



# Crunching the Future: Snackonomics and Flavorful Trends

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## Welcome

In the dynamic landscape of the Consumer Packaged Goods (CPG) industry, the snack category continues to undergo significant transformations driven by evolving consumer preferences, sustainability concerns, and a growing emphasis on health and wellness. This thought leadership report delves into key insights extracted from a recent presentation, offering detailed analyses and actionable recommendations for industry leaders in the CPG sector.



# Shifting Dynamics in Channel Sales: Units Down, Sales Up

One overarching trend that characterizes the snack category is the intriguing discrepancy between unit sales and overall sales figures. Across various sales channels, including cross-channel, there is a noticeable trend where units purchased are on the decline, while sales revenue registers an upward trajectory.

This intriguing phenomenon indicates a substantial increase in the average retail price (ARP) of snacks, signifying potential pricing strategies that brands have adopted. This is trend that we've seen across the grocery store, but it is a noteworthy point for CPG leaders to consider as they strategize pricing and revenue optimization.

Natural Channel		
<b>+5.6%</b>	<b>-6.5%</b>	<b>+10.3%</b>
Total Channel Sales	Total Units	ARP

Conventional Multi Outlet (MULO) Channel		
<b>+11.2%</b>	<b>-3.2%</b>	<b>+14.8%</b>
Total Channel Sales	Total Units	ARP

Regional & Independent Grocery Channel		
<b>+11.2%</b>	<b>-3.2%</b>	<b>+14.8%</b>
Total Channel Sales	Total Units	ARP

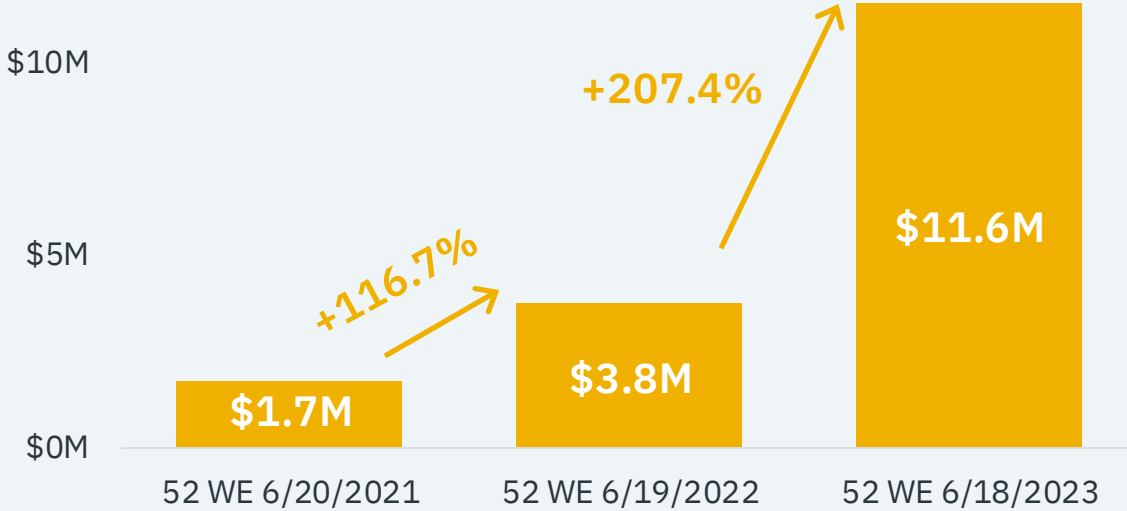
Cross Channel (MULO + Natural)		
<b>+11.0%</b>	<b>-3.2%</b>	<b>+14.7%</b>
Total Channel Sales	Total Units	ARP

# The Rise of Upcycled Ingredients: A Sustainable Innovation

A prominent trend that deserves attention is the adoption of upcycled ingredients within the snack category. Numerous brands are leveraging upcycled ingredients, aligning with the Certified Upcycled certification.

This approach not only addresses sustainability concerns but also contributes to the reduction of food waste. CPG companies in the snack sector should explore opportunities to collaborate with such certifications and integrate upcycled ingredients, thus enhancing their brand's environmental credentials.

Dollar Sales of Certified Upcycled Snack Products



UNITS %CHG, 2YA

**+566.3%**

UNITS %CHG, 1YA

**+183.5%**

# Functional Ingredients and Innovation

Functional ingredients have gained mainstream prominence, extending beyond the supplement and beverage categories to snacks.

Brands are integrating functional ingredients such as super mushrooms and prebiotic fiber, capitalizing on the growing consumer interest in gut health and wellness. Industry leaders should consider aligning their product innovation strategies with these functional ingredient trends to enhance the nutritional value of their snack offerings.

## Chips, Pretzels, & Snacks

Category	\$	Unit
Whey (Protein)	+322%	+460%
Chia Seed or Oil	+201%	+166%
Coconut Oil	+145%	+133%

## Cookies & Snack Bars

Category	\$	Unit
Whey (Protein)	+92%	+68%
Plant (Protein)	+69%	+53%
Grain Based	+24%	+12%



# The Flavor Revolution: Global Flavors and Diverse Consumer Base

An emerging trend in the snack sector is the increasing popularity of global flavors, underpinned by a more diverse brand ownership landscape. This trend resonates well with a broad spectrum of consumers and reflects a shift towards appealing to culturally diverse palates.

Brands that infuse their snacks with global flavors can establish a unique selling proposition, capturing the attention of a wider consumer base. Industry players should explore collaborations that bring authentic global flavors to their product lines.

## Milk Tea – New Standout?



Bev in a Snack Bar



The New Caramel?



Candy Giant



International Heavyweight

## Global Flavors Continued



Berbere



Ancho Kimchi



Olive & Za'atar



Chili Chaat

# Allergen-Friendly and Grain-Free Focus

Another pivotal development is the industry's focus on allergen-friendly and grain-free products. Wellness bars, snack bars, and even candy are being formulated to be major 9 allergen-friendly, aligning with the preferences of health-conscious consumers.

Moreover, certain grain-based categories are venturing into grain-free alternatives, indicating a potential avenue for growth. CPG companies should consider incorporating these designations to attract consumers with specific dietary needs.

## Major 9 Allergen Free

Category	\$	Unit
Wellness Bars & Gels	+29%	+3%
Cookies & Snack Bars	+24%	+11%
Candy	+10%	-6%

## Labeled Grain Free

Category	\$	Unit
Cookies & Snack Bars	+38%	+27%
Chips, Pretzels, & Snacks	+18%	+11%
Crackers & Crispbreads	+13%	+7%



# Recommendations

## 1. INNOVATIVE PRICING STRATEGIES

Given the disparity between declining unit sales and rising revenue, CPG companies should explore innovative pricing strategies that consider consumer perceptions, brand value, and the competitive landscape.

## 2. SUSTAINABILITY INTEGRATION

Consumers care about sustainability and they're voting with their wallets to show it. Brands should be loud and proud about their sustainability efforts be it using upcycled ingredients or otherwise.

## 3. FUNCTIONAL INGREDIENT FORMULATION

Capitalize on the functional ingredient trend by investing in research and development to incorporate health-enhancing elements like super mushrooms and prebiotic fiber into snack products. Look out for what's trending in the Vitamins & Supplements category to predict what's the next hot functional ingredient.



## Recommendations

### 4. CULTURAL SENSITIVITY IN FLAVOR INNOVATION

Watch for trending flavors and collaborate with diverse flavor experts to develop snacks that cater to global tastes, providing a unique and inclusive experience for consumers.

### 5. SPECIALIZED DIETARY OPTIONS

Cater to health-conscious and allergen-sensitive consumers by formulating products that are allergen-friendly and grain-free, tapping into the growing demand for specialized dietary options.

## Conclusion

**The snack category within the CPG industry is undergoing a profound transformation fueled by shifting consumer preferences and sustainability imperatives.** By capitalizing on the trends of upcycled ingredients, functional enhancements, global flavors, and dietary designations, industry leaders can position their brands at the forefront of innovation and consumer engagement. The recommendations provided in this report offer actionable insights to guide CPG companies toward sustained growth and success in this evolving landscape.



**Thank you!**

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