

## SNACK FOODS- 2003

The snack food industry sector consists of establishments primarily engaged in manufacturing of salted snacks, such as potato chips, corn chips, tortilla chips, popped popcorn, pretzels and similar snacks (NAICS 311919) and salted and roasted nuts and seeds (NAICS 311911). The snack food industry sector also includes consumer-ready packaged chocolate and non-chocolate candies (NAICS 311320, 311330 and 311340), cookies and crackers (NAICS 311821), unpopped popcorn, and meat snacks.

### GLOBAL INDUSTRY TRENDS

The world snack food market has continued to grow reaching an estimated \$66 billion in 2003. The United States continues to be the largest market, accounting for about a third of the world's total and Japan and the United Kingdom, together, another quarter of the world's total.

The spread of Western eating habits to other parts of the world continue as lifestyles in those parts of the world become busier, and traditional family meal times become a thing of the past. As a result, the demand for snack foods continues to increase.

### GLOBAL MARKET PROSPECTS

U.S. snack food exports rebounded in 2003, increasing approximately 6.2 percent, following a 9-percent drop in 2002. Since 1997, U.S. exports of snack foods has hovered around \$1.1-\$1.3 billion. Our largest trading partners, our NAFTA Partners (Canada and Mexico) accounted for over 53 percent. Exports to those two countries combined increased almost 14 percent. Our second largest trading region, Western Europe, which accounted for about 14 percent of U.S. exports grew over 10 percent. (See Tables titled "U.S. Exports of Snack Food Products, by Region 1997-2003 and "U.S. Exports of Snack Food Products in 2003" for details.)

In 2003, the largest export category was chocolates and candy at 44 percent, followed by salted snacks with 34 percent and other snacks, which includes baked sweet goods, cookies & crackers, meat snacks and popcorn, with 22 percent.

While Salted Snacks experienced a 3.4 percent decline in exports, candy, chocolate and non-chocolate combined grew almost 12 percent and other snacks, almost 12 percent. Table titles "U.S. Exports of Snack Food Products by Product Category" will provide more disaggregated data.

### INTERNATIONAL MARKET REPORTS

The following discussions of selected country markets are based on U.S. Department of Agriculture FAS Attaché Reports. For the complete report, using the reference code, check <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>

## **Indonesia Snack Food (ID4015- Published April 2004)**

Estimates of the value of Indonesia's snack market vary considerably, but it is generally considered to be in the range of \$450 million. Of this total, traditional snacks account for about 50 percent of the total, while Western snacks comprise about 20 percent. The remaining 20 percent of the market is peanuts and other nut snacks.

Both large snack producers and small and medium enterprises (SMEs) play key roles in the snack market. Generally, larger firms produce Western style snacks for middle and upper income consumers, while SMEs produce mainly traditional snacks for lower income consumers. Snacks produced by SMEs are often not branded and sold in bulk without packaging. However, these snacks are popular and compete very strongly against snacks produced by large-scale manufacturers.

Continued strong growth in the snack food market is expected. If the current rate of growth continues, the Indonesian snack market could reach a value of 6,000 billion Rupiah (\$723 million) or more by the year 2007.

Snacks are a major part of the daily diet for many Indonesians as can be seen in the abundant variety of traditional local snacks available throughout the country. The wide availability of these snacks is due to the large numbers of SMEs and home industries operating in the snack industry. The majority of these snack producers often market their snacks only in the local area.

The wide availability of traditional snacks gives this segment of the snack industry an advantage over western snacks, which are mainly found only in modern retail outlets in urban areas. Traditional snacks made by local SMEs, on the other hand, can be found in almost any outlet nationwide, from larger retail outlets down to small village shops and kiosks. Very few SME snack producers sell their products through modern retail outlets because the fees charged are usually too high. The vast majority of snacks produced by SMEs are nuts, crackers, and chips, which make up almost 70 percent of the entire snack market.

**Export Potential for Ready-to-Eat Snacks:** Imports of ready to eat snack products of cereal based snacks, potato chips, and nuts in 2002, according to Indonesian official statistics, was about US\$ 7.31 million. Industry sources estimate that the actual figure for snack imports is higher. However, the total value of imported snack products is still considerably small compared to the total value of Indonesia's snack market. Imported snack products with high potential in the Indonesian market include:

- Prepared foods obtained by the swelling or roasting of cereals
- Prepared Potatoes
- Prepared unroasted groundnuts
- Popcorn

**Export Potential for Ingredients for Indonesian Snack Food Manufactures:** Although imported materials and ingredients account for a rather small portion of the overall Indonesian snack market, the gradual economic recovery and relatively strong growth in the snack food market is raising the prospects for imported ingredients, such as fresh and processed potatoes, wheat, corn, seeds and nuts, to flavorings and seasonings. **Mexican Snack Food Market (MX3310-Published June 2003)**

## **Mexico Candy and Confectionery products (MX3315-Published July 2003)**

Growth in the Mexican import market for snack foods remains strong in one of the fastest growing import markets in the world. The increasing per capita income in Mexico, consumers' recognition of U.S. products' high quality and value, and consumption trends toward more international tastes create very good entry opportunities for U.S. snack food producers. Local companies are the principal suppliers to this market and the main competitors to U.S. snack food exporters. Still, the United States has more than a 98 percent share of the import market for snack foods in Mexico, and an increase in average annual sales of 38 percent from 1999 to 2001 indicates that domestic demand continues to rise

Mexican production of snack foods in dollar terms increased from an estimated \$1.154 billion in 1999 to approximately \$1.750 billion in 2001. Local producers are the principal suppliers to this market and the main competitors to U.S. snack food exporters. Driven by competition from imported snack products, Mexican companies have improved their technology and, hence, product quality in recent years; these companies have also developed new products and have begun to use traditional local ingredients.

The statistics on sales of imported snack foods to Mexico are dramatically different when comparing U.S. and Mexican trade and commercial figures. For example, in 2001, U.S. customs figures indicate sales of over \$394 million of U.S. snack foods to Mexico, while Mexican figures indicate that total sales of imported snack foods from all sources was about \$92 million in total. Regardless of these statistical differences, it is clear that the market for imported snack foods is growing and presents an excellent opportunity for U.S. exporters.

Mexican consumers, especially the younger generation, are rapidly adapting to more international ways-of-life and purchasing imported items; of the approximately 100.4 million Mexicans, a significant and growing share, approximately 22 percent, have the purchasing power and disposition to buy imported goods. Mexican imports of snacks increased from \$52.3 million in 1999 to \$92.0 million in 2001.

Mexican consumption of snacks increased from \$1.194 billion in 1999 to an estimated \$1.819 billion in 2001. Mexican per capita consumption of snacks was calculated at 2.1 kilos per person (4.6 lbs. per person) in 1999 and 2.6 kilos per person (5.7 lbs. per person) in 2001. In a regional per capita consumption analysis, the Northern area of Mexico was found to have the highest consumption value with 4.4 kilos per person, and 6 kilos per person in the Monterrey Metropolitan area.

Potato chips are the most popular snack food, accounting for 35-47 percent of all snack food sales in Mexico in 2001. Corn chips follow closely with 21-25 percent of the market; corn puffs and similar products cover 11-18 percent. The remaining popular snack categories include popcorn, spiced peanuts, mixed nuts, broad beans, chickpeas, fruits, seeds and other non-generic products.