by A. Elizabeth Sloan

A Prescription for **Healthy Snack Sales**

Sales of healthy snacks have slowed after outpacing indulgent snack sales for nearly a decade, according to IRI's 2018 *State of the Snack Food Industry* report. In 2017, indulgent snacks grew 1.9% in dollar sales; wellness snacks slipped by 0.4%.

***Snack claims that help consumers** more easily address their personal wellness goals are getting unprecedented attention.*

What is most revealing and concerning is that the "other snacks" category, led by alternatives, (e.g., plant-based snacks) was among the fastest-growing snack segments in 2017, per IRI, with sales up 19%, indicating that it may be time to rethink the U.S. healthy snack product mix and market positioning.

Nabisco's *Good Thins*, made from plant-based ingredient bases such as sweet potato, was the second-bestselling new food/beverage overall in 2017, with year one sales of $87 million, according to IRI's 2018 *New Product Pacesetters* report.

Similarly, "all other" snack/granola bar sales soared by 23% in 2017 versus growth of +1.8% for nutritional/health bars and 0.9% for breakfast/cereal/snack bars. Albeit from a small base, vegan snacks jumped 36%. Packaged Facts' 2017 *Snack Food Nutrition Trends* report projects alternative snack sales will reach $1.7 billion by 2019.

Americans have shifted their food buying decisions from those based primarily on form and brand to decisions based on product benefits (e.g., *Cheerio's Protein*), per IRI's 2017 *Realigning for Growth* report, so it's not surprising that snack claims that help consumers more easily address their personal wellness goals are getting unprecedented attention.

Sales of ice cream with claims related to fat content, protein content, and/or organic jumped 40% in 2017, while sales of all other ice cream fell by 1.7%. Sales of cookies with energy claims soared 17%, while the cookie category grew just 1%, per IRI.

High-protein, low-calorie, and gluten-free *Halo Top* ice cream and its dairy-free alternative was the best-selling new food/beverage of 2017 with year one sales of $324.2 million, according to IRI's 2017 *New Product Pacesetters* report.

In 2017, snacks that made fortified dairy, kosher, gluten-free, high protein, and 100% natural claims posted the largest absolute dollar growth among snacks with a claim. Among traditional snacks, functional, allergy, and weight-loss diet claims took center stage; Paleo, Whole 30, and Keto weight-loss diets were the most cited, per IRI.

Immunity, probiotic/prebiotic, high protein, no antibiotics, and non-GMO were the functional claims present on top-growth snack categories over the past three years. Organic snacks grew 9% in 2017, per IRI.

Nutrition Business Journal projects sales of functional snacks will reach $8.5 billion by 2020. Sixty-five percent of adults want snacks with an energy boost, +5% since 2016; 40% seek snacks with probiotics, +3%, per IRI. Six in 10 snackers want products with added vitamins/minerals.

With FMI's 2017 *U.S. Grocery Shopper Trends* report stating that 30% of Millennials are concerned they're not getting enough specialty nutrients, expect more supplement-like nutritionals (e.g., collagen) to appear in healthier snacks.

Snackers, foodies, weight managers, and organic food users are among the groups most interested in clean labels, according to Packaged Facts' 2018 *The Organic & Clean Label Food Consumer* report. Clean-labeled wholesome snacks posted growth of $55 million in 2017, up 21% versus a decline of 1.2% for the category overall, per Nielsen.

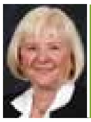
Clean-labeled, snack-size salty snacks with a non-GMO claim had a compound annual growth rate (CAGR) of 29% over the past five years; for gluten-free, the CAGR was 28%; no artificial colors/flavors, +26%; organic, +25%; and no preservatives, +24%—versus +3.2% for the category overall, per Nielsen.

Sales of fresh produce snacks for on-the-go eating occasions reached $1.1 billion for the year ended May 27, 2017, up 5.1%, per Nielsen. Sales of fruit for snacking was up 17%.

With consumers continuing to associate "low in" claims with overprocessed food and full-fat options back in vogue, it's not surprising that sales of yogurt with low-fat claims fell by 6% and sales of low-fat natural cheese were down 11%, per IRI. Savvy snack marketers are using their process to create a nutrition halo, touting baking versus frying or minimal processing.

For the first time in 10 years, sweet snacking is on the rise, according to the NPD Group's 2017 *Eating Patterns in America Annual Report*, and healthy snack marketers need to take a larger share. Moreover, consumers are snacking on more sweet treats as the day goes on.

With households with kids accounting for 40% of snack sales, according to IRI, delivering healthier snacks that give moms permission to buy is a very big idea. Prepared lunch kits, fruit snacks, toaster pastries, nutrition bars, breakfast pastries, and snack cakes top the list of foods they're most likely to buy, per Packaged Facts' 2018 *Kids Food & Beverages* report. **FT**



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