Salty Snacks - US - January 2013

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"The importance of price among salty snacks is a reason for the success of store brands in the category. Some 86% of salty snacks consumers say price is an important factor in their purchase decisions, and 36% of consumers who indicate purchasing less salty snacks in the past year say it is because products are too expensive."

– Beth Bloom, Food and Drink Analyst

In this report we answer the key questions:

- How can the category respond to a growing interest in health?
- How can brands fend off the growth of private label?
- How can the category grow participation among a Hispanic consumer base?

Mintel estimates that sales of salty snacks broke the $17 billion mark and reached an estimated $17.1 billion in 2012. This represents a 30% growth in sales since 2007. The salty snacks segments measured in this report fared well through the recession, evidence of consumers' investment in the products in the category.

While dollar sales of salty snacks are on the rise, more than one third of consumers report reducing consumption of products in the category between 2011 and 2012. Product pricing and health concerns are the two major factors driving such behavior, with 64% of consumers who reduced their consumption saying it's because products in the category are unhealthy/fattening and 36% indicating it's because category offerings are too expensive. Staying viable in the marketplace will require continued product innovation, including the development of natural and better-for-you (BFY) lines, as well as price positioning that emphasizes salty snacks' place as an affordable purchase.

PepsiCo dominates category sales, responsible for 53.2% of FDMx sales of the salty snacks segments covered in this report in the 52 weeks ending Nov. 4, 2012. The company owns leading brands across the segments, including Lay's, Doritos, Smartfood, Rold Gold, and Fritos. The remainder of the market is highly fragmented among many other companies fighting for a share of sales. Potato chips represent the largest share of category sales, comprising 43.2% of the market in 2012. The segment is significantly larger than the next largest grouping: tortilla chips. Meat snacks represent the smallest share of sales in the category (6.1% in 2012); however, the coming years may bring a renewed interest in the segment, due to expanding product innovation among leading brands, as well as to a perception of healthier snacking that comes from segment offerings being relatively low in carbohydrates and high in protein.

Given the small format, shelf-stable nature, and widespread appeal of salty snacks, items in the category find a market across a wide range of retail channels. Supermarkets represent the largest share, with 45.2% of total retail sales in 2012. However, sales growth at convenience stores and "other" retail channels, comprised of supercenters, warehouse clubs, dollar stores, drug stores, natural food stores, vending machines, and other non-store retailers, outpaced supermarket growth from 2007-12.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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