MODERATE GROWTH EXPECTED IN HEALTHY SNACKS MARKET

Shifting Distribution Channels And Diverging Consumer Demands Drive $3.4 Billion Market

December 1996/New York, NY — Sales of healthy snacks reached close to $3.2 billion in 1995, according to The Market For Healthy Snacks, a new report by the New York City based consulting and research firm FIND/SVP. The report defines healthy snacks as products with built-in consumer perceptions of healthfulness, or products which have been reformulated and/or repositioned to be perceived as healthy by consumers. FIND/SVP predicts healthy snack sales will reach almost $3.4 billion in 1996. The study cites shifting and expanding distribution channels and new, sometimes conflicting, consumer demands as key factors in sustaining growth.

Diverse Market With Many Shared Trends

The healthy snack market is made up of a number of segments, including ready-to-eat and microwave popcorn, granola and other grain-based bars, processed formed snack and dried snacking fruit, rice cakes, and trail mix. This group comprises the majority of healthy snack sales and also has the strongest consumer perceptions of being truly healthy. The study also includes corn nuts, soy nuts and vegetable-based snacks, as well as lowfat, low-salt chips and pretzels.

The distinct segments share a number of trends. FIND/SVP notes that all manufacturers are attempting to expand traditional audiences for snacks and are creating line extensions which cater to conflicting consumer demands for nutritional snacks and indulgent snacks.

The report cites shifting trends in distribution channels of healthy snacks as another factor supporting growth. Natural foods, once a niche product only available in health food stores, are now established categories and readily stocked on supermarket shelves. Major snack food manufacturers, on the other hand, are depending increasingly on nonsupermarket channels, such as mass merchandisers.

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Flat Popcorn Sales

Popcorn sales were the highest of all healthy snack market segments. Though microwave popcorn saw double-digit growth in the 1990’s, sales are now flattening as the market matures.

FIND/SVP reports that popcorn marketers, across the board, are seeing success with extremely lowfat versions of their product and, paradoxically, extra-rich Movie Theater buttery lines. Growth in this latter product category is occurring despite the “movie-theater popcorn scare” in 1994, which brought consumer attention to the use of coconut oil in popcorn making.

Growth Strong For Rice Cakes And Granola Bars

Rice cakes and grain-based snacks (including granola bars) are the two segments enjoying the fastest growth. Every important granola bar manufacturer has introduced lowfat varieties of their product and many are extending lines with new flavors.

Rice cake makers also are attempting to reposition their product more as a snack, rather than a bread substitute, using indulgent flavor line extensions, yet maintaining lowfat profiles.

Dual Demographic Trends

Two demographic groups are making an impact on the healthy snacks market. The first is aging baby boomers, who are influenced by health and weight concerns when purchasing snack foods. The second is made up of Generation X and the new baby boom, who are conscious of nutrition, but are more experimental with food products than their elders.

Marketers note that this new youthful generation is significantly different from its predecessors: one in 35 new baby boomers are of mixed race; thus, multicultural tastes play a part in marketing to these consumers. Additionally, these children have grown up in far less traditional homes. FIND/SVP reports that a third of all teens cooked for themselves in 1993, up 13% from six years earlier.

The 289-page report, The Healthy Snacks Market, is priced at $2,250 and is available from FIND/SVP, 625 Avenue of the Americas, New York, NY 10011. To order, call 1-800-346-3787. Visit our Web site to see the table of contents for this report and thousands of others: http://www.findsvp.com/

Note to Editors: An executive summary of the report is available to the press. To receive it, or learn more, contact Roselia Mouri of FIND/SVP at (212) 807-2648.

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