Agriculture and Agri-Food Canada / Agriculture et Agroalimentaire Canada

International Markets Bureau

AMERICAN EATING TRENDS REPORT

CHIPS/CRISPS

NOVEMBER 2012

Unless otherwise stated, all of the information in this report was derived from the NPD Group's National Eating Trends database, updated to November 2010, and reflects the eatings (defined by NPD as the number of times any particular category/item is eaten by an individual in a specified location or time period) of a product at home or carried away from home. These figures do not reflect purchases of food products made through foodservice establishments, or the consumption thereof. NPD monitors the eating habits and attitudes of American consumers by surveying 5000 individuals reporting on 14-day's continuous consumption of all meals and snacks.

For the purpose of this report, the sub-category chips/crisps is defined as fried, sliced chips/crisps made from potatoes, sweet potatoes or other vegetables (e.g., carrot chips). Crisps made from dried slices of fruit are excluded. The sub-category includes both flavoured and unflavoured products, which may be standard chips/crisps, thick-cut, crinkle-cut, etc. (Euromonitor, 2012).

CONSUMPTION DEMOGRAPHICS

Chips had a high consumption rate among:

- Adults between 18-34 years old;
- Family households with more than 4 members;
- Homemakers* with some high school or a high school degree;
- Households with an income under US$19,999 and those with incomes of US$50,000-US$59,999;
- Low/mid income traditional families; low/mid income empty nesters and low/mid income single households.

Core Markets (at least 20% above average consumption rate)

- Adult males between 45-54 years old;
- Households with an income under US$10,000;
- Households with 5 or more members;
- Homemakers* younger than 25 years old;
- Households with teenagers (13 to 17 years old).

Underdeveloped Markets (at least 20% below average consumption rate)

- Adults over 65 years old;
- Married active seniors and homemakers* older than 75 years of age.

Source: *Mintel, 2012.*

**The "homemaker" is defined by NPD as the head of the household or the primary food shopper, who is typically female.*

CHIPS/CRISPS

NOVEMBER 2012

CONSUMPTION LOCALE

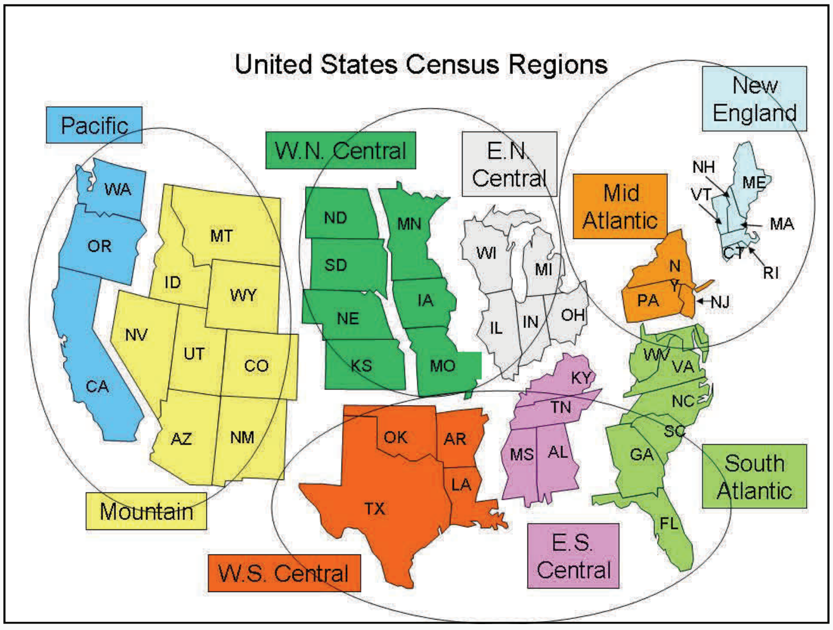
- Chips/crisps were eaten in-house 60% of the time and carried away from home as a snack 40% of the time.
- When eaten at home, chips/crisps were used mostly as a side dish. Eatings occurred largely at lunch time and occasionally at dinner.
- When carried away from home, chips/crisps were most often eaten with lunch.
- When consumed as an in-home snack, chips/crisps were frequently eaten in the evening.

CONSUMPTION CALENDAR

- Chips/crisps were consumed almost equally throughout the week.
- Weekends and Mondays had only a slightly higher consumption rate than other weekdays.
- Chips/crisps were preferred during the summer months (June, July, August) and were consumed least often during the winter months (December, January, February).

CONSUMPTION BY REGION

- Chips/crisps were most popular in the Southern states, accounting for 35.9% of all chips/crisps consumption. Central states followed closely, accounting for 32% of all chips/crisps eatings.
- Western states had the lowest consumption rate, accounting for only 14.8% of all eatings.
- More specifically, the Mountain states and New England had the lowest consumption rates, while the East North Central and South Atlantic states showed the highest consumption rates of chips/crisps.



Source: *U.S. Census Bureau.*

Eatings by U.S. Region (%)	
North East	
New England	4.3
Mid-Atlantic	13
Central	
East North Central	19.5
West North Central	12.5
South	
South Atlantic	17.4
East South Central	10.6
West South Central	7.9
West	
Mountain	5.7
Pacific	9.1

Source: *NPD Group.*

CHIPS/CRISPS

MARKET SIZE

- According to Euromonitor International, the U.S. sweet and savoury snacks market grew at a compound annual growth rate (CAGR) of 3.1% between 2006 and 2011. In 2011, the total retail market value for the U.S. was $31.8 billion.
- Chips/crisps, which belong to the sweet and savoury snacks market, grew at a CAGR of 5.4% over the 2006-2011 period, reaching a market size of US$7 billion in 2011.
- The chips/crisps sub-category is expected to continue to grow at a CAGR of 4.2% over the next four years, and is expected to reach a total market value of US $8.6 billion by 2016.

Market Sizes, Historic, Retail Value RSP, $US billions, Current Prices

Category	2006	2007	2008	2009	2010	2011	2006-11 CAGR %
Sweet and savoury snacks	27.3	28.1	30.0	31.2	31.5	31.8	3.1
Chips/crisps	5.3	5.5	6.1	6.6	6.9	7.0	5.4

Source: *Euromonitor International, 2012.*

Market Sizes, Forecast, Retail Value RSP, $US billions, Current Prices

Category	2012	2013	2014	2015	2016	2012-16 CAGR %
Sweet and savoury snacks	33.0	34.3	35.6	37.1	38.6	4
Chips/crisps	7.3	7.6	7.9	8.2	8.6	4.2

Source: *Euromonitor International, 2012.*

PRODUCT LAUNCHES

- According to Mintel's Global New Products Database (GNDP), a total of 101 chips/crisps products were launched in the U.S. between January 2011 and December 2011, under the sub-category of cassava and other root based snacks, potato snacks, and vegetable snacks. In order to avoid duplication with other categories, the terms "tortilla," and "cracker" were filtered out.

New Launches of Chips/Crisps, Top Sub-Categories, January 2011 - December 2011

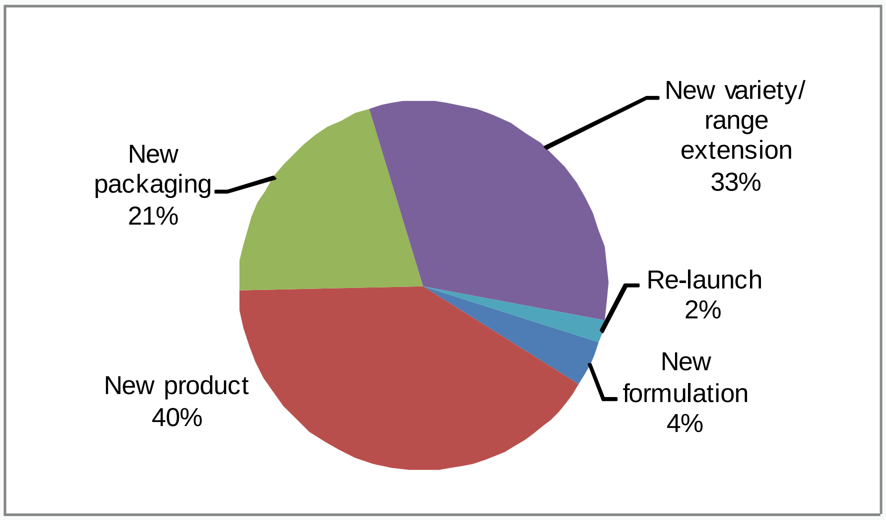
Sub-Category	% of New Products
Potato snacks	83%
Vegetable snacks	10%
Cassava and other root-based snacks	7%

Source: *Mintel, 2012.*

PRODUCT LAUNCHES (continued)

- New products and new variety/range extensions were the top launch types for chips/crisps between January 2011 and December 2011.
- Procter and Gamble, Frito-Lay and Cape Cod Potato Chip were the leading companies in launching new chips/crisps products. Top brands were Pringles (Procter and Gamble), Cape Cod (Cape Cod Potato Chips) and Ruffles and Lay's (Frito Lay) .
- Unflavoured/plain was the most popular flavour amongst the products launched in 2011. It was followed by BBQ, salt, and sour cream and onion.
- Top claims for these new products included kosher, low/no/reduced trans fat, no additives/preservatives, all natural product, and low/no/reduced allergen. It is important to note that, according to Euromonitor, Frito-Lay has made significant changes to its U.S. snacks portfolio to convert its products to a natural-ingredient-only composition.

New Chips/Crisps in the U.S. by Launch type, January 2011-December 2011



Source: *Mintel, 2012.*

**New Chips/Crisps in the U.S.
Top Five Flavours
January 2011 - December 2011**

Flavour	Number of Products
Unflavoured/plain	22
Barbecue	9
Salt (sea)	8
Sour cream & onion	5
Salt/salt & vinegar	4

Source: *Mintel, 2012.*

**New Chips/Crisps in the U.S.
Top Five Companies
January 2011 - December 2011**

Company	Number of Products
Procter & Gamble	7
Frito-Lay	7
Cape Cod Potato Chips	3
Kettle Foods	3
The Hain Celestial Group	2

Source: *Mintel, 2012.*

NEW PRODUCT LAUNCHES

Source: *Mintel, 2012.*

Giant Eagle Kettle Cooked Potato Chips

Product description: Giant Eagle Kettle Cooked Potato Chips are available in jalapeño flavor. They are made with all natural ingredients and contain no MSG, preservatives, artificial flavors or trans fat. The kosher-certified product retails in an 8.5-oz. pack.

Positioning Claims: All natural product, kosher, low/no/reduced trans fat, no additives/preservatives

Flavours: Jalapeño pepper

Price: US$2.99

Fresh & Easy Roasted Garden Vegetable Crisps

Product description: Fresh & Easy Roasted Garden Vegetable Crisps consist of thick cuts of oil-roasted sweet potatoes, squash, taro, carrots, green beans and purple sweet potatoes. These crisps are sprinkled with sea salt and free of artificial colors and flavors. The product retails in a 7-oz. pack.

Positioning Claims: No additives/preservatives

Flavours: Salt (Sea)

Price: US$3.99

Source: *Mintel, 2012.*

Source: *Mintel, 2012.*

Annette's Chocolates Potato Chip & Cracked Pepper Brittle

Product description: Annette's Chocolates Potato Chip & Cracked Pepper Brittle is made with kettled potato chips, cracked pepper and California pale ale. It is said to be light, crisp, a bit unconventional, but absolutely delicious. The product retails in an 11-oz. pack.

Positioning Claims: n/a

Flavours: Pepper (Black)

Price: US$19.95

NEW PRODUCT LAUNCHES (continued)

Source: *Mintel, 2012.*

Arico CrispRoot Sea Salt Ridged Cassava Root Chips

Product description: Arico CrispRoot Sea Salt Ridged Cassava Root Chips are made from the cassava root that has twice the fibre and 30% less fat than potato chips. This all natural and gluten-free snack is now available in a 5-oz. pack with a new look.

Positioning Claims: All natural product, kosher, low/no/reduced trans fat, no additives/preservatives

Flavours: Salt (Sea)

Price: US$2.99

Schnucks Barbecue Potato Chips

Product description: Schnucks Barbecue Potato Chips have been repackaged. The kosher-certified chips now retail in a new 11-oz. pack.

Positioning Claims: Kosher

Flavours: Barbecue

Price: US$2.00

Source: *Mintel, 2012.*

Source: *Mintel, 2012.*

Weight Watchers Popped Barbeque Potato Crisps

Product description: Weight Watchers Popped Barbeque Potato Crisps are air popped, not baked or fried, and contain 0 g of trans fat. This product retails in a 3.9-oz. pack. Also available is a Popped Cinnamon Swirl Crisps variety.

Positioning Claims: Low/no/reduced trans fat, slimming

Flavours: Barbecue

Price: US$4.50

MARKET OPPORTUNITIES

Retaining Key Markets (targeting those who currently report high consumption rates)

- Chips/crisps have a diverse and wide market, ranging from teenagers to adult males over 45 years old. Manufacturers continue to introduce innovative products with new flavours and formats to both retain and attract new consumers. New variations on traditional products, such as "Popchips" and "pretzel crisps", are examples of these innovations. Manufacturers are also increasingly aware of the growing preference for healthier options, leading companies to change the composition of their products, such as Frito Lay's new natural-ingredient-only composition which it has introduced into its U.S. snacks branch. Teenagers make up a significant section of the key market. Companies should target them and continue to target young men and men between 45-54 years old. Manufacturers should remain conscious of recent economic conditions, such as high unemployment and economic uncertainty, which are leading consumers to opt for cheaper or private label products. Large, club-size products could also prove helpful in retaining customers with large households and low/mid income traditional families.

Extending the Market (targeting those who currently report mid-range to low consumption rates)

- While chips/crisps have a diverse and wide market, manufacturers will benefit from offering all-natural, healthy options, as well as portion-controlled or individually packed products. Building on these features should help the market for smaller households and higher-income households grow. Additionally, healthier formats of current products will also attract consumers looking for better-for-you and healthier options, without having to give up the flavours of their preferred chips/crisps.

Source: *Mintel, 2012.*

KEY RESOURCES

Global Trade Atlas (2011).
Mintel Global New Products Database (2011).
The NPD Group National Eating Trends database, for the year ending November 2010.
Euromonitor International (2012)

For more information, or to request additional copies or an alternate format of this publication, please email infoservice@agr.gc.ca or contact the International Markets Bureau - Agriculture and Agri-Food Canada, 1341 Baseline Road, Tower 5, 4th floor, Ottawa, ON Canada K1A 0C5