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Salty Snacks - US - March 2004 (Sample)



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INTRODUCTION AND ABBREVIATIONS

Introduction

The \$21 billion U.S. salty snack market grew 23% from 1998 to 2003. According to the Snack Food Association (SFA), American consumers eat four or more snacks a day and consume more than 6.5 billion pounds of snack food annually. As such, salty snacks account for slightly over half of total snack sales and are consequently a large part of the American diet.

The salty snack market as defined by this report is composed of eight segments, led by potato chips, tortilla chips and snack nuts and seeds. Growth in the market is driven by convenience factors and flavor trends, and influenced by diet and health concerns. Key growth categories are those that offer the most product variations that adhere to the aforementioned characteristics.

“Other” alternative salty snacks also proved to be a growth category as the drive towards more healthful eating likely inspired many consumers to turn towards this segment and its offering of such snacks as pork rinds and vegetable chips.

This Mintel report explores the following hypothesis: **“Salty snack sales will continue their pattern of steady growth as manufacturers cater to the varied and changing tastes of American palates by offering a range of flavors and textures. Health-positioned snacks in all segments will provide the most growth. In addition, snacks that promote convenience as a primary benefit will capture sales at a rapid rate as a result of the increasing trend among consumers to eat between meals or to eat “mini-meals.” Changes in the market will directly correspond to evolving consumer tastes, the need for “extreme” convenience, and health influences which will stimulate usage and encourage new product trial.”**

Other Relevant Reports

This is an update of Mintel's previous report on the salty snack market- *Salty Snacks-U.S. consumer intelligence, March 2003.*

A number of U.S. consumer intelligence reports covering other related sectors have been published or planned, including the following:

- . *Low Carb-U.S., consumer intelligence, May 2004*
- . *Nuts & Dried Fruit-U.S., consumer intelligence, February 2004*
- . *Vending-U.S., consumer intelligence, December 2003*
- . *Ingredient Trends-U.S., consumer intelligence, December 2003*
- . *Breakfast Cereals-U.S., consumer intelligence, November 2003*
- . *Functional Food-U.S., consumer intelligence, October 2003*
- . *Crackers-U.S., consumer intelligence, September 2003*

- . *Cookies & Cookie Bars-U.S., consumer intelligence, August 2003*
- . *Kid's Snacking-U.S., consumer intelligence, August 2003*
- . *Meat Snacks-U.S., consumer intelligence, May 2003*
- . *Attitudes Towards Diet and Exercise-U.S., consumer intelligence, July 2003*
- . *Healthy Snacking-U.S., consumer intelligence, July 2003*
- . *Frozen Snacks-U.S., consumer intelligence, October 2002*
- . *Kids' and Teens' Eating Habits-U.S., consumer intelligence, May 2002*
- . *Eating Habits, Attitudes & Concerns-U.S., consumer intelligence, February 2002 .*

Mintel has also published a number of reports on the UK market that may be of interest, including:

- . *After-school Snacking-UK, Market Intelligence, September 2003*
- . *Children's Snacks-UK, Market Intelligence, July 2003*
- . *Crisps and Snacks-UK, Market Intelligence, June 2003*
- . *Children's Snacking Habits-UK, Market Intelligence, May 2003*
- . *Snacks-UK, Consumer Goods Intelligence, April 2003*
- . *Snacking on the Go-UK, Market Intelligence, April 2002*
- . *Lunchtime Eating Habits-UK, Leisure Intelligence, August 2001*
- . *Appetisers and Dips, Market Intelligence-UK Report, August 2003*
- . *Reduced Fat and Reduced Calorie Foods-UK, Market Intelligence, April 2003 .*

Definition

For the purposes of this report, the following products are included in the salty snack market:

- . potato chips
- . corn and tortilla chips and snacks
- . extruded cheese snacks (e.g. Cheetos)
- . RTE popcorn and caramel corn
- . microwave and unpopped popcorn
- . snack nuts and seeds, including toasted corn nuts
- . pretzels
- . other salty snacks including pork rinds, onion rings, snack mixes, vegetable chips, and shoestring potatoes.

Excluded are the following:

- . crackers
- . rice cakes
- . meat snacks (covered in Mintel's *Meat Snacks¯U.S., consumer intelligence, May 2003*).

Value figures throughout this report are at retail selling prices (rsp) excluding sales tax unless otherwise stated.

Abbreviations & Terms

Abbreviations

There follows a list of abbreviations used in this report

AHA	American Heart Association
BMI	Body Mass Index
CDC	Centers for Disease Control and Prevention
CPG	Consumer packaged goods
CPI	Consumer Price Index
FDA	Food and Drug Administration, U.S. Government
FDM	Food, drug and mass merchandiser
FLNA	Frito-Lay North America
FMI	Food Marketing Institute
FSI	Freestanding Insert
GNPD	Global New Products Database
ICR	International Communications Research Inc
IRI	Information Resources Inc.
JAMA	Journal of the American Medical Association
KFNA	Kraft Foods North America
NCHS	National Center for Health Statistics
NCS	National Consumer Survey (Simmons)
P&G	Procter & Gamble
PL	Private Label
POP	Point of Purchase
QFNA	Quaker Foods North America
RTE	Ready to eat
SFA	Snack Food Association
SPSS	Statistical Package for the Social Sciences
TNSMI/CMR	TNS Media Intelligence/Competitive Media Reporting

Terms

In order to provide a constant price value for markets Mintel uses the CPI to deflate current prices. The CPI is defined as follows:

CPI *The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.*

The CPI and its components are typically used to adjust other economic series for price changes and to translate these series into inflation-free dollars. Examples of series adjusted by the CPI include retail sales, hourly and weekly earnings, and components of the national income and product accounts. In addition, and in Mintel reports, the CPI is used as a deflator of the value of the consumer's dollar to find its purchasing power. The purchasing power of the consumer's dollar measures the change in the value to the consumer of goods and services that a dollar will buy at different dates.

The CPI is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase, at today's prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period. It is also the best measure to use to translate retail sales into real or inflation-free dollars.

Based on Bureau of Labor Statistics definition.

Generations are discussed within this report and are defined as:

World War II	The generation born in 1932 or before. In 2004, members of this generation are aged 72 or older.
Swing Generation	The generation born between 1933 and 1945. In 2004, members of the swing generation are between the ages of 59 and 71.
Baby Boomers	The generation born between 1946 and 1964. In 2004, Baby Boomers are between the ages of 40 and 58.
Generation X	The generation born between 1965 and 1976. In 2004, Generation Xers are between the ages of 28 and 39.
Echo Boom/Millennial Generation	The generation born between 1977 and 1994. In 2004, Echo Booms are aged 27 and younger.

Post-Millennial Generation

The generation born from 1994 to present. In 2004, Millennials are 9 years and younger.

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MARKET DRIVERS

The Market Drivers section identifies the principal external factors that affect the salty snack market. These factors may have either a positive or negative influence.

Demographics

Trends in the overall make-up of the U.S. population influence sales of salty snack foods over time as eating habits generally differ by age. Figure 1 represents population projections by age from 1998-2008.

Figure 1: U.S. population projections, by age, 1998-2008

	1998		2003		2008 (proj)		Change	
	000	%	000	%	000	%	1998-2003 000	2003-2008 000
Under 5								
5-14								
15-24								
25-34								
35-44								
45-54								
55-64								
65-74								
75+								
Total								



Source: U.S. Census Bureau, Current Population Reports and Projections of the Resident Population by Age, Sex, Race, and Hispanic Origin, 1999 to 2000. Calculations by Mintel.

Growth in the number of children under 15 was minimal from 1998-2003 (compared to other groups like 45-64-year-olds), and this has been one of the factors forcing manufacturers to widen their focus to older adults.

From 1998-2008, the U.S. population as a whole is expected to rise by 9.2%, or 24.7 million. Sales in the salty snack market should correspond to such increases in overall population growth given this market's high household penetration (98%).

While snacking is a fairly universal activity, when considering changes in population, two key age groups emerge as having the strongest potential to impact the salty snack market. First, the sharp 27% rise in population of over-50s from 1998-2008 could potentially help market sales as this group will represent over 30% of the population by 2008. Appealing to the needs of this older set will likely center around healthy snacks. This group will have even greater concern for healthful snacking and any positive attributes offered by salty snacks will likely grab the attention of these consumers. Most especially, snacks that offer low sugar, low sodium, low carbohydrate or snacks like nuts which tout "good" fat and are linked with a lower risk of coronary heart disease will grow as this older segment of the population have greater dietary restrictions.

The second population group to have a significant impact on the salty snack market would be children aged 0-11. The decrease in population of this age group could have a detrimental impact on the salty snack market since children represent a core market for the industry. In 2008, children are expected to represent almost 16% of the population, compared to over 17% in 1998.

Children have an increasing influence when it comes to how household dollars are spent. According to Dr. John Lord, Food Marketing Professor at St. Joseph University, children aged 6-13 spend over \$6 billion and have influence over another \$60 billion of household dollars. To cater to this market, manufacturers are quick to understand that children love "play" quality of their foods-such as foods that change color (Frito-Lay's Cheetos Mystery Colorz Snacks), license agreements with cartoon characters (Poore Brother's Crunch Toons), extreme flavors and packages that are kid-friendly.

Fewer households with children

Though salty snacks are consumed in nearly all households, those with children are a key market for salty snacks. Figure 2 details consumption of salty snacks in households with and without children, as reported in the Spring 2003 Simmons NCS.

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MARKET SIZE & TRENDS

Market size

Salty snack sales for 2003 exceeded \$21 billion, a 23% increase at current prices since 1998. With only 9% growth at constant prices over the review, the salty snack market showed moderate growth when considering the effects of inflation.

Figure 6 shows retail sales for the salty snack market from 1998 to 2003. It should be noted that the market size presented here differs from that shown in the 2003 report due to the inclusion of microwave and unpopped popcorn.

Figure 6: Sales of salty snacks, at current and constant prices, 1998-2003

Year	Sales at current prices			Sales at constant 2003 prices*		
	\$ million	Index	% change	\$ million	Index	% change
1998						
1999						
2000						
2001						
2002						
2003						



* adjusted for inflation using the All Items CPI

Source: Mintel/SFA/based on Information Resources, Inc. InfoScan ® Reviews Information

Graph 1 further details trends in sales of salty snacks from 1998-2003.

Graph 1: Trends in sales of salty snacks, at current and constant prices, 1998-2003



Source: Mintel/SFA/based on Information Resources, Inc. InfoScan ® Reviews Information

With an average of 4.3% growth per annum (1.8% at constant), the salty snack market remains steady. During the early part of the review period, growth was instigated by new product innovation, especially in the cheese snack, corn snack and snack nut segments. In addition, a broadening distribution base supported by mass merchandisers and warehouse clubs was a factor contributing to brisk growth during this time.

The most significant reason for the lower performance in 2002 is based on the performance of the leading segment in salty snacks-potato chips. Potato chips had grown approximately 6% per year in 2000 and 2001, and consequently contributed heavily to the market's growth. In 2002, despite many new potato chip product introductions, the segment declined 1.5%, worth \$90 million-clearly illustrating the impact potato chips play in the salty snack market as evidenced by the market's modest 2.9% growth.

In 2003, sales recovered as the SFA and the U.S. Potato Chip Board combined efforts to increase promotion in support of the leading salty snack segment in honor of the potato chip's 150th anniversary. With improved results in the potato chip category, along with marked growth in the snack nuts and seeds category, cheese snacks and tortilla chips, 2003 gains were 3.7% over 2002.

Market trends

Driving trends in the salty snack market center around health, convenience and flavor. The enhancement of salty snacks' healthful properties is especially key as there is an increased desire by many Americans for healthier snack options in addition to diet trends affecting the market. Interests in salty snack products that are organic or all natural, low calorie, low fat, low carbohydrate, low sodium or offer health-promoting benefits such as soy or the elimination of trans fat are emerging as trends favored by consumers.

For example, once a niche market served by regional suppliers, the organic snack food market is now a vested interest of top supplier Frito-Lay. The company launched an organic and natural chip line under its Tostitos, Cheetos and Lay's brands in April 2003. Companies like Kettle Foods and Hain Celestial, that have long served the organic market, report continuing strong sales even with the added competition from national snack suppliers like Snyder's of Hanover (EatSmart line) and private-label brands (i.e. Kroger's launch of Naturally Preferred salty snacks). Per *DSN Retailing Today*, sales of organic chips are worth some \$37.8 million and rapidly attracting more and more suppliers to serve this niche.

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MARKET SEGMENTATION

Overview

The salty snack market is a highly segmented category. For the purposes of this report the market has been segmented as follows:

- . Potato chips
- . Tortilla chips
- . Snack nuts and seeds
- . Popcorn snacks (RTE popcorn, microwave popcorn, unpopped popcorn)
- . Pretzels
- . Cheese snacks
- . Corn snacks
- . All other salty snacks (pork rinds, snack mixes, variety packs, onion rings, vegetable chips, etc.).

Sales data presented below differ from Mintel's *Salty Snacks-U.S., consumer intelligence, March 2003* in that microwave and unpopped popcorn have been included in the market size. Additional variations in market size are also accounted for by better industry estimates through "all other" distribution outlets. Figure 7 details sales by segment for 2001 and 2003.

Figure 7: Sales of salty snacks, by type, 2001 and 2003

	2001 Sales \$ million	Share %	2003 Sales \$ million	Share %	Change 2001-2003 %
Potato chips					
Tortilla chips					
Snack nuts & seeds					
Popcorn snacks					
Pretzels					
Cheese snacks					
Corn snacks					
All other					



Total

Data may not equal totals due to rounding

Source: Mintel/SFA/based on Information Resources, Inc. InfoScan ® Reviews Information

Graph 2 shows sales of salty snacks by type for 2003.

Graph 2: Sales of salty snacks, by type, 2003



Source: Mintel/SFA/based on Information Resources, Inc. InfoScan ® Reviews Information

With two-year growth at nearly 7%, the salty snack market showed moderate growth as sales exceeded \$21 billion in 2003. The market experienced soft sales in the potato chip segment with flat two-year results. This segment struggled to reach new consumers and/or increase replenishment cycles among households already purchasing because of its state of maturity in the market.

Regardless, potato chips remain consumers' favorite with some 29% of total market sales and even though the segment yielded flat sales, certain brands have performed well. For example, sales of Frito-Lay's Wavy Lay's brands increased almost 9% from 2001 to 2002 per IRI-which was a feat considering that the FDM (excluding Wal-Mart) potato chip segment declined 1% as a whole during that time.

Tortilla chips, cheese snacks, snack nuts and seeds and "other" salty snacks increased at twice the rate of the overall market. Tortilla chips and cheese snacks are likely growing as a result of innovation and a plethora of flavors entering the market. Snack nuts and seeds and "other" salty snacks like vegetable chips and soy snacks benefit from their positive association with health and diet.

Pretzels and popcorn snacks yielded sales below market pace. The slower growth in these segments is a result of more limited household penetration as well as a shift away from low-fat snacks to those that fit other diet regimes, like low carb.

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SUPPLY STRUCTURE

The Supply Structure section covers production of salty snack products. Manufacturer and brand profiles are included.

FDM sales by manufacturer

Frito-Lay dominates the salty snack market as the leading supplier with half of the total FDM market (excluding Wal-Mart), sales in 2003 worth \$4.8 billion. As an entity, private-label brands do have an impact on the market as the second-largest “supplier“ with nearly 9% market share in 2003. Given the fact that the salty snack market is highly segmented, outside of Frito-Lay and private label the majority of the remaining suppliers strive to dominate one or two segments and as a result no single manufacturer maintains more than a 5% share of the nearly \$9.5 billion FDM market.

It should be noted that all sales data presented in this section come from IRI InfoScan data and exclude sales through Wal-Mart.

Figure 16 details FDM sales for the manufacturing leaders in the salty snack market.

Figure 16: FDM sales of salty snacks, by manufacturer, 2001 and 2003

Manufacturer	2001 Sales \$million	Share %	2003 Sales \$million	Share %	Change 2001-2003 %
Frito-Lay					
Kraft/Nabisco					
General Mills					
Procter & Gamble					
ConAgra					
Private label					
All other					
Total					



Data may not equal totals due to rounding

Note: excludes sales through Wal-Mart

Source: Mintel/ based on Information Resources, Inc. InfoScan ® Reviews Information

FDM sales of salty snacks by manufacturer are illustrated in Graph 4.

Graph 4: FDM sales of salty snacks, by manufacturer, 2003



Note: excludes sales through Wal-Mart

Source: Mintel/ based on Information Resources, Inc. InfoScan ® Reviews Information

With the exception of snack nuts and seeds (led by Procter & Gamble) and popcorn snacks (dominated by ConAgra), Frito-Lay is the top supplier in every segment. Four other suppliers also yield sales great enough to account for at least 3% market share each, while the next largest manufacturer drops down to less than 2% of market sales in 2003. Collectively these “other” suppliers account for nearly a quarter of sales worth over \$2.3 billion, up 5% since 2001.

Private label also plays a significant role in the salty snack market with sales of \$834 million in FDM outlets. One reason for the success of private label is that it competes in each of the eight segments in the market-with its share varying from a high of 30% in snack nuts and seeds to 2% in the “all other” salty snacks.

General Mills experienced the only two-year decline of the leading manufacturers, most of which could be attributed to the dropping sales of its Wahoos corn snack brand and Bugles brand snacks. Wahoos were introduced in 2001 with sales of \$6.4 million and the brand grew to \$17.6 million in 2002. Product sales in 2003 dropped to less than \$1 million (according to IRI), though it is not clear whether this is due to lack of interest from consumers or declining support on the part of the manufacturer.

ConAgra experienced the largest gains of any leading manufacturer by increasing sales some 16%. ConAgra competes solely in the popcorn snacks category and was able to expand its microwave popcorn offerings featuring its top Orville Redenbacher brand to much success. The company's Smart Pop line yielded the most significant two-year gains worth \$22 million.

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ADVERTISING & PROMOTION

Overview

During 2002 advertising and promotion spending by salty snack manufacturers was \$310 million as tracked by TNS Media Intelligence/CMR. This represents an increase in spending of nearly 10% since 2000, driven primarily by Procter & Gamble's doubling its ad spending during the period.

Figure 26 details the leading advertisers in the salty snack market in 2000 and 2002.

Figure 26: Leading advertisers in the salty snack market, 2000 and 2002

	2000		2002		Change 2000-2002	
	\$000	%	\$000	%	%	
Frito-Lay						
Procter & Gamble						
General Mills						
Kraft/Nabisco						
ConAgra						
All other advertisers						
Total						



Data may not equal totals due to rounding

Source: Mintel/ TNS Media Intelligence/CMR

During the first nine months of 2003, total ad expenditures were \$226 million for the market. Shifts in ad spending by leading suppliers are mostly driven by promotional support of new products. For example, from January-September 2003 Kraft/Nabisco's ad spending increased nearly 25% on a comparable basis from 2002. During that time the company launched Nabisco Ritz Chips,

supported by 18% of the company's ad spending per TNSMI/CMR.

In the salty snack market, network television remains the premier venue for marketing campaigns with 41% of ad expenditures during the first nine months of 2003. Magazines and cable television each received 18% of industry ad dollars during that time period. Other types of media used remain comparable to previous years with spot television and syndicated television rounding out the top five venues for promoting salty snacks. Most companies are using such methods because they can target key audiences in television and magazines that allow penetration into specific market demographics. Salty snack manufacturers also utilize FSIs, in-store displays and promotions as well as discount pricing to support brands or specific products.

Frito-Lay was responsible for well over a third of the advertising in the salty snack market during 2002 with spending of \$113 million. As the undisputed leading supplier to the market, Frito-Lay's product portfolio is very broad and as such its ad spending seems justified at nearly double that of the next largest advertiser in the market-Procter & Gamble.

Procter & Gamble represented its Pringles and Torengos brands with the second-largest ad budget, worth \$60 million in total-double that of spending in 2000. As the third-largest supplier to the market, P&G spends more than Kraft/Nabisco whose brands capture more market share in the salty snack market. General Mills supported the Bugle, Pop Secret and Chex snack mix brands with \$47 million on marketing.

Finally, Kraft/Nabisco spent nearly 9% of total market ad dollars, down 30% from 2000. Kraft/Nabisco spent significantly less on advertising its national brands (primarily Planters) when compared to the other leading suppliers; however, ad spending has risen again during 2003.

All other advertisers in the salty snack market combined account for approximately 15% of the ad spending for the industry. However, no other single advertiser was responsible for more than 5% of ad expenditures during 2002.

Major manufacturers and brands

Following are brief profiles of the advertising and promotion activity of leading advertisers in the salty snack market. It is important to note that the suppliers may use alternative means of advertising other than the channels tracked by TNSMI/CMR, such as in-store promotions. Therefore, expenditures for specific ad campaigns may not match company or industry total ad expenditures as noted by TNSMI/CMR.

Frito-Lay

As the leading advertiser in the salty snack market, Frito-Lay focused most of its ad spend on its Doritos brand with \$33.7 million (30% of total 2002 spending). Tostitos also garnered much support with 19% of the budget worth \$21.3 million. Quaker brand snacks (\$17.3 million), Go Snacks (\$14.5 million), Lay's (\$10.7 million) and Ruffles (\$8.3 million) were also backed by advertising monies. The remaining dollars were spread across Cheetos, Sun Chips, Rold Gold, Fritos and the new Natural snack line. The company also spent some \$3.5 million promoting the Frito-Lay brand in general as in public service promotions.

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RETAIL DISTRIBUTION

Further information on many of the retailers named in this section is available from Mintel's Retail Interactive database. Data included in Retail Interactive include: three-year financials, operating statistics, company structure, corporate profile and enable company/company and company/sector comparison and analysis.

Overview

Salty snacks are primarily sold through supermarkets, which represent nearly half of market sales. Yet, many different types of retail distribution outlets sell salty snacks and compete for their piece of market sales. Other leading distributors include mass merchandisers (including Wal-Mart), which accounted for 18% of salty snack sales during 2003. Wal-Mart alone accounted for approximately 15% share, leaving another 3% to other mass merchandisers in the marketplace.

Convenience stores accounted for 15% of retail sales in 2003 and foodservice/vending generated over 9% of sales. The remaining portion of sales is generated by a myriad of channels, including drug stores, health food stores, dollar and discount stores, and others.

Figure 27 details sales of salty snacks by distribution channel for 2001 and 2003.

Figure 27: U.S. retail sales of salty snacks, by channel, 2001 and 2003

	2001 Sales	Share	2003 Sales	Share	Change 2001- 2003
	\$ million	%	\$ million	%	%
Supermarkets					
Mass merchandisers/ warehouse clubs					
Convenience stores					
Foodservice/vending					
Drug stores					
All other*					



Total

* including dollar stores, health food stores, video stores, etc.

Data may not equal totals due to rounding

Source: Mintel/SFA/ based on Information Resources, Inc. InfoScan ® Reviews Information/Industry reports

Sales of salty snacks by channel for 2003 are shown in Graph 5.

Graph 5: U.S. retail sales of salty snacks, by channel, 2003



* including dollar stores, health food stores, video stores, etc.

Data may not equal totals due to rounding

Source: Mintel/SFA/ based on Information Resources, Inc. InfoScan ® Reviews Information/Industry reports

The supermarket channel maintains its reign as the leader in distribution of salty snack products with almost 49% share of the market sales. Yet, from 2001-2003 supermarkets produced below market average sales growth and actually lost market share to other channels-namely Wal-Mart. Wal-Mart and warehouse clubs are estimated to have increased sales by 19% in the two-year period. Such growth is likely driven by expansion in number of retail outlets as well as increasing popularity of such destinations because of low prices and “one-stop” shopping convenience. Regardless, it seems unlikely that supermarkets will ever lose status as the top retailer of salty snacks given that these outlets are inherently the first choice for grocery purchases, especially in terms of food items.

Convenience stores are slowly gaining market share as a result of a near 10% increase in sales of salty snacks from 2001-2003. As suppliers continue to develop snack products to be distributed solely in c-stores (i.e. Frito-Lay's 2003 release of Lay's Dill Pickle Potato Chips or David's Sunflower Seeds Travel Cup), sales will escalate. The grab-and-go convenience this channel provides is unparalleled by other retail formats. However, growth in mass merchandisers, drug stores and foodservice/vending seems to be driving sales on a small scale. As these outlets continue to expand food offerings and placement opportunities, it seems growth will continue to be above market average.

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THE CONSUMER

Mintel here presents the most salient findings of consumer research on this market. These data represent only a small minority of the resources and data available from Mintel's consumer research. Further analysis of our exclusive research, tailored to individual clients' needs, can provide more extensive information on the buying habits of specific regions, economic groups, or age groups, to name but a few possibilities.

It is also possible to net and/or combine codes to create new attitudinal, usage or demographic groups, and cross-analysis can show how the answers to any questions or categories are related.

For further details and prices, please call the editorial team at 312.932.0400.

Introduction

For the purposes of this report, Mintel commissioned exclusive consumer research through TechnoMetrica to explore consumer usage of and attitudes towards salty snacks. Fieldwork was conducted January 13-27, 2004, among a nationally representative sample (weighted against the total population for estimation) of 1,000 adults aged 18+.

Mintel has also analyzed data from Simmons Research, using the National Consumer Survey (NCS). The NCS survey was carried out from June 2002-May 2003 and the results presented here are based on the sample of 20,802 adults aged 18+, with results weighted to represent the U.S. population.

Further findings for this report are based on the Simmons Teens and Simmons Kids surveys. The surveys were also conducted from June 2002-May 2003, with 2,469 teens aged 12-17 and 2,476 children aged 6-11.

Mintel has looked at responses by various demographic factors such as age, race/ethnicity, household income and region to give a consumer perspective and analyze usage and trends. Analysis is only presented where significant differences are apparent.

Household consumption of salty snacks

In order to explore market penetration of salty snacks, respondents were asked the following question:

"Does anyone in your household eat...?"

The topline results are presented in Figure 41.

Figure 41: Household consumption of salty snacks, June 2002-May 2003

Base: 20,802 adults aged 18+

All
%

Potato chips
Popcorn products
Corn chips/tortilla chips/cheese snacks
Nuts
Pretzels



Source: Mintel/Spring 2003 Simmons NCS

Nearly all respondents surveyed report salty snack consumption within their household, which indicates that growth will not come from reaching new customers, but from getting existing customers to buy (and eat) more.

Nearly nine in ten eat potato chips, which support this segment's wide acceptance and high household penetration. Some 83% of households surveyed eat popcorn products. Similar to potato chips, popcorn snacks are struggling to facilitate significant sales growth (beyond that of inflation) in the competitive snack market-perhaps a result of the high household penetration and relative maturity of these segments compared to other salty snack categories.

Corn and tortilla chips and cheese snacks combined are consumed in nearly eight in ten households surveyed. Given that tortilla and cheese snacks are influential growth categories in the market, Mintel expects that household penetration will continue to escalate.

Nuts, for either cooking or snacking, are used by 73% of households surveyed. Pretzels yield a household penetration in this survey of slightly less than two thirds.

Overall, each salty snack category illustrates a relatively strong market penetration, so how often consumers eat and buy more of these products is the factor separating growing segments from stagnant ones.

The results are analyzed by age of head of household in Figure 42.

Figure 42: Household consumption of salty snacks, by age of head of household, June 2002-May 2003

“Does anyone in your household eat...?”

Base: 20,802 aged 18+

	All	18-24	25-34	35-44	45-54	55-64	65+
	%	%	%	%	%	%	%
Potato chips							
Popcorn products							
Corn chips/tortilla chips/cheese snacks							
Nuts							
Pretzels							



Source: Mintel/Spring 2003 Simmons NCS

Overall, households with older children are more likely to be snack eaters themselves, as those respondents aged 35+ show a higher incidence of consumption. Older age groups (over-55s) show a lower incidence of consumption of potato chips and corn/tortilla/cheese snacks. Perhaps, due to the fact that many of these products are not often associated with health benefits like nuts, for example, older age groups are not consuming these snacks as they do not fit into their diet regimes.

Nuts in particular have a higher incidence of consumption in households headed by older adults. Snack nuts are a more traditional type snack, which might have increased appeal to older generations that were brought up on them. Further, nuts are “heart-healthy“ which would grab the attention of older consumers who are more aware of such benefits.

The results are analyzed by the presence of children in the household in Figure 43.

Figure 43: Household consumption of salty snacks, by presence of children, June 2002-May 2003

“Does anyone in your household eat...?”

Base: 20,802 aged 18+

	All	No children	One or more children
	%	%	%
Potato chips			
Popcorn products			
Corn chips/tortilla chips/cheese snacks			
Nuts			
Pretzels			

Source: Mintel/Spring 2003 Simmons NCS

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APPENDIX: RESEARCH METHODOLOGY

Mintel International Group, Ltd is an independent market analysis company. Mintel prides itself on supplying objective information on a whole range of markets and marketing issues.

Mintel was founded in 1976 and has a long-established reputation as a leading publisher of "off-the-shelf" market information. Mintel has achieved "Superbrand" status in the UK, and is widely and regularly quoted in both national and specialist press.

There are three main sources of information and research stages used in the compilation of Mintel reports:

- . Exclusive consumer research is commissioned by Mintel for individual reports, and non-exclusive large-scale surveys are also drawn upon extensively
- . Trade interviews, both formal and informal, are conducted with relevant industry players
- . Mintel's exclusive market size and economic databases are utilized; these have been developed by our team of statisticians and based on government and business data.

Reports are written and managed by analysts who are specialists in specific markets, or in their own fields.

Consumer Research

Mintel commissions exclusive and original quantitative consumer research-especially for the reports. Mintel invests a considerable sum each year in consumer research. The Mintel report purchaser benefits as the price of an individual report is less than the cost of the original research alone. The research brings an up-to-date and unique insight into important topical issues.

Consumer research is conducted amongst a nationally representative sample of adults. Surveys are conducted by specialist survey research firms and **may** include:

ICR Surveys: Telephone omnibus survey (EXCEL)

TechnoMetrica: Telephone omnibus survey (TIPP Poll and Express Omnibus Surveys)

Results of these surveys are only available in Mintel reports.

In addition and as appropriate, Mintel reports draw on:

Simmons Research National Consumer Survey surveys using each of the three surveys covering "Households," "Teens," and "Kids."

Sampling & Weighting

ICR Surveys EXCEL

EXCEL is a national, twice-weekly, consumer telephone omnibus service. With the assistance of Computer-Assisted Telephone Interviewing (CATI), interviewers contact, screen, and interview a nationally representative sample of adults, using a questionnaire prepared by Mintel.

In each EXCEL survey, at least 1,000 telephone interviews are conducted with males and females, 18 years of age or older living in telephone households located in the continental U.S. These interviews are quota-sampled so that one half of the respondents are males and one half are females. The sample for each EXCEL is a computer-generated, fully replicated, stratified, single-stage random-digit dialing (RDD) sample of telephone households.

Within each sample household, one adult respondent is randomly selected using a computerized procedure based on the Most Recent Birthday Method of respondent selection (i.e., May I please speak to the Male/Female, 18 years of age or older, living in this household who had the most recent birthday?). Interviewing for each EXCEL survey is conducted over a five-day period encompassing both weekdays and weekends.

Each EXCEL survey is weighted to provide nationally representative and projectable estimates of the adult population. The weighting process takes into account the disproportionate probabilities of household selection due to the number of separate telephone lines and the probability associated with the random selection of an individual household member. Following the application of weights, the sample is post-stratified and balanced by key demographics such as age, sex, region and education.

If you would like more information on the sample weighting procedure used for the EXCEL survey please contact Mintel.

National Consumer Surveys “Households,” “Personal,” “Teens” & “Kids”

Mintel reports frequently draw on the Simmons National Consumer Surveys, and may include data from its surveys of “Households,” “Teens,” “Kids,” & “Hispanics”

The Simmons National Consumer Study (NCS) is a comprehensive survey of adult (18+ years of age) American consumers. It provides single-source measurement of major media, products, services, and in-depth consumer demographic and lifestyle/psychographic characteristics.

- . 20,000 Adults 18+
- . Single-phase data collection-media, product and consumer behavior data collected through a self-administered survey booklet
- . Survey placed in the home via phone contact
- . Upfront incentive/sweepstakes offer
- . All household members participate by completing their own personal booklets
- . Principal shopper completes one Household Survey
- . Conducted twice each year-Spring & Fall
- . Released twice each year-Spring & Fall reports
- . Ability to look at full-year and six-month data

The samples for the Kids and Teens Studies are taken from the same households participating in the adult study. The Kids and Teens Studies provide in-depth insight into these consumer segments to understand their affect on the marketplace, and how and where to reach them.

- . 2,500 Teens 12-17 and 2,600 Kids 6-11
- . Both samples gathered from within NCS participating households
- . Upfront incentive/sweepstakes offer
- . All teens or kids in household participate by completing their own personal booklets
- . Conducted twice each year-Spring & Fall
- . Released twice each year-Spring & Fall reports

The Simmons National Hispanic Study is the only national, multi-media syndicated research instrument targeting the Hispanic market, and is particularly valuable in identifying media habits, product and service usage and attitudes and opinions among this segment.

- . 10,000 Hispanic Adults 18+
- . Single-phase data collection-media, product and consumer behavior data collected through a self-administered survey booklet
- . Survey offered in Spanish or English-respondent's choice
- . Incentive/sweepstakes offer
- . One person per household participates
- . Conducted annually
- . Released annually

Presentation & Definition

Unless otherwise stated, consumer research data are presented as penetration, i.e. as a percentage of demographic sub-groups such as age, e.g. 71% of 18-24 year old are suncream users. Profiles are represented as proportions of the population, e.g. 8% of suncream users are aged 18-24.

Some reports contain qualitative research, either focus groups or in-depth interviews, and a full explanation of the methodology used in these areas is given in the individual Introduction section of such reports.

Definitions of the main consumer classification systems used in the report are shown at the end of this section.

Further Analysis

Consumer research is stored in a database supervised by Mintel 's data analysts and statisticians. For additional analysis of survey data, please call James Piekarski or Bill Patterson at 312.932.0400.

Trade Research

Informal trade research

Is undertaken for all reports. This involves contacting relevant players in the trade, not only to gain information concerning their own operations, but also to address various brand and marketing

issues in the market under review. To ensure the accuracy of its reports, Mintel will send draft copies of reports to key industry representatives, and take account of their feedback. Comments, where appropriate, are incorporated into the report prior to final publication.

Formal trade research

Using experienced external researchers, in-depth trade interviews are carried out as appropriate for some reports. This takes the form of full trade interview questionnaires and direct quotations are included in the report. This gives valuable insight into a range of trade views on topical issues.

Desk & Internet Research

Mintel holds a variety of publications, including government statistics, consumer and trade association statistics, manufacturer-sponsored reports, annual reports, directories and articles from over 200 publications, from both the U.S. and abroad. All information is cross-referenced for easy access.

Data from other published sources are the latest available at the time of writing the report.

All analysts and writers have access to Mintel 's market size and economic factors database. This is a database containing all areas of consumer expenditure and macroeconomic and demographic factors which affect consumer spending. This database is used in conjunction with an SPSS forecasting package to produce a market size forecast.

Mintel subscribes to a number of online databases which are made available to our analysts.

Sources

Where data are provided by a particular source, the source is indicated below the Figure (Table). Often figures are sourced "Mintel". This means that information is derived from a variety of sources, with the writer filling in any information gaps or interpreting data, to give an accurate representation of the market. In this way, it can be ensured that data are consistent both with other data in the report and the wider array of Mintel data.

Data that are estimated are referenced as such either because the original source data are only at the estimated stage and are not finalized or because they have been estimated by Mintel analysts.

Definitions

Most demographic definitions in the reports are self-explanatory; please contact James Piekarski or Bill Patterson at 312.932.0400 if you have further questions.

Forecasts

Market forecasts are created by Mintel 's in-house statisticians using the SPSS software package.

The statisticians correlate historic market size data with key economic and demographic variables, identifying those factors having most influence on the market. Using forward projections

of these factors, a market size forecast is produced.

Mintel has compiled its own database of important economic and demographic variables from government and independent sources. The database includes both historical and projected data and are used in combination with Mintel's own market size and segmentation database.

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APPENDIX: WHAT IS MINTeL?

Mintel Publications

In the UK , Mintel publishes over 25 reports each month, covering a wide range of sectors and focusing on topical marketing issues. The 'Intelligence' reports are published in five series-Market, Leisure, Retail, Finance and Special Reports-as well as the Irish Series, Industrial, EuroViews and the Internet series.

In the U.S. , Mintel publishes its *consumer intelligence* series of reports. *consumer intelligence* covers 13 sectors: Foodservice, Food, Drink, Pursuits/Hobbies, Travel, Clothing/Fashion, Health/Medical, Beauty/Personal, Household, Services, Publishing, Automotive and e-commerce.

Mintel publications provide analysis of market sizes and trends, market segmentation, and consumer attitudes and purchasing habits, as well as assessing the future of the market.

By providing a comprehensive picture of the consumer, Mintel's reports provide thorough analyses of market sectors, breaking down often complex issues into easy-to-understand sections that detail marketing opportunities and weaknesses.

What does the future hold for my business? What do my consumers want? What strategies are my competitors employing? What is likely to happen over the next few years?

The future of your marketing depends on answering these questions-something Mintel prides itself on.

The key to being well equipped for the future is a better understanding of the present. So whatever your question, Mintel will have the answer.

Mintel also publishes an Index, updated every month, which is a comprehensive guide to all reports published by Mint e l publications from 1998 to date. If you would like details of an earlier report or further details regarding any of the reports mentioned in the Index, please contact the Mintel information team in Chicago at 312.932.0400 or in London at +11 44 (0)20 7606 4533 or email info@mint e l.com.

Mintel Services

Operating for more than 25 years, Mintel Services has unrivaled, independent experience in the fast-moving product intelligence market. Our in-house team researches trends in consumer packaged goods (cpg) sectors and offers specialist in-depth analyses and services.

No other information service provider can put you in touch with global consumer markets by

sourcing new or established products, putting them in your hands, monitoring your competitors in stores in over 130 countries, performing quality analyses, and providing a breadth and depth of published data which are simply unrivaled.

Mintel Services can provide a customized service, with tactical delivery of information according to your requirements, or offer you a comprehensive range of products and publications.

Product retrieval

You've seen or heard of a product existing in Australia that has given you an idea...but first you want to get your hands on the real thing. One phone call to Mintel Services and we will have one of our field associates retrieve the product, from the country you specify, within 24 hours. As soon as possible, the product will be on your desk. The product retrieval service allows you to perform quality assurance tests, generate new product ideas, undertake consumer product sampling, procure products for tasting panels, identify gaps in the market, perform competitor evaluations, and evaluate new export markets.

Retail audits

You can receive regular details and updates about your competitors' single items, whole product ranges, or from particular outlets, delivered straight to your door, as often as you wish. Data can also be collected simultaneously in any number of countries to give you instant worldwide snapshots of particular consumer markets. Many of our researchers use electronic messaging services to deliver the data to you, via Mintel Services, within hours of being collected.

Within hours of your request, we can have one of our worldwide contacts out in a store, surveying the state of your and your competitors' products. For each product or brand, any or all of the following information can be collected, pricing surveys, comprehensive shelf surveys, trade-age surveys, and pack appearance monitoring.

Tailored research

You simply brief our worldwide network of field associates as to which sectors you are interested in, and they will constantly monitor the retail shelves and trade literature in their region for the new products. The information will then be compiled and sent to you-putting your finger on the pulse, yet keeping your hands free.

If you require something more specific, just tell us what you want and our network of researchers can be your eyes and ears. You will have a global army of information gatherers working for you. Whether it's a particular variety of coffee bean found in Papua New Guinea or spices in India, the network will be on the lookout for your requirements.

Choose from any combination of our core services and tailor them to suit your own individual company needs, budget and preferences.

You can make two kinds of decision. One is informed, the other is not. Track it. Trial it. Try it, with Mintel Services.

For details on how to set up an account with Mintel Services, or to discuss your latest project, telephone

Global New Products Database

The world's premier editorial coverage of new product development, the gnpd is a comprehensive database that monitors worldwide product innovation in consumer packaged goods markets, offering unrivaled coverage of new product activity for competitor monitoring and product idea generation.

The gnpd covers:

- . food, beverage and non-food sectors
- . 31 categories and 101 sub-categories
- . all key global markets.

The gnpd features:

- . pictures, ingredients, product details and descriptions of all key new products
- . fully searchable fields
- . ability to save search criteria
- . front page that can be customized to user preferences
- . extract facility to create customized reports and presentations
- . daily updates
- . email alert service to deliver the latest news straight to your desktop
- . dedicated customer service
- . free consultancy advisory service from our highly experienced editorial teams in London and Chicago
- . full IT training from the gnpd helpdesk.

Whether you want to monitor how your market is evolving or require instant information on a specific product, you'll find it all at your fingertips with gnpd.

Research Support/Consultancy/MiC

Mintel 's in-house market analysts are on hand to assist subscribers with any further questions on published reports.

MiC-the Mintel Information Center-provides an excellent complementary service for additional customized information requests.

The Mintel Information Centre (MiC)

- . Analyzing any figure, any market, any country
- . MiC is the information center of Mintel, undertaking customized research which range from a simple question to the commissioning of exclusive and in-depth market research studies.
- . Saving you not only time and money, but also energy
- . Answers can be on your desktop in a fraction of the time compared with conducting or organizing the search yourself
- . Access to a vast array of online information services
- . Unparalleled library of business and marketing information, statistics, trade journals and within-industry contacts
- . Each enquiry handled by a professional research manager (even if it is just providing a single

figure).

There are two ways to use the MiC service-as a subscriber or ad hoc. A subscription starts from £1,000 and this money is deposited in an account and used as payment for any information delivered.

If you cannot find the report you want listed in our published titles, simply ask MiC to write it for you. MiC is in a unique position to bring together proven experts on many CPG, leisure, financial and retail markets, together with consumer lifestyle and attitudinal findings, to produce authoritative market studies that will be concise, easy to read and actionable.

PR Research

Mintel 's expertise in producing tailor-made market research with maximum media appeal has been built up over many years. Mintel 's strength is that we produce independent, reliable research respected by both end users-manufacturers, retailers, financial institutions, leisure companies etc.-and the media. Through MiC, you can commission a report that serves the dual purpose of forming the base for a publicity campaign, yet remains a strategic document to be used in the product development process.

For details on how to set up an account with MiC, or to discuss your latest PR project, simply telephone Sarah Cocker on +11 44 (0)20 7606 4533 or email scocker@mintel.com.

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