

It's Crunch Time for Crisps

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It seems that Britain, by far and away Europe's greatest snacking nation, is now curbing its crisp cravings. New research from MINTEL has found sales of crisps and savoury snacks taking a real tumble. This year, Britain is estimated to munch its way through 268 000 tonnes of crisps and snacks, a fall by as much as 12% since 2002, when volume sales peaked at around 306 000 tonnes. Not only are we eating less of these, we are also spending less on them. While total sales were valued at ?2.4 billion in 2002, in the past two years alone, sales have fallen by as much as 6% to just over ?2.2 billion.

"Last year may well have marked a turning point for the crisps and savoury snacks market, with sales entering a gradual but persistent decline which could well last for several years. Healthier eating trends, near market saturation and competition from alternative healthier snacking products such as cereal bars and dried fruit all present a threat to sales. Crisps and savoury snacks in particular have suffered from a real image problem, they are generally perceived as being predominantly high-fat, high-salt foods with comparatively few nutritional benefits. Another factor here is the declining population of children aged under 15, which fell by almost 4% between 2000 and 2005," comments David Bird, Senior Market Analyst at MINTEL.

Within the market, sales of savoury snacks** have taken the greatest battering, falling in volume by a staggering 17% between 2002 and 2005, while crisps have dropped by 9% over the same 3 year period. In terms of value, snacks have again suffered more than crisps, because despite the introduction of healthier rice-based, baked snacks, the sector has not enjoyed the same level of value-added and premium new product development as seen within the crisps sector. Premiumisation through the development of the hand-fried and added-value propositions within the crisps market has seen good growth in an otherwise disappointing market. Indeed, manufacturers have launched new products using a wider range of ingredients such as soy, rice, parsnips and other root vegetables which have offered some growth opportunities in this area.

Low fat, low sales

Despite increasing concerns about the state of the nation's health, and in particular their waistlines, sales of low-fat crisps and potato snacks have experienced only modest growth. Poor sales through small independent retailers, which tend not to stock healthy snacking ranges, have slowed impulse sales of these lower-fat potato crisps. What is more, as many as one in four (26%) of British are sceptical of manufacturers' low-fat/low-calorie claims.

"Consumers see crisps as an inherently unhealthy product and if they are dieting or adopting a healthier eating regime, they will avoid crisps completely rather than opting for a healthy variant. Some may even choose a healthier option, for example fruit, or cut out their snacking habits altogether," comments David Bird.

Beefing up the sales

Despite a 17% decrease in sales of ready salted crisps over the past 2 years, this flavour remains the nation's favourite flavour, accounting for a 26% value share in 2004. Sales of both cheese & onion and salt & vinegar crisps have also suffered in popularity, nevertheless they still account for a 20% and 18% market share respectively.

Although each accounting for just 7% in market value, the real star performers in 2004 are both prawn cocktail and beef derivatives. While sales of prawn cocktail crisps increased by as much as 91% between 2002 and 2004, sales of beef derivatives increased by a staggering 103%.

"As consumers' eating habits have become increasingly eclectic, so their tastes in crisp flavours have shifted away from the standard ready salted, cheese & onion and salt & vinegar flavours in favour of more prawn- and meat-influenced flavours. The passing of the BSE scare is reflected in the strong growth of beef flavours, while the rise in demand for other flavours reflects a trend towards the influence of ethnic cuisines," comments David Bird.

No longer child's play

As Britain's child population declines, manufacturers are facing challenging times. With children being key consumers of crisps and snacks, many manufacturers have been targeting other areas of the population. While some manufacturers have already specifically targeted younger males, most notably Walkers with its Nobby's brand, further extension of this trend could see snacks developed particularly for women (as has been seen in the confectionery market), using very bijou and feminine-oriented packaging.

"The development of vitamin-enriched snacks would appeal to parents for their children, Omega 3-enriched snacks would appeal to a range of health-conscious consumers, and a snack which offered cholesterol-lowering properties would appeal to middle-aged and older consumers who are currently among the lowest consumers of snacks," comments David Bird.

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