Consumer Corner

Issue 48

January 2019

An update from the Competitiveness and Market Analysis Section, Alberta Agriculture and Forestry.

The articles in this series include information on what consumers are buying and why they are buying it.

Snack Food

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What are Snacks?

The snack food industry comprises establishments primarily engaged in salting, roasting, drying, cooking or canning nuts; processing grains or seeds into snacks; manufacturing peanut butter; or manufacturing potato chips, corn chips, popped popcorn, hard pretzels, pork rinds and similar snacks[1].

Snacks are satisfying consumer cravings and the global snack food category has grown at a compound annual growth rate of 10 per cent between 2012 and 2016.[2] **In 2016 the snack food industry in Canada was valued at $12.6 Billion.**[3]

Consumers primarily define snacks by time of consumption (non-traditional meal hours), and secondarily by item size. Canadians are snacking between meals more often now than in 2016 as they increasingly rely on snacks to get them through their days.[4] According to a recent study[5], Canadians' view of snacks is expanding to include beverages as well as a wider variety of foods including healthy food and beverages.

Canadians love their snacks:

- The average Canadian enjoys 12 different types of snacks in a 30-day period.
- Nine in ten Canadians snack multiple times a day on a wide variety of foods that include everything from traditional salty snacks to cookies, crackers, jerky, fruit, nuts and confectionery. [6]
- 55 per cent snack between meals at least twice per day. [7]
- 37 per cent say they typically skip or replace one to two meals per day with snacks.
- 63 per cent somewhat agree that having a snack instead of a meal can be part of a healthy diet. [8]

[1] Government of Canada. Canadian Industry Statistics. https://www.ic.gc.ca/app/scr/app/cis/summary-sommaire/31191
[2] https://www.nielsen.com/ca/en/insights/news/2018/booming-snack-sales-highlight-a-growth-opportunity-in-emerging-markets.html
[3] http://www.canadiangrocer.com/top-stories/snacking-innovations-an-opportunity-for-retailers-69942
[4] https://www.technomic.com/available-studies/canadian-consumer-trend-reports/snacking-occasion
[5] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.
[6] http://www.canadiangrocer.com/top-stories/snacking-innovations-an-opportunity-for-retailers-69942
[7] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.
[8] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.

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Snacks now include non-traditional foods once positioned strictly for breakfast, lunch, or dinner meals as illustrated in Figure 1 below. [9]

Figure 1: Top Ranked Non-traditional Foods Consumed as Snacks

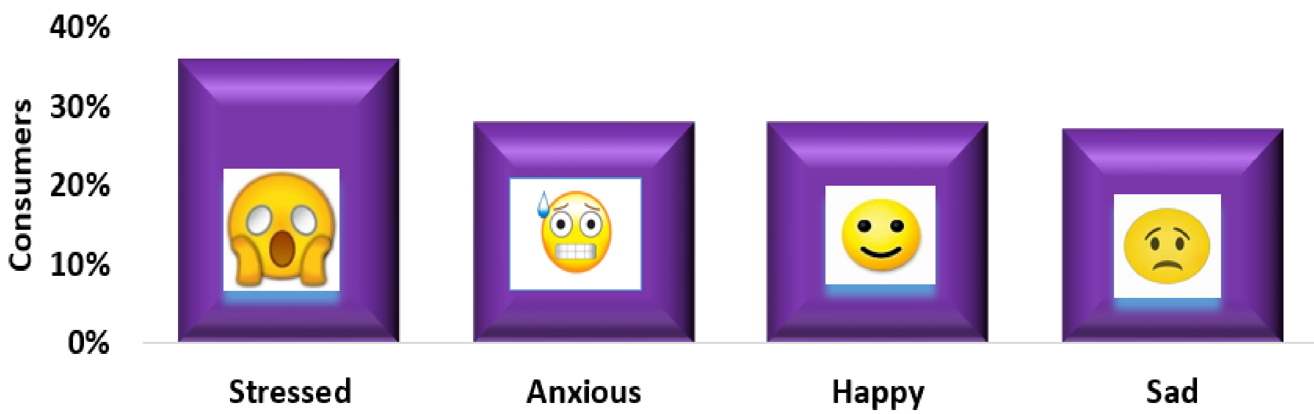
Source: IPSOS

Why Do People Snack?

Time constraints and a desire for **convenience** result in more than a third of consumers replacing at least one meal per day with snacks.[10] Grab and go snack boxes made daily offer opportunity to meet the demand for convenience.

Mood also plays a pivotal role in snacking as illustrated in **Figure 2**. In essence, snacking occurs whether people are experiencing positive or negative emotions. Positioning snacks as pick-me-ups and highlighting mood-boosting attributes like antioxidants and vitamin D can help to reach consumers on a deeper level and drive sales.

Figure 2: Influence of Mood on Snacking[11]



Source: Technomic Canadian Snacking Trend Report

[9] Canadian Grocer, The evolution of snacking, July 12, 2018
[10] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.
[11] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.

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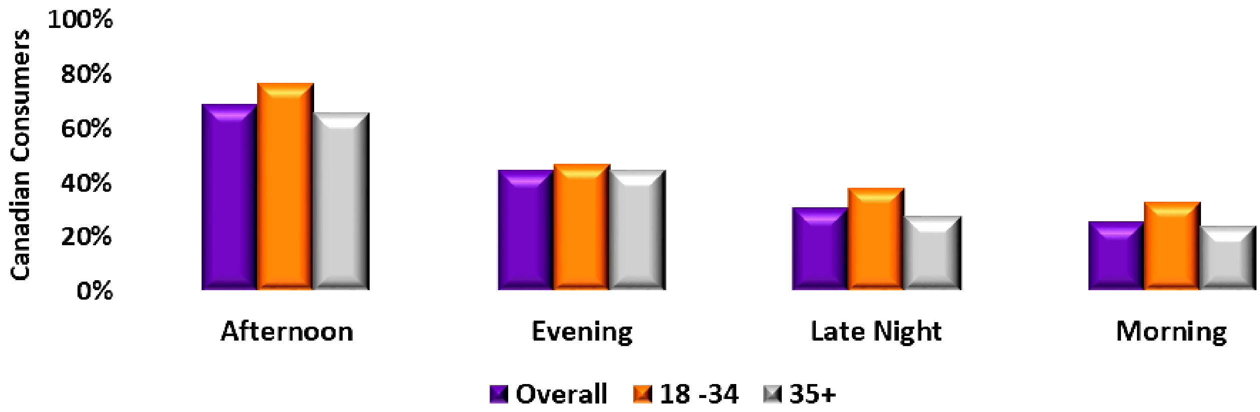
When do Canadians Snack?

Canadians snack throughout the day. However, as depicted in **Figure 3**, the most popular time for snacking is in the afternoon lead by the 18 – 34 year old age group.[12]

Figure 3: Time of Day Canadians Snack

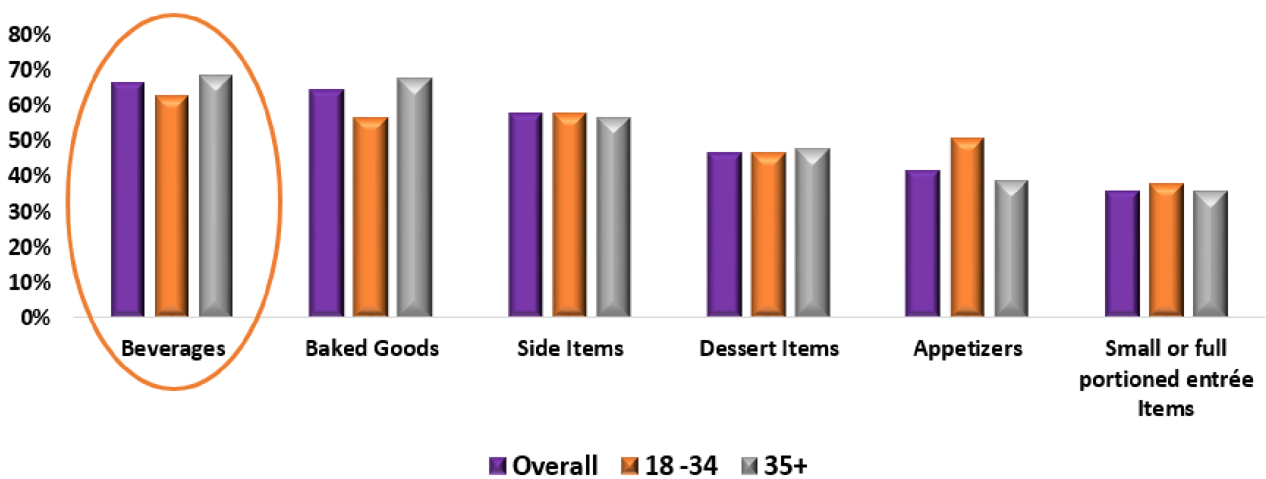


Source: Technomic Canadian Snack Food Occasion Consumer Trend Report

What do Consumers Snack On?

Consumers snack on a wide variety of items. Only 22 per cent say they typically have the same type of food/beverage each time they snack. As highlighted in **Figure 4**, *beverages* are the most preferred snack category followed by *baked goods, side items, desserts, appetizers* and *entrées*.

Figure 4: Preferred Snacks by Category



Source: Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.

[12] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.

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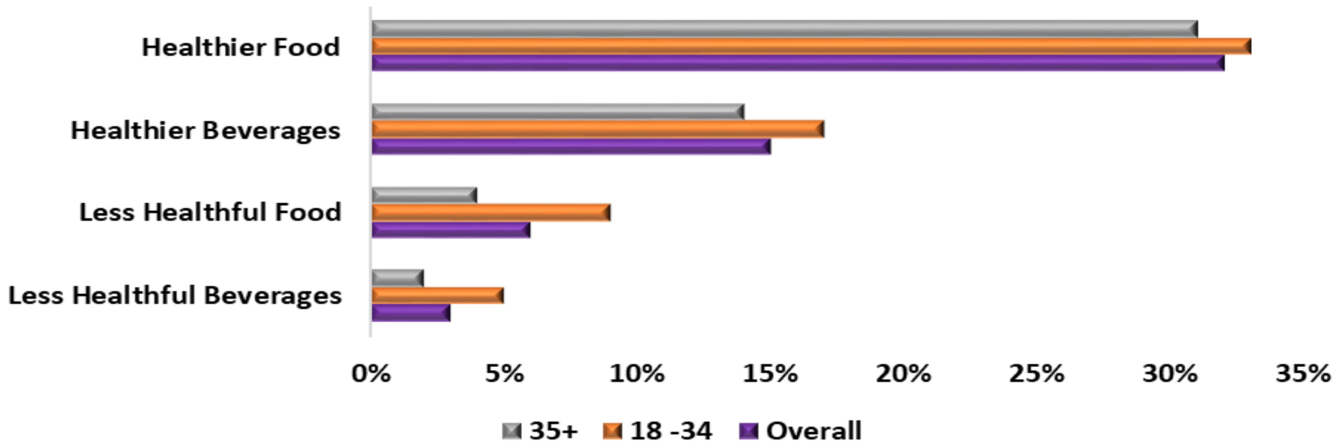
Healthier Snacks

While convenience, availability and taste are still point-of-entry needs for snacking, **Canadian consumers are unwilling to sacrifice quality for ease of access.**[13] What attributes are consumers seeking in "healthier" snacks:[14, 15]

- High protein
- Energizing
- High fibre
- Stress relieving
- Contains antioxidant
- More fresh, less-processed items

As depicted in **Figure 5**, Canadian consumers (32 per cent) say that they are switching to more healthy food and beverages in comparison to 2016.[16]

Figure 5: Shifts Since 2016 – Compared to 2 years ago, I am snacking on…..



Source: Technomic Inc. Canadian Snacking Occasion Consumer Trend Report

Ethnic Snack Food Trends

The popularity of ethnic snacks is relatively low overall, which may be because these options are less widely available than other snacking staples.[17] Snacking is a good way for consumers to experiment with new and ethnic flavours because snacks are less of a cost commitment.

As an example, in the food service sector, adding ethnic appetizers/snacks to menus may help draw in consumers. Integrating unfamiliar ethnic flavors into familiar items like ramen, donair and Caribbean/Jamaican patties can help put consumers at ease. Dish descriptions and photos can help with this as well.[18]

Younger generations tend to be more ethnically diverse and more open to trying new foods. In the food service sector, as noted in **Figure 6**, among younger consumers, the popularity of ramen is likely due in part to the inexpensive instant packaged version which has become a staple for dorm-dwellers across college campuses. Donairs are also a popular late-night option among this age group.[19]

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[13] http://www.canadiangrocer.com/categories/health-wellness/the-evolution-of-snacking-81847
[14] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.
[15] http://www.canadiangrocer.com/categories/health-wellness/the-evolution-of-snacking-81847
[16] Technomic Canadian Snacking Occasion Consumer Trend Report.
[17] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.
[18] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.
[19] Technomic Inc., Canadian Snacking Occasion Consumer Trend Report 2018.

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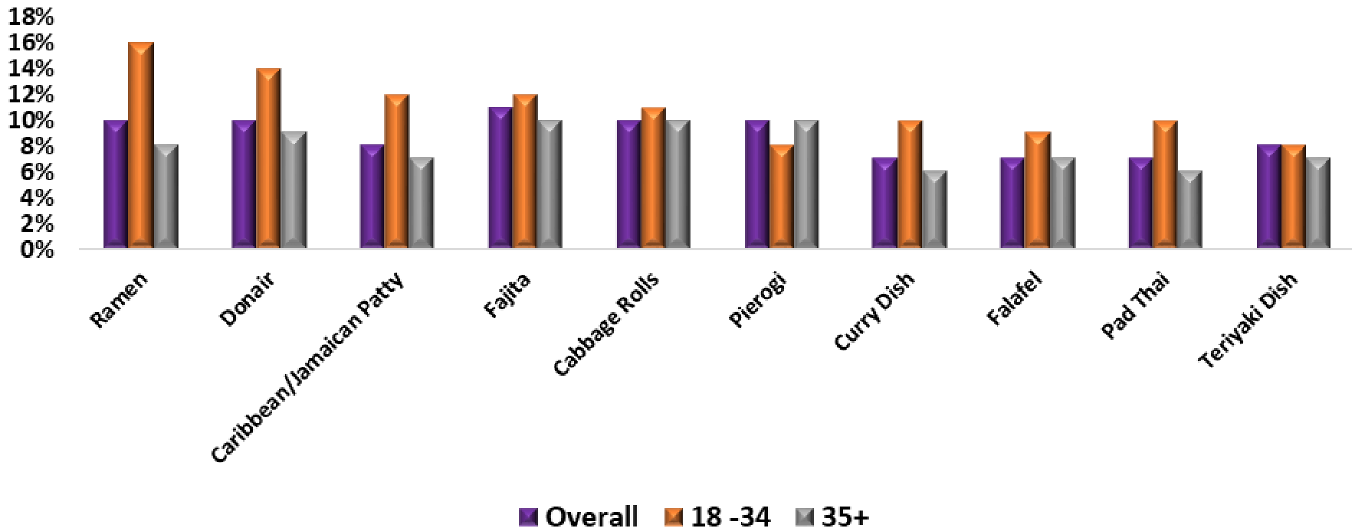
Figure 6: Ethnic Snacks in the Food Service Sector



Source: Technomic Canadian Snack Food Occasion Consumer Trend Report

Trends:[20]

While overall snack consumption is rising, there are some particular snacking trends that are experiencing growth such as:

Functional snacks

- Nutritional, functional and filling items positioned as ideal snacks
- Smoothies, juices and other novelties aimed at energizing and hydrating consumers while also staving off hunger
- Increasingly beverages feature superfoods that have been gaining popularity in salads, wraps and other foods

Next-level fries

- Seasoned or “loaded” fries positioned as craveable sides, starters or snacks
- Herbs, cheeses, proteins and sauces adding flavour to an already-popular snack
- MenuMonitor shows a 44 per cent increase in the number of Top 200 chains offering seasoned/herb fries as a side since 2015
- New varieties tend to be distinct from popular poutine by using different, often lighter, ingredients

Amped up veggie snacks

- Cauliflower, Brussels sprouts, artichokes and other trendy vegetables
- Bold sauces, global ingredients often featured to amp up the appeal of veggies
- Vegetables taking the place of proteins in traditional applications, such as Buffalo cauliflower

[20] Technomic Canadian Snack Food Occasion Consumer Trend Report 2018.

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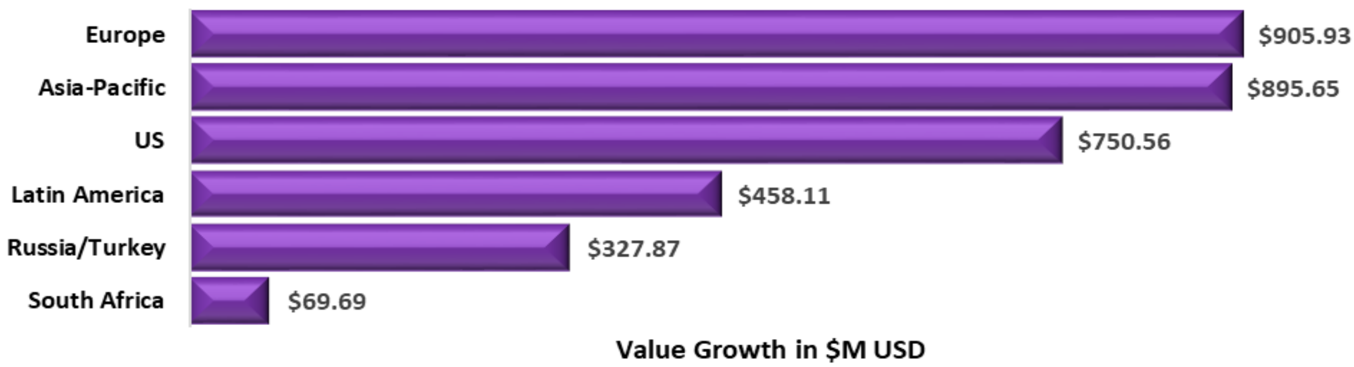
International Market Opportunities

As illustrated in **Figure 7**, global snack food sales are significant. A rare global growth story, snacks are satisfying consumer cravings around the world—in fact, the **snacking business grew by US$3.4 billion globally in 2017** with Europe in the lead, followed by Asia-Pacific.

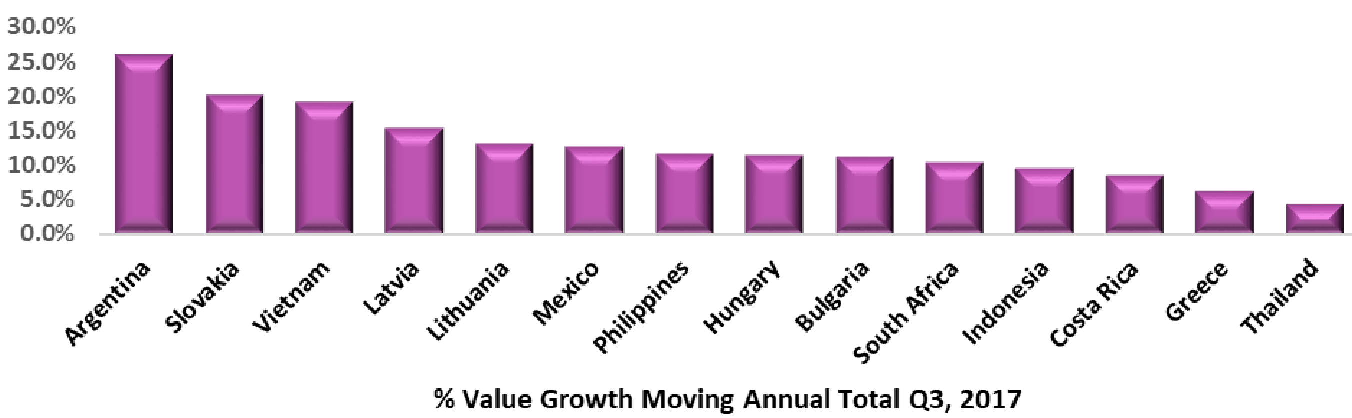
Figure 7: Snack Food Sales Soar Around the World



Source: Nielsen Retail Measurement Services Moving Annual Total Q2 2017

As highlighted in **Figure 8,** many emerging markets rise to the top of those with an increased appetite for snacks. Seeing sales growth in non-essential categories, like snacks, is a good indicator that consumers in these countries are ready and able to spend beyond the bare necessities, marking an incredible opportunity for snack food companies in these markets.[21]

Figure 8: **Where Snacks are Surging**



Source: Nielsen Retail Measurement Services

[21] The Nielsen Company (US), LLC

Snack Food

To effectively target snacking demand, consider the following emerging need states (planned indulgence, mindful choice, mood-lifting health, personal health) as key opportunity areas:[22]

Table 1: Key Opportunity Areas

Key Opportunity Areas	
Planned indulgence	Seventy-six per cent of items sourced as snacks are part of a planned purchase. While more indulgent snack food choices have tended to be higher-impulse purchase items, consumers are reporting that they are more frequently planning their snack purchases.
Mindful choice	More than half (51%) of Canadian adults report regularly reading labels and ingredient information. Among those, more than two-thirds (69%) report that the information they obtain informs their decision to buy a product.
Mood-lifting health	The desire for pleasure is a key factor in determining which snacks consumers choose. As a result, products consumed to meet mood-lifting health needs (such as cheering oneself up, relaxing, promoting mental harmony, and feeling less stressed) are wide and expansive. Options range from fresh fruit to chocolate to wine.
Personal health	Personalized health will continue to focus on meeting individual goals centered on proactive wellness, dietary sensitivities, and managing health conditions. Almost a quarter (24%) of consumers select their food and beverages to meet a wellness goal such as boosting energy, aiding digestion or enhancing skin, hair and nail health.

Source: Canadian Grocer

Impact of Age on Snack Food Consumption:

Each generation views snacking differently as illustrated in **Table 2**. Knowledge of generational preferences can assist in successfully targeting market opportunities in the snack food arena.

Table 2: Generational Preferences for Snack Food

Generational Preferences for Snack Food	
Generation Z Child	Yogurt is almost twice as likely to be consumed by a Generation Z child as a snack – illustrating the parental influence over how and what this group eats. This group is much less likely to snack on nuts, probably because so many schools have enacted rules against them.
Generation Z Teens	This group is 1.3 times more likely to snack on rice cakes or rice-based chips or crackers – possibly owing to their more health-conscious mentality.
Millennials	Protein bars and other meal replacement bars – products such as Luna bars – are 1.2 times more popular with millennials. “They’re quite expensive, but they have a very specific purpose, they’re very functional and have fewer ingredients,” Ipsos Canada’s Kathy Perrotta said.
Generation X	Aside from the Generation Z kids, the Generation X group is least likely to indulge in less healthy snacks. But when they do, they’re 1.2 times more likely than other groups to turn to cake.
Baby Boomers	Like the Generation Xers, Baby Boomers have a sweet tooth and are 1.5 times more likely than others to turn to baked goods.

Source: Ipsos FIVE

[22] http://www.canadiangrocer.com/categories/health-wellness/the-evolution-of-snacking-81847

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What does this All Mean?

- There are opportunities for Alberta producers and processors to capitalize on the growing snack food market both domestically and internationally in established as well as emerging markets.
- Because beverages are the most commonly consumed snack items, there are market opportunities for agri-food producers and processors in the beverage snack market. Specifically fruit and vegetable smoothies and juices continue to offer opportunity. Health-halo attributes (e.g., all-natural, GMO-free, additive-free, etc.) in combination with high-protein claims and functional claims such as “energizing,” can help position these beverages as smart meal replacement choices.
- In addition to traditional snacks, consumers are demanding snack foods that are healthier, provide ethnic flavours, and can function as meal replacements.
- Alberta potato growers have an increased market opportunity with the rising consumption of various types of flavoured French fries.
- Target marketing is essential in capitalizing on snack food demand. There are generational shifts in snack food preferences. Although there are many variances among these groups, typically, Baby Boomers prefer snack items such as baked goods while Millennials prefer protein bars, Generation Z children prefer yogurt, Generation Z teens prefer rice cakes or chips and crackers, while Generation X prefer healthy snacks.
- Since 50 per cent of consumers snack 2-3 times per day between meals, these occasions often serve as a pick-me-up. Snacks sold in packaging containing separate compartments with a different type of snack in each could help provide portion control and variety for each separate snacking occasion throughout the day. Marketing could position these snacks as “survival packs” that help consumers get through their days without feeling like they binged on snacks or overate.

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