its Tostitos Artisan Recipes line in February 2011. With innovative flavours like Roasted Garlic and Black Bean, Frito Lay hopes that this unique introduction can build on this trend and help spark sales for Tostitos.

“All-Natural” is Key

Frito-Lay, the dominant player in the US sweet and savoury snacks market , has made a push to convert half of its entire US snacks portfolio to a natural-ingredient-only composition in recent years. Company advertisements featured a chef handcrafting Lay’s chips from fresh/natural ingredients in a kitchen, and Frito-Lay even set up a “flavour kitchen” in New York’s Times Square in which visitors were invited to observe the company’s snack-creation process from natural ingredients and sample various new snack flavours.

Merger/Acquisition Activity Grows

The snacks industry has seen important M&A activity in recent years. In 2010, a merger between Snyder’s of Hanover and Lance Inc created a newly-formed Snyder’s-Lance Inc, which was able to leverage its combined distribution network to expand sales. Then, in April 2011, Diamond Foods announced that it was acquiring Procter & Gamble’s iconic Pringles brand in a multi-billion dollar deal. For Diamond, this acquisition brings one of the largest and most important brands in sweet and savoury snacks to its portfolio and increases the company’s stature. These types of blockbuster deals have reshaped the competitive landscape of the snacks market.

“Healthy Alternative” Snacks Gain Momentum

While chips/crisps are still the dominant snack of choice for consumers, alternative options like dried fruit and nuts are growing very quickly. As products that emphasize health and wellness continue to grow in importance in the US packaged food market , these types of snacks have benefitted. Consumers tend to view dried fruit and nuts as healthier snack options and the perception that they are more “natural” than other snacks only increases this allure. At the same time, innovative marketing efforts by companies like Paramount Farms around the Wonderful Pistachios brand has generated significant consumer interest and has driven sales.

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