

NIQ

Snackonomics

Finding Growth Beyond Inflation



Introduction

Amidst a return to post-pandemic normalcy and rapid inflation, consumers find themselves at the center of a storm. With price becoming a top concern, shoppers are modifying their behaviors to minimize the impact on their wallets. [Snacking categories](#) are feeling the strain, evident from declining volumes across the industry. Key categories have undergone price polarization, with the gap between value and premium products widening since 2022, and promotional strategies are yielding inconsistent results.

U.S. snack brands are challenged to achieve and sustain growth in this complex landscape. To overcome these hurdles in the short-term, snack brand manufacturers require specific guidance. NIQ provides crucial insights on where snack manufacturers should concentrate their efforts to drive profitable growth despite macroeconomic pressures.

By using relevant data to inform strategy, manufacturers can adapt to evolving consumer behaviors, pinpoint emerging trends and preferences, and customize their product deals, messaging, and offerings to deliver a compelling value proposition for the snacking consumer. This thoughtful approach will enable snack brands to navigate fast-changing market dynamics and secure an advantage in the competitive landscape.

The 5 Levers for Growth beyond Inflation

Price

Re-evaluate brand/category elasticity and price gaps across premium, mainstream and value tiers in the wake of inflation. Identify critical price thresholds and opportunities to premiumize.

Promotion

Use promotional efficiency as a competitive advantage. Optimize trade spend on deal-sensitive pack sizes & formats, such as those shopped heavily for Back-to-School and other occasions

Assortment

Evaluate product mix across brick-and-mortar and online channels to fill gaps in your price-pack architecture. Don't overlook smaller pack sizes as a vehicle to boost margins.

Distribution

Ensure your brand is available where consumers expect to find it—and where your competitors are already playing. This includes Mass, Club, Dollar and e-commerce retailers, each with distinct merchandising considerations.

Innovation

Improve success rate on new launches by grounding innovation in proven consumer trends, not fads. Use concept testing and forecasting rigor to reduce portfolio cannibalization and increase speed-to-market.

Snacking Need-to-Knows

- **Price inflation had a disproportionate impact on snacking volumes**

Inflation for snacks was roughly 2x that of total food. This contributed to a ≈2% volume decline across total snacking and up to **double-digit volume drops** for certain categories. In 2023, **price-taking is no longer a viable driver of topline or margin growth.**

- **The snack buyer is truly an omnichannel buyer**

With snack dollars growing by 14% online and over 15% in 'value'* channels, it is clear that **brands without a robust omnichannel strategy** to drive growth beyond brick & mortar food stores **are already lagging.**

- **50%+ of snack dollar growth is from brands <\$500MM and Private Label**

As smaller, more nimble brands expand distribution through differentiated innovations, many larger players stand to lose share of shelf. To win, **snacking brands must develop a robust, yet agile innovation pipeline** to keep up with **evolving consumer demands.**

*'Value' refers to Mass/Club/Dollar retail.

*Price &
Promotion*





Snacking
accounts
for **\$135B**
annually

Total snack prices rose at twice the rate of food inflation, leading to volume declines-- on the go & family snacks among a few exceptions seeing positive or flat unit growth.

EQ % Chg

Snacks & Variety Packs, Performance Nutrition, Fruit Snacks

Positive or Flat EQ Growth (-0.4% to +6.0%)

Yogurt, Salty Snacks

Above Total Snacks Growth but Declining (-1.0 to -1.6%)

Total Snacks

EQ = -1.7%
\$ = +12.8%

Cereal & Granola Bars, Cookies & Crackers, String Cheese, Diet & Nutrition, Candy

Slightly Below Total Snacks Growth (-1.8% to -3.0%)

Doughnuts, Broccoli, Meal Combos, Dried & Value Added Fruit, Fruit Cup

Moderately Below Total Snacks Growth (-4.0% to -8.0%)

Cauliflower, Dipped Fruit, Nuts & Seeds

Double Digit Declines (-10% and above)

Price % Chg

Cauliflower, Carrots, Broccoli

Below Inflation 7.7% Food CPI

Inflation
+7.7%
Food CPI

Candy, Toaster Pastries, Meal Combos, Salty Snacks, Dipped Fruit, String Cheese, Dried & Value Added Fruit, Nuts & Seeds, Doughnuts, Snack & Variety Packs

Equal to or Less than Total Snacks but above inflation

Total Snacks
+15.2%

Fruit Snacks, Yogurt, Fruit Cup, Performance Nutrition, Cookies & Crackers, Cereal & Granola Bars, Diet & Nutrition, Sweet Snacks

Above Total Snacks

Price Leads Category Growth, but with Inflation Stabilizing, It's Not a Long-Term Lever

Potato Chips	Tortilla Chips	Popcorn	Cookies	Crackers	Pretzels
Price	Price	Price	Trends	Price	Distribution
Trends	Distribution	Trends	Price	Trends	Price
Distribution	Trends	Distribution	Promotion	Distribution	Trends
Promotion	Promotion	Promotion	Competition	Promotion	Promotion



Source: NielsenIQ Business Drivers, Latest 52 wks vs. YA
 Trends include other non-measured factors outside of price, promotion, distribution, and competition such as broader consumer preferences, or shopper marketing and media execution not included in the models.
 Negative drivers not listed

Price increases as high as 18% for Salty and Sweet Snacks, Confections, Yogurt and other top categories have prompted consumers to either trade down or buy less, challenging manufacturers to find ways to reinvigorate demand

	\$ % Chg YA	EQ % Chg YA	Avg EQ Price % Chg YA
<i>Salty Snacks</i>	14.3%	-0.2%	14.8%
<i>Candy</i>	14.2%	-2.8%	17.5%
<i>Yogurt</i>	14.1%	-0.2%	14.4%
<i>Cookies</i>	13.7%	-1.6%	15.8%
<i>Sweet Snacks</i>	13.6%	-0.8%	14.9%
<i>Crackers</i>	12.4%	-1.8%	14.7%
<i>Diet & Nutrition</i>	10.3%	-2.8%	13.6%
<i>Chocolate</i>	9.7%	-2.5%	12.6%

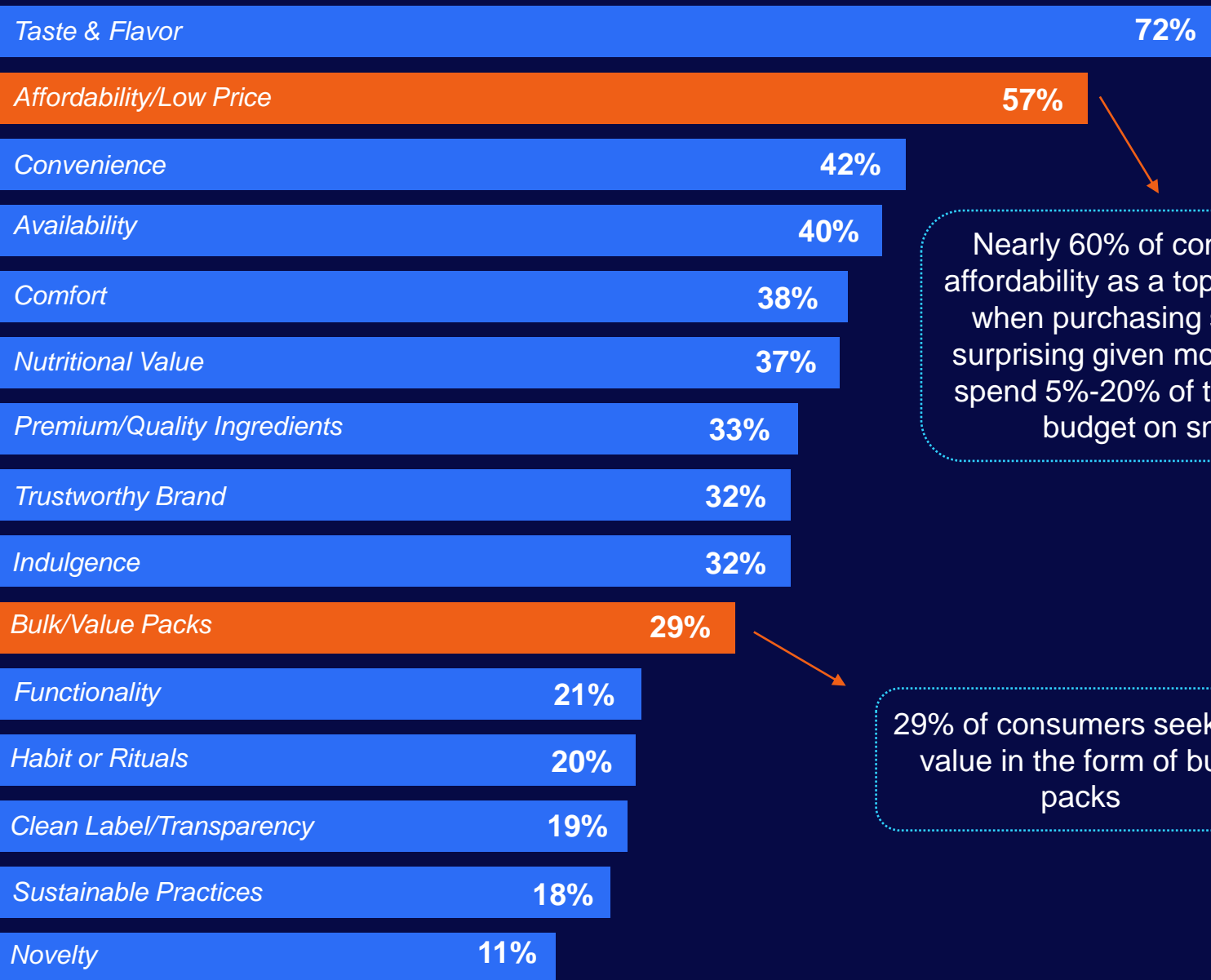
The top 8 growing snack categories* account for

85%

of total snacking sales in the latest 52 weeks

Source: NielsenIQ RMS; Total US xAOC + Conv; 52 W/E 05/06/23

Snacking Purchase Drivers



Nearly 60% of consumers cite affordability as a top consideration when purchasing snacks—not surprising given most consumers spend 5%-20% of their total food budget on snacking

29% of consumers seek out value in the form of bulk packs

Identifying the right growth levers requires a deep understanding of consumer motivations.

56%
of consumers devote 5% to 20% of their total food spend to snacks

Source: NIQ Consumer Snacking Survey, 2023

While many categories struggle with declining trade efficiencies, those that lend themselves well to lunchbox use—healthier and packable snacks—are seeing improved promo lifts vs YA, suggesting opportunity to cater to deal-seeking families

	\$ % Chg YA	EQ % Chg YA	% \$ Any Promo Chg YA	Any Promo \$ % Lift	Any Promo \$ % Lift Chg YA
Candy	+11.3%	-2.6%	-0.3%	76.0%	-3.5%
Dipped Fruit	+11.0%	-10.9%	+1.1%	63.4%	-8.9%
Diet & Nutrition	+10.4%	-2.8%	-1.7%	51.4%	-4.8%
Cereal & Granola Bars	+11.5%	-1.7%	-1.9%	50.2%	-0.6%
Nuts & Seeds	-9.2%	-23.3%	-7.8%	47.8%	+18.6%
Performance Nutrition	+19.5%	+4.5%	-5.4%	40.6%	-4.2%
Fruit Snacks	+20.5%	+5.1%	+2.2%	39.6%	-6.1%
Toaster Pastries	+13.5%	-1.4%	-1.6%	39.5%	+4.3%
Snack & Variety Packs	+22.3%	+6.3%	-2.8%	38.8%	-9.5%
Fruit Cup	+5.7%	-7.8%	-0.1%	38.7%	+0.7%
Total Snacking	+12.8%	-1.7%	-0.3%	37.1%	-2.7%
Cookies & Crackers	+13.1%	-1.8%	-1.0%	34.9%	-2.4%
Dried & Value Add Fruit	+4.2%	-5.8%	+0.9%	27.6%	-0.2%
Meal Combos	+2.9%	-5.4%	+4.5%	27.2%	-3.8%
Sweet Snacks	+13.6%	-0.8%	-0.6%	27.1%	-3.4%
Salty Snacks	+14.4%	-0.2%	+0.3%	25.9%	-2.4%
String Cheese	+7.9%	-2.3%	+2.6%	21.6%	-1.7%
Cauliflower	-4.9%	-10.5%	+1.6%	20.9%	+9.7%
Yogurt	+14.1%	-0.2%	-1.6%	19.7%	+0.5%
Doughnuts	+11.4%	-4.3%	+2.3%	18.6%	-2.4%
Carrots	+2.8%	+0.1%	+1.8%	9.0%	+1.6%
Broccoli	+1.9%	-5.0%	-1.4%	8.0%	+4.5%

Other family/on the go items--such as snack & variety packs—are gaining volume but seeing lower lifts on deal, hinting at opportunities to optimize promotional strategy.

Source: NielsenIQ RMS, Total US, 52 WE 05/06/2023

As we've settled into post-pandemic life with more in-person activities and a renewed focus on health, smaller pack sizes within indulgent Confections and Cookies are gaining popularity.

Price increases for some key snack categories have been steeper in smaller pack sizes, but consumers may still be gravitating towards them due to value perception and portion control.



Small = <3.5 oz, Medium =3.5-10 oz, Large = 10-12 oz Source: NielsenIQ RMS; Total US xAOC + Conv; 52 W/E 05/06/23

Multi-packs also gaining momentum over Singles, as consumers seek on-the-go convenience, variety, indulgent portion control, and savings

*EQ %
Chg vs 2YA*

*Chocolate
Candy*

*Non-Chocolate
Candy*

Cookies

Crackers

*Potato
Chips*

*Tortilla
Chips*

Category

+0.5%

+1.0%

+2.4%

-2.2%

-2.8%

+0.1%

Multi Packs

+4.7%

+1.8%

+18.7%

+2.8%

-1.3%

+27.2%

Single Items

+0.3%

+1.0%

+0.4%

-3.1%

-2.8%

-0.3%

Multi Pack

+31.9%

+7.0%

Single Pack

+24.6%

+2.7%

Snacks



\$ Sales Change 2YA

EQ % Change 2YA

Snacks



\$ Sales Change 2YA

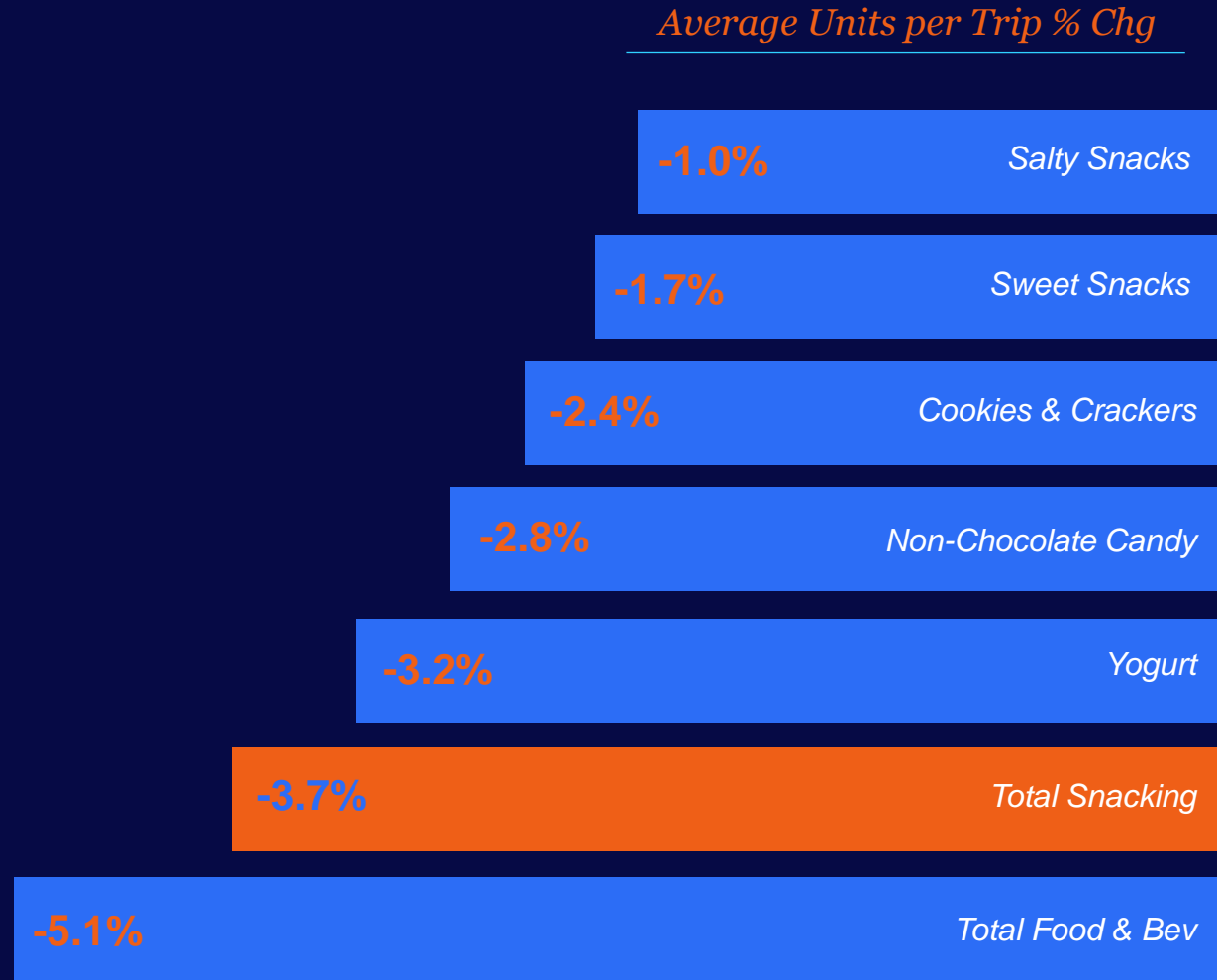
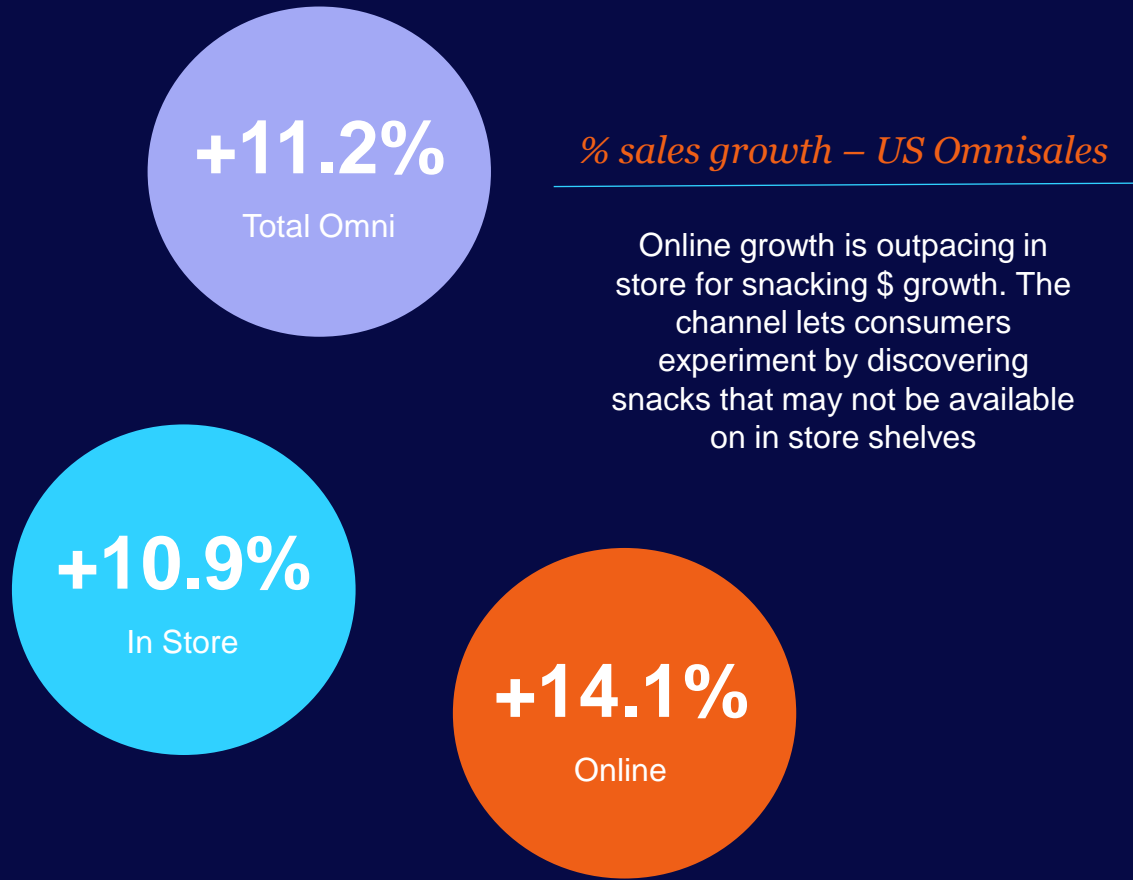
EQ % Change 2YA

Source: NielsenIQ RMS; Total US xAOC + Conv; 52 W/E 05/06/23

Channel



Despite inflationary pressures, consumers are not cutting back on snack consumption as much as other food & beverage purchases, potentially due to 'snacks as meals' lifestyles and the perception of affordable indulgence. These habits and perceptions are also fueling snack sales online.



Source: NielsenIQ Homescan Panel, Total Outlets, 52 W/E 04/29/23
NielsenIQ Omnisaales, 52 W/E 04/29/23

In fact, e-commerce growth outpaces in store for almost every snacking category, with 44% of snack buyers claiming to purchase snacks online*

Nuts & seeds and diet & nutrition have the largest differences between online and in store growth, likely due to the appeal of these categories to special diet and health-conscious consumers that may have difficulty meeting their needs with more limited in store selections.

	<i>Online</i> % \$ share	<i>Online</i> \$ % Chg YA	<i>In Store</i> \$ % Chg YA
Nuts & Seeds	16%	62.3%	3.8%
Fruit Snacks	16%	26.3%	20.2%
Performance Nutrition	27%	26.0%	15.2%
Diet & Nutrition	23%	23.1%	9.3%
Candy	8%	18.3%	11.3%
Yogurt	10%	17.3%	13.7%
Cereal & Granola Bars	16%	16.3%	11.2%
Snack Variety Packs	13%	15.6%	13.8%
Salty Snacks	8%	15.0%	14.3%
Cookies & Crackers	8%	13.7%	14.7%
Sweet Snacks	4%	13.6%	10.6%
Toaster Pastries	10%	13.2%	14.1%
Meal Combos	13%	7.8%	4.4%

Snack dollar growth in Value* retail outpaces the Food channel despite significant price hikes



Source: NielsenIQ RMS, Total Market = Total US xAOC + Conv, *Mass/Value Retailers = Mass + Club + Dollar, L52 W/E 05/06/23

Value* retailers have also earned ≈50% or greater share of wallet among Confections, Sweet Snacks and Salty Snacks buying households. These gains are driven, at least in part, by greater availability/expanding assortment on Value retailer shelves.

54%

Candy

Share of Wallet \$
At Mass/Value Retailers

▲ 1.0% pt chg vs YA

48%

Sweet Snacks

Share of Wallet \$
At Mass/Value Retailers

▲ 0.4% pt chg vs YA

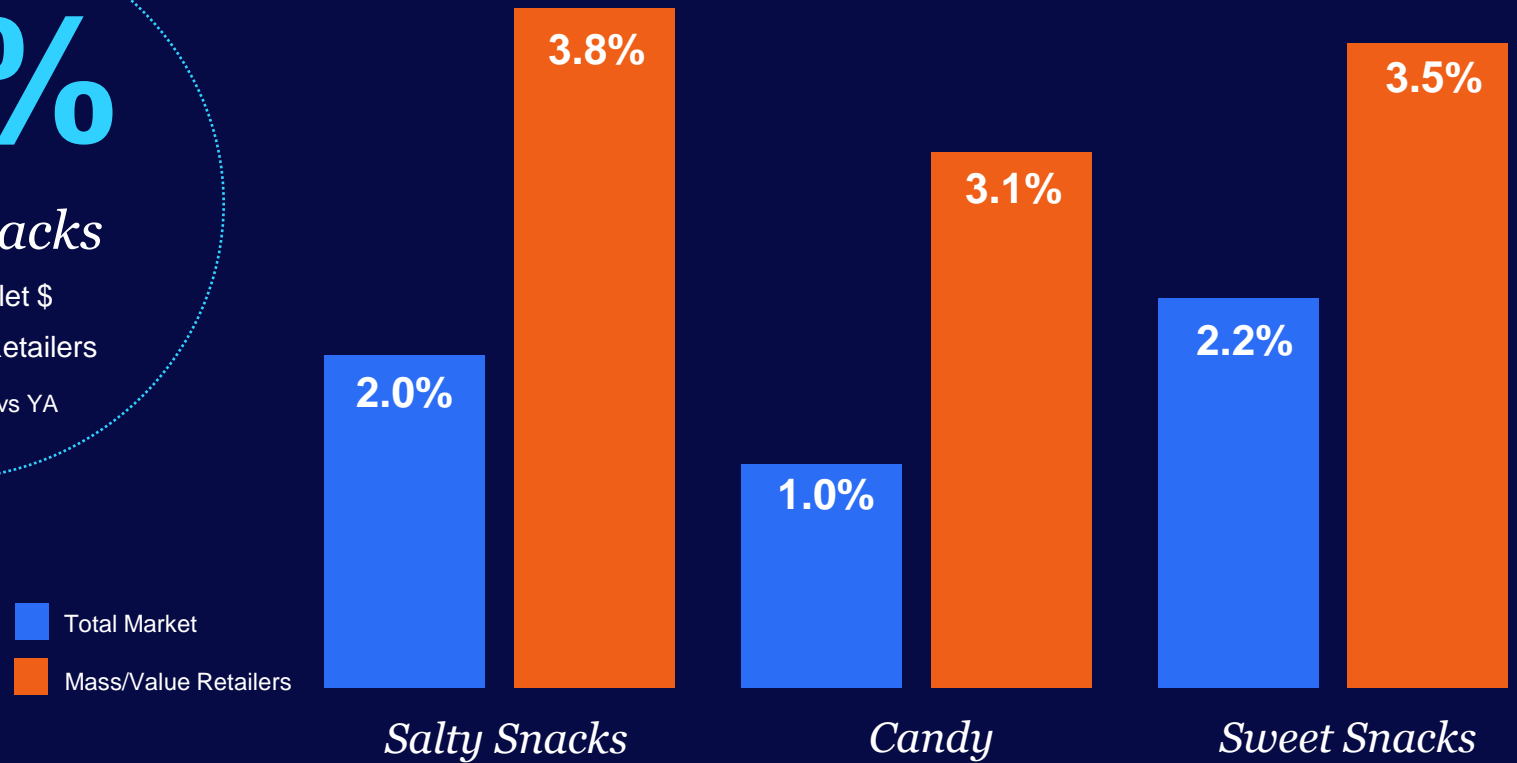
47%

Salty Snacks

Share of Wallet \$
At Mass/Value Retailers

▲ 1.2% pt chg vs YA

TDP % Chg vs YA at Mass/Value Retailers



Source: NielsenIQ RMS data, Total Market = Total US xAOC + C, Mass/Value Retailers = Mass/Club/Dollar. Data ending 5/6/23

Source: NielsenIQ Homescan Panel, Mass/Value Retailers = Mass + Club + Dollar, data ending 4/29/23



36.5%

2YA

37.5%

YA

38.4%

Latest
Year

**Mass/Value
retailers* continue
to gain market
share as inflation
rises**

Value* retailers are also giving branded snack manufacturers a run for their money with competitive Private Label offerings. PL snacks have greater share *and* higher promotional efficiency in Value vs. other channels. National brands must fine tune their trade strategy to keep pace with PL in the wake of inflation.

	EQ		EQ % Chg YA		Base EQ Price		Base EQ Price % Chg YA		Any Promo EQ Efficiency % Chg YA	
	Total US	Mass/ Value/ Club	Total US	Mass/ Value/ Club	Total US	Mass/ Value/ Club	Total US	Mass/ Value/ Club	Total US	Mass/ Value/ Club
<i>Snacking</i>	48 B	25 B	-1.5%	0.9%	\$2.87	\$2.05	13.9%	13.7%	-4.1%	-7.6%
<i>Branded Snacking</i>	41 B	20 B	-2.3%	-0.3	\$3.07	\$2.24	14.6%	14.3%	-4.9%	-10.4%
<i>Private Label Snacking</i>	7 B	5 B	3.9%	6.1%	\$1.76	\$1.24	10.6%	12.3%	3.8%	14.0%

9.1%

Private Label Share at Total Market

+0.1 pts vs YA

11.6%

Private Label Share at Mass/Value/Club Retailers

+0.4 pts vs YA

Source: NielsenIQ RMS, Total US xAOC + Conv, 52 WE 05/20/2023. * Value retail = Mass + Club + Dollar.

A woman with short blonde hair, wearing a light-colored collared shirt and hoop earrings, is looking upwards with a thoughtful expression. The background is a blurred cityscape. An orange rounded rectangle is overlaid on the left side of the image, containing the word "Innovation" in a white, italicized script font.

Innovation

NIQ identified some of the attributes driving new product opportunities for snacks. Within the largest categories, health attributes are low volume but developing rapidly. Trends include allergy and special diet callouts (sunflower oil, vegan, gelatin, Whole 30).

Top 3
based on \$

Salty Snacks

Candy

Cookies & Crackers

Proven Trends
\$ % CYA

- Free From RBST +14%
- Free From Antibiotics +14%

- Free From Lactose +15%
- Prop 65 Warning +15%
- Free From Casein +13%

- Contains Plant Protein +12%
- Ultra Processed* +11%
- Contains Cocoa +11%

Growing Trends
\$ % CYA

- Contains Sunflower Oil +17%
- Contains Protein Group +16%
- Contains Citrus +22%

- Contains Gelatin +19%
- Contains Fruit Juice Concentrate +34%
- Calorie Conscious (STTD)* +35%

- Contains Sunflower Oil +17%
- Contains Celery +15%

Developing Trends
\$ % CYA

- Light (STTD) +32%
- Whole 30 (STTD) +45%
- Vegetarian Fed (STTD) +63%

- 100 Calories (STTD) +66%
- Contains Melon +39%
- Contains Watermelon +40%

- Whole Grain Council Cert (STTD) +20%
- Contains Sulfite +22%
- Vegan (STTD) +18%

NielsenIQ Emerging Trends, Total US xAOC, L52W W/E 05/20/23 *STTD = Stated on Package. *Gains for ultra processed snacks (added sugar, hydrogenated oil, preservatives, artificial, etc.) while counter to wellness trends, is also worth noting.

Claims around healthy additives (fruits, vegetables) and "free from" callouts are gaining traction in growing snack categories.

Top 3
based on
growth

Snacks & Variety Packs

Fruit Snacks

Performance Nutrition

Proven Trends

\$ % CYA

Contains Wheat (STTD)	+19%
Free From Stevia	+24%
Free From Sugar Alcohols	+25%

Natural Positioning (STTD)	+21%
Free From Gluten (STTD)	+20%
Contains Natural Flavors (STTD)	+21%

Free From Guar Gum	+18%
Free From Chicory Root Fiber	+19%
Free From Corn Syrup	+18%

Growing Trends

\$ % CYA

Contains Digestive Enzyme Group	+27%
Contains Sunflower Oil	+31%
Free From Soy	+52%

Calorie Conscious (STTD)	+39%
100 Calories or Less (STTD)	+38%
Excellent Source of Vit A (STTD)	+28%

Contains Fruit	+51%
Contains Monk Fruit	+51%
Contains Digestive Enzyme Group	+65%

Developing Trends

\$ % CYA

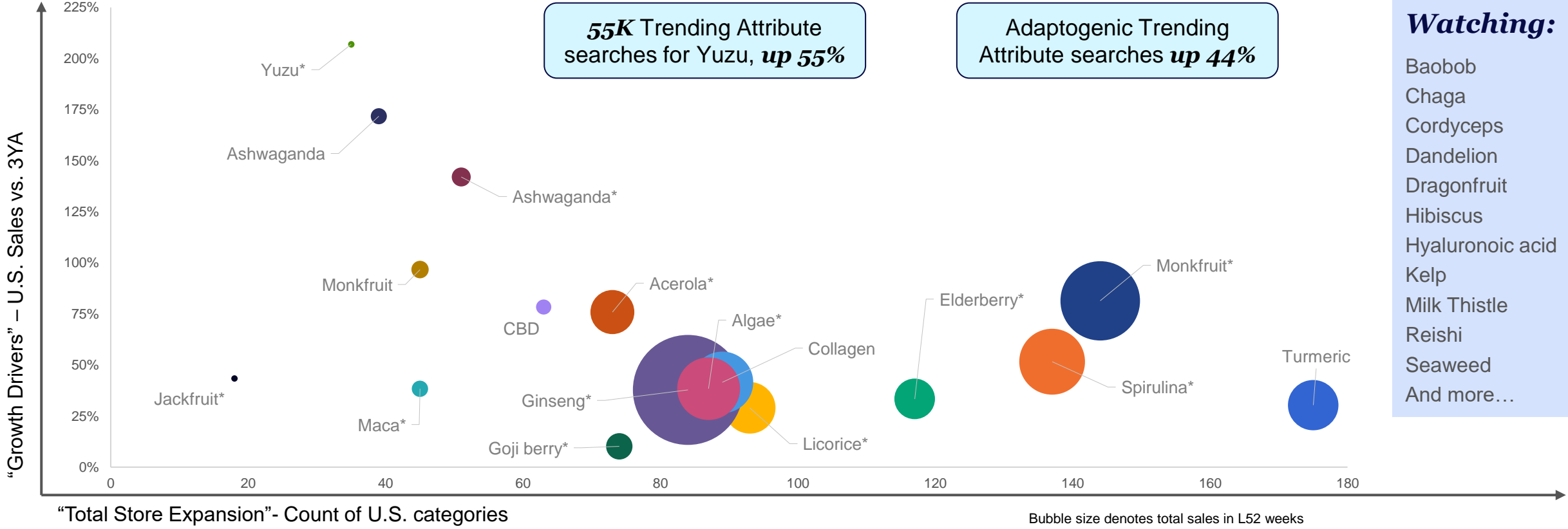
Organic (STTD)	+45%
Contains Spinach	+82%
Contains Vegetable (STTD)	+65%

Mediterranean Diet	+61%
Contains Melon	+46%
Contains Watermelon	+46%

Ultra Filtered Milk	+95%
Sustainable Forestry (STTD)	+63%
Contains Strawberry	+75%

NielsenIQ Emerging Trends, Total US xAOC, L52W W/E 05/20/23 *STTD = Stated on Package

Healthy snacking aligns with larger trends to watch



Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol
 Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight,, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 10/01/22 vs 3YA

Snacks with sustainable packaging claims/certifications turn faster than other snacks, affirming consumers' rising interest in sustainability.



92%
say sustainability is important when choosing a brand today

69%
say sustainability is much more or a little more important when choosing a brand vs 2 years ago

■ \$/TDP% Chg 2 YA ■ Units % Chg 2 YA

Source: NielsenIQ 2023 Sustainability Report - Ranked on Global NielsenIQ Product Insight, powered by Label Insight, Total USxAOC+Conv, L52W W/E 05/06/23; Claims ranked by dollar sales descending within snacks in L52W \$/TDP = Dollars divided by total distribution points as a measure of velocity

Growing Salty Snack Flavors

EQ % Chg YA

Verde	+170M %
Mexican Style Street Corn	+666K %
Fiesta	+1131%
Fajita	+248%
Mild Guacamole	+242%
Loaded Nachos	+202%

Mexican

EQ % Chg YA

Flamin Hot Sweet Carolina Reaper	+4144%
Hot Chili Pepper	+3399%
Buffalo	+926%
Spicy Dill Pickle	+305%
Hot Buffalo Wing	+275%
Blazin Buffalo and Ranch	+256%

Next Level Spicy

Digital disruptors pose a new type of threat to established brands



Mr. Beast merchandizes through mobilized followers

Mr. Beast made waves in March 2023 when he **mobilized fans to help him merchandise his product at Walmart** for a chance to win \$5k. He instructed his followers to organize the cartons on the shelf and bring out stock from the back room if necessary. The tweet reached 35 million people.

\$23M + in Y1 Walmart Sales



Prime Hydration disrupts the sports hydration industry

Oct 2022: Prime launches into energy drinks. The product is priced at a premium to Red Bull and Monster and has twice the caffeine—prompting some countries to deem it a health risk for kids. Prime Energy expands the brand's footprint in the U.S. to dozens of food and c-store chains.

\$240M+ in Omni Sales



Brands on the rise are online disruptors: One to watch – Beauty snacks

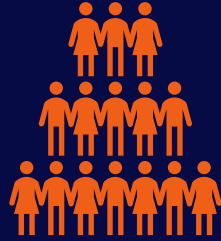
Trending beauty products within the beauty sphere continues to come from online players looking to make waves in niche categories/ filling holes to meet consumer need states and leveraging social communities to gain social and consumer relevancy..



Opportunity Sizing

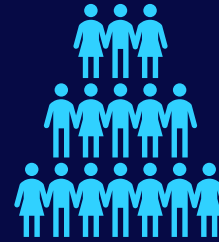
Due to nuances of each market, growth strategy for snacking brands is not one-size-fits-all

As shown here for **Salty Snacks Brand X**, NIQ Precision Areas can identify the single lever with the highest ROI potential in any one of 2000+ precise geographies, enabling manufacturers to prioritize investment at a highly granular level.



1253

of Precision Areas



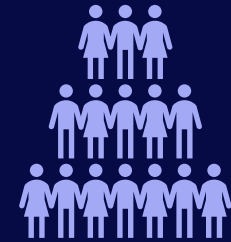
722

#1 Lever

Base Velocity

Distribution

Price & Promotion



206

\$ Opportunity (MM)

▲ \$233.8

▲ \$180.6

▲ \$138.2

highest return overall

highest return per market

Source: NielsenIQ Precision Areas model, 24WE 2/25/23. View calculates dollar upside for Salty Snacks Brand X from optimizing price/promotion, maximizing distribution, and accelerating base velocities across each of 2181 Precision Area markets.

Thought Starters for Snack Manufacturers

- Which lever(s) will drive the greatest ROI for my brand in the short-term? Over the next three years?
- Is my revenue management model out of date? How can I optimize price and promotion for the "new normal?"
- Do I need to fix my (product) mix? Does this look different for different channels? Regions?
- Do I know which product features my consumer is willing to pay a premium for?
- What blind spots do I need to eliminate? Do I have a true view of my competitive set and my must-win channels and retailers?
- How can I innovate better? Faster?

*What's the
size of the
prize for your
brand?*

We want to hear from you!



Please take a moment to **share your feedback** on this analysis by using the QR code to the left. *Your input helps us bring you more actionable insights for your business.* Thanks!



Thank you!

Please contact your NIQ representative for more information about our solutions for snack manufacturers.

The NIQ Snacking Universe

SALTY SNACKS: Potato, tortilla, corn, pretzel, pita, rice, bagel and cracker chips; meat snacks, popcorn, pretzels; cheese, onion, multi-grain, vegetable-based, seafood, and other salty snacks and snack mixes; pork rinds, rice cakes, and variety packs.

SWEET SNACKS: Snack cakes, doughnuts, muffins, cookies, dessert bars, brownies, cupcakes, pies, cinnamon and other sweet rolls, and other sweet snacks.

FRUIT SNACKS: All formats including pieces, shapes, rolls, tape, strips, bars, twists, ropes, and assorted forms.

CONFECTIONS: Chocolate, candy and confections snack mixes.

COOKIES: Regular and specialty cookies, cookie combo packs, and snack & variety packs.

CRACKERS: Crackers, cracker chips, combo packs and snack & variety packs.

DOUGHNUTS & TOASTER PASTRIES: Regular and mini doughnuts, pop up pastries, and strudels.

BARs, NUTRITION & PERFORMANCE: Cereal and granola bars; health, diet, nutrition, specialty, performance and meal replacement bars; protein salty snacks and snack bites, nutrition bites; nutrition, specialty and performance shakes; nutrition and performance cookies and muffins.

YOGURT: All yogurt types and formats including cups, tubs, shakes and smoothies.

CHEESE: String cheese.

NUTS & SEEDS: Snack mixes.

SNACKABLE FRUITS & VEGETABLES: Value-add dipped, covered, dried and cup fruit; value add broccoli, carrots and cauliflower; baby carrots.

SNACK COMBOS: Including snacks with dip.