

Snacking – understanding existing trends, capitalizing on new trends and looking to counteract inhibitors in the market

Sample Pages
Reference Code: CS0598IS
Publication Date: May 2014



- Introduction and methodology
- Market value and volume of the global Snacking market
- Demographic analysis of Snacking occasions
- Analysis of the key drivers of Snacking occasions across the globe
 - *Changing meal-time habits are a key driver of Snacking occasions*
 - *Time scarcity and stress are key drivers of Snacking*
 - *Motivational drivers of Snacking tend to change throughout the day*
 - *Consumers are trying to alleviate the guilt with Snacking and incorporate it with a healthy diet*
 - *Self-entitlement is the key driver of Snacking occasions*
- Identifying how to capitalize on new opportunities in the global Snacking market
 - *People primarily purchase ethical products because it implies better quality and indulgence*
 - *Sharing products are more related to moments of escapism than the desire to genuinely connect with each other*
 - *Sensory fusion can be used to push the boundaries of premium within the Snacking market*
- Understanding the main barriers in the global Snacking market
 - *Health concerns will continue to be a major inhibitor to Snacking*
 - *The value for money of Snacks will increasingly be questioned*
- Recommendations
- Appendix

Snacking – understanding existing trends, capitalizing on new trends and looking to counteract inhibitors in the market is a detailed insight report highlighting the most important trends and untapped opportunities in snacking markets. The increase of fragmented meal times and the need for on-the-go products in both developed and emerging economies are directly influencing consumer product choices, fundamentally changing the way that people snack. The change in consumer lifestyles, including skipping meals and increased snacking on-the-go, means that retailers and manufacturers need to keep up to date with salient issues that are affecting consumers' eating habits. The report identifies the key consumer groups to target and provides recommendations to capitalize on growing trends that are driving consumption.

Find out who eats what, and why

This report identifies the key consumer demographic groups driving the consumption of Snacks based on demographic profiles: Developed Economies (France, Germany, Italy, Spain, the UK and the US) and Emerging Economies (Brazil, Russia, India and China). The figures showcase how frequently consumers snack and pinpoint exactly which regions are growing.

Identify key consumer targets

In addition the report identifies whether these demographic groups "over" consume in Snacking (i.e. they account for a higher proportion of occasions than the proportion of society they represent overall).

Understand the key trends shaping consumer behavior

Analysis of emerging consumer trends including meal time fragmentation and exactly how this is affecting the snacking market; in addition the report outlines products that have successfully capitalized on existing trends and the trends that are available for manufacturers to target with innovation in the future.

Future outlook

The report provides insight to highlight the "so what?" implications behind the data, and analysis of how the need states of consumers within your industry will evolve in the short-to-medium term future.

Rapidly growing snack markets offer exciting opportunities

- Global Snacking markets will grow at a faster pace than meal markets during 2013–2016: 4.1% for snacks and 3.6% for meals and meal components. Fragmenting meal times are creating new snacking occasions across the globe, driving the creation of profitable new opportunities for marketers
- Dairy snacks is the largest category within snacking, popular worldwide for providing a healthy and nutritious option. Their popularity will continue to rise as they meet consumers need to indulge, but also offer age-specific nutritional benefits
- Emerging Asia-Pacific is a huge opportunity for snacking marketers. Snacks consumption per person will almost double in volume terms between 2007 and 2017. Marketers do however need to be wary that the products they introduce into the Emerging Asia-Pacific region are specifically tailored to meet the differing needs and desires of the Asian population
- Western Europe is also rife with opportunities, with snacking forming a growing part of consumers' everyday lifestyles. Although Western Europeans account for only 8.5% of the global population, they consume over 30% of snacks globally. This presents marketers with a huge market which is full of opportunities for increased competition and innovative product launches



Demographic analysis of snacking occasions reveals strategies for growth

- Across developed economies, older consumers are the key demographic group to target as they consume a larger share of the snacks market than their share of the population. In targeting older consumers, manufacturers need to ensure that snacks are indulgent so they provide consumers with a sense of personal space and time and are specifically formulated to meet their age-specific needs, for example yogurts with added Omega 3 to help maintain brain health
- It is commonly assumed that snacking is most prominent amongst the busiest, most time scarce consumers, however this isn't necessarily the case. Consumers with different amounts of leisure time still snack as frequently as each other. This opens up new opportunities for marketers, who should develop snacks to meet the treat and reward needs of older adults with more time on their hands
- There are further opportunities available to target consumers who are stressed at work and sleep deprived. Stress and sleep deprivation figures are rising both in developed and emerging economies owing to work and financial pressures. These consumers snack throughout the day for escapism purposes, but will also want snacks that provide energy boosts



Fragmenting meal times are creating new snacking occasions across the globe

- Traditional meal times are gradually becoming fragmented and this is leading to increased snacking, both in developed economies and emerging economies. This means that consumers are looking to the snacks they consume for their daily nutritional intake and satiety. Successful new products in the market need to satisfy more than one need state by providing an indulgent snack, but also contributing to a consumer's nutritional requirements
- Snacking habits vary by the time of day. Consumers tend to eat more healthily in the morning with snacking becoming more indulgent and rewarding as the day goes on. For instance, a 2014 Canadean survey revealed that of the consumers that snacked on chocolate bars and potato chips, 80% did so in the afternoon and evening
- The snacking market is becoming segmented with snacks successfully targeted either in place of traditional meal times or towards informal grazing occasions
- Guilt is commonly associated with unhealthy snacking. Consumers try to avoid this feeling by maintaining an overall healthy lifestyle and using unhealthy snacks as a treat or reward. Manufacturers can capitalize on this in two ways; firstly marketing their products as the most indulgent treat and secondly creating healthy snacks which eliminate the guilt factor



Marketers need to understand the consumer behaviors driving emerging trends

- In recent years the market has seen an influx of ethical products, suggesting that ethicality is increasingly important to consumers. However this isn't the case. Instead consumers choose ethical products because they are associated with high quality and more artisanal production methods
- Sharing bags and pouches are becoming more prominent in retail outlets. This suggests that consumers are purchasing more snacks to share. However, these share bags are purchased by individuals as a more indulgent treat that offers them more escapism. In addition the share bags also provide energy throughout the day and are viewed as better value for money. Manufacturers should consider this format for use across categories rather than restricting their use to confectionary and savory snacks
- Consumers are increasingly seeking out snacks which provide them with an exciting experience, be it a new flavor, novel mouthfeel or involvement in a promotional campaign. This presents manufacturers with ample opportunities for innovative and creative new products



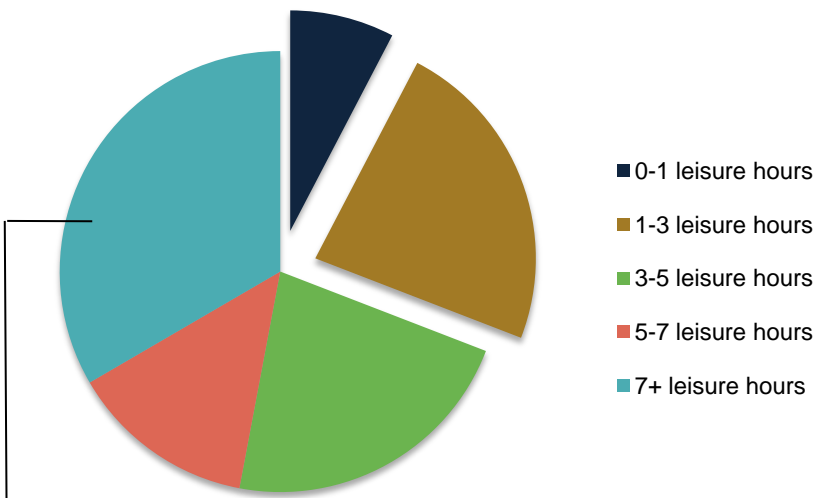
Understanding the main barriers in the global snacking market

- Obesity and related conditions have become the salient health issue across societies. Whilst this is making consumers more health conscious, these consumers still want an indulgent snack, which often gets in the way of consumers following through with their healthier intentions
- Rising obesity related health concerns mean some consumers are trying to limit, or even stop, snacking. Manufacturers need to stress moderation and offer smaller, individually sized portions of their indulgent snacking products
- Consumers are still demanding unhealthy snacks for escapism and rewarding purposes. Particularly since they have given up many big ticket items because of financial pressures
- Better Value for Money is the fourth most important trend motivating snack consumption. Some manufacturers have reduced their pack sizes in order to battle rising ingredients costs, however consumers are noticing that products are shrinking whilst prices remain constant. Manufacturers need to offer value for money in the form of sharing bags and multipacks so as to retain customers and maintain profit margins
- Quick Serve Restaurants are introducing saver menus in order to encourage footfall throughout the day. These saver menus provide new competition to traditional snacking outlets as consumers can purchase a hot and indulgent snacking item at reasonable cost



Time scarcity is resulting in more skipped meals and shorter meal time occasions, which is driving the number of Snacking occasions

Time poor or scarce consumers eat over 30% of Snack volumes.



The consumer group with over 7 hours leisure time is largely comprised (80.1%) of children under 16 and older consumers.

As the average working hours in a week rise and people increasingly continue their working day at home, more consumers begin to feel a strain on their leisure time. Consumers generally feel they have more exciting things to do than prepare meals, therefore meal times are skipped or become progressively shorter with consumers relying on continuous Snacking to respond to hunger and meet their nutritional needs.

This is especially true of single person households where consumers do not feel it is worth preparing a full meal for one. For example, in Canada there is a rising number of single person households, accounting for 27.6% of all household types in 2011. This, coupled with increased working hours, leads to consumers having to fit more activities into the day.

Canadean data shows that 31% of Snacking products by volume are eaten by those consumers with three or less hours leisure time a day. They have less time to cook due to shorter lunch breaks and longer working hours, therefore convenient Snacking appeals to them and fits in well with their busy lifestyles.

Case Study: Green & Blacks, integrating ethical and quality claims

Green & Blacks has successfully capitalized on consumers purchasing Snacks based on quality and ethicality in synergy.

The company has built its success on a high quality product that openly reveals the source of its ingredients and has high end packaging with gold lettering to promote its quality. The founders of Green & Blacks worked to source the highest quality cocoa beans and incorporate these into their recipes. The packaging appears exclusive with muted tones and metallic lettering that would usually be associated with high end products.

The rapid growth that Green & Blacks has experienced demonstrates that customers will buy ethically so long as they do not see any compromise on indulgence or feel they have to pay explicitly for it. When consumers purchase a Green & Blacks bar of chocolate they believe they are purchasing the most indulgent and highest quality product available, the fact it has ethical credentials is an extra rather than a motivation for purchase.

The company has also been successful in retaining its small and niche status following the buy out by Cadbury, which has enabled the Green & Blacks products to retain their exclusive brand image.



Green & Black's is the leading organic Confectionery brand in the UK. The company's products are renowned for being of excellent quality with strong ethical credentials.

Sensory aspects are increasingly important in providing indulgence to tired consumers

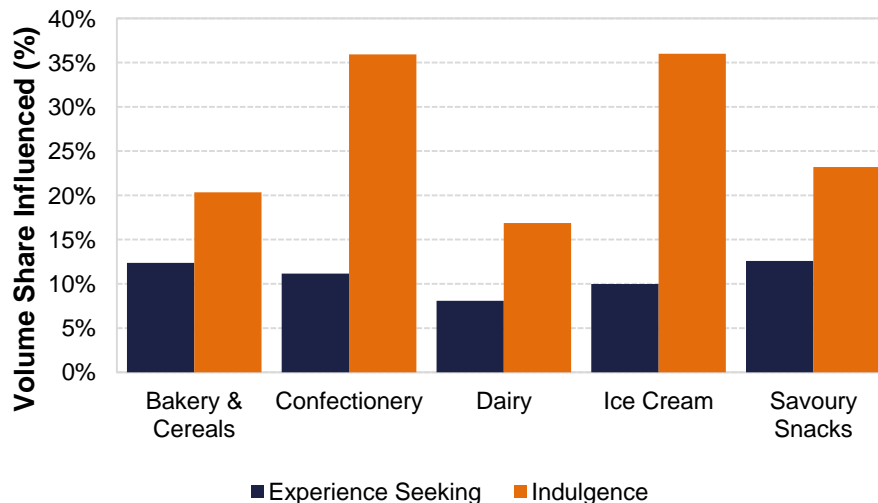
Consumers are increasingly short of time; this time-scarcity can be either real or perceived. Consumers therefore will be seeking escapism to create their personal space and time. As consumers begin to perceive that they have less time available for themselves, they feel the need to make their spare time really count.

Therefore, escapism and relaxation are very important to consumers and products that offer added indulgence will grow steadily in popularity. However, the emergence of the Experience Seeking trend is an interesting opportunity for marketers and presents a whole new group of consumers. These consumers are seeking Snacking products which provide them with something different to the norm, be it a new, exciting flavor, interesting aromas, innovative packaging or an unusual combination.

As the graph shows, the Experience Seeking trend influences a significant percentage share of consumption.

As the market for Experience Seeking continues to increase, consumers will increasingly demand innovation into new, exciting experiences. Manufacturers need to consider investment in this area and the launch of products that provide interesting and novel experiences.

The Influence of the Indulgence and Experience Seeking Trends by Sector



Manufacturers should target the Emerging Asia-Pacific region

The Emerging Asia-Pacific region offers a rapidly growing market where the per capita consumption of Snacks will increase by 50% in the space of just six years. This is due to the westernization of diets; as consumers here become more exposed to western lifestyles they gradually adopt traits and habits, in this instance frequent Snacking. This presents opportunities, particularly for western companies, to increase their revenue derived from international trade by targeting countries in Emerging Asia-Pacific. However, companies considering launching into this area need to be particularly cautious as the demands of consumers will be very different to the demands of western consumers.



Oreo has found success in Emerging Asia-Pacific by offering variations of their products that better meet the needs and demands of Chinese customers.

There are missed opportunities for manufacturers to target women and older consumers

Within developed economies the demographic groups of women and older consumers over-consume Snacks. This means that when we compared the group's share of the population and the share of consumption, they consumed more than their proportionate fair share. As a result, manufacturers should be targeting products specifically at women by promoting the indulgent factor alongside the product's ability to create personal space and time. The opportunity also exists to target older consumers with Snacks that meet their needs, for example, dairy Snacks with added calcium to help battle rising cases of osteoporosis.



Muller has introduced a deluxe range which is launched in numerous countries and targeted at women with feminine flavors including Marc de Champagne and Crème Praline.

This report is comprised of two data research programs

MARKET DATA

- **Method:** analyst triangulation of consensus numbers based upon comprehensive primary and desk research as part of an international research programme.
- **Coverage:**
 - 50 Countries
 - 5 Snacking sectors, 21 categories
 - 8 channels
 - Value and Volume data
 - Internationally comparable data
 - 100% standardized definitions

CONSUMER DATA

- **Method:** extensive consumption surveys and consumer group tracking with strict age and gender quotas to ensure nationally-representative results.
- **Coverage:**
 - 10 Countries
 - 20 Consumer Trends
 - 26 Consumer Groups
 - 21 Snacking categories
 - Integrated market sizing at the country and category level
 - Interim 2013 Consumer data generated by mapping 2013 Market size data onto 2012 Consumer data consumption values

Details on the methodology for both of these research programs can be found in the Appendix.



What next for Health in Food? Consumer Lifestyles, Nutrition, Food Labelling & Product Choice

Disease-related, demographic, and desire-led drivers are making health of growing importance to food marketers. However, barriers such as cost, habits, and confusion over how to eat healthily are limiting consumer's ability to act on these drivers. After exploring these drivers and barriers, this report focuses on the health solutions available to consumers, the best practice case studies and the actions food marketers need to take to make the most of the increased focus on health .



Consumer Trends Analysis: Understanding Consumer Trends and Drivers of Behavior in the UK Savory Snacks Market

As a consequence of the recessionary environment in the country, consumers are eating out less and entertaining more at home, engaging in indulgent snacks as an affordable treat to offer friends and family. Savory Snacks are relatively low cost, even for more premium offerings, making them an attractive way of treating oneself regardless of the occasion.



Consumer Trends Analysis: Understanding Consumer Trends and Drivers of Behavior in the French Savory Snacks Market

The hectic lives of consumers will continue to influence Savory Snack consumption in France, with time-scarce consumers looking for quick, convenient food solutions. French consumption is driven by the pursuit of pleasure and indulgence, with products that offer decadent flavors and textures experiencing demand as indulgent on-the-go treats.