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EXPORT MARKETING BUREAU
G/F and 2/F DTI International Bldg.
375 Sen. Gil Puyat Avenue
Makati City 1200, Philippines

Tel. No.: (632) 8465.3300
Fax No.: (632) 8899.0111

<http://www.dti.gov.ph/exports/>
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Photo by Ella Olsson from Pexels

Savory Snacks in China

PROSPECTS

Diversification of the Offer in Potato Chips

The potato chips category saw notable new product innovation in terms of shape and processing towards the end of the review period. PepsiCo and Dali launched wave shape potato chips in 2018. Moreover, sliced potato chips are gaining momentum because of their crispiness. Traditional potato chips are made from mixed potato and cereal powers, while sliced potato chips are directly made by slicing potatoes rather than using powders, and, therefore, have the capacity to appeal to health-conscious consumers looking for less processed products. PepsiCo directly responded to the growing influence of health and wellness on demand in potato chips at the end of the review period with the launch of its baked potato chips brand Lebei, whose products contain less fat than fried alternatives and are, therefore, perceived to be healthier.

Nuts, Seeds and Trail Mixes Boosted by Popularity of "daily Nuts"

Nuts, seeds and trail mixes saw ongoing strong growth in both volume and value terms in 2019 supported by the health and wellness trend. Growth was

driven by the booming demand for nuts, particularly "Daily Nuts". These products, which have gained in popularity since the second half of 2016 because of their convenience, come in small packaging suitable for a day's consumption and offer a mix of nuts and fruits containing nutrients required on a daily basis. While traditional products such as sunflower seeds and peanuts are struggling to maintain sales, nuts remain popular because of growing awareness of their nutritional value.

Other Savory Snacks Offers Potential for Adaptation and Innovation

Other savory snacks was the fastest-growing savory snacks category in 2019. The category's capacity for growth is supported by the breadth of its offer, which includes many traditional Chinese snacks, such as latiao (spicy snacks made from wheat flour and chilli), duck neck, and quail eggs. The variety in the other savory snacks category offers considerable potential for responding to changing demand trends, as well as providing significant room for innovation. Consequently, other savory snacks is expected to continue to perform well, buoyed by innovation in taste and shape, during the forecast period.

Sales of Savory Snacks in China by Category

Retail Value RSP - CNY million - Current - 2019

Growth Performance

Nuts, Seeds and Trail Mixes

31,544.5

Salty Snacks

50,020.9

Savory Biscuits

13,527.2

Popcorn

133.0

Pretzels

-

Other Savory Snacks

38,127.9

SAVORY SNACKS

133,353.6

● CURRENT
YEAR %
GROWTH

■ % CAGR
2014-2019

■ % CAGR
2019-2024

0% 10% 15%



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COMPETITIVE LANDSCAPE

Want Want Maintains Lead Despite Share Erosion

Want Want remained the largest player in savory snacks in 2019, despite experiencing year-on-year share erosion since 2015. The company's strength in savory snacks is founded primarily on its eponymous brand's dominant position in rice snacks, though it also ranks second in the smaller puffed snacks category. Want Want's decline in value share during the latter part of the review period resulted largely from its heavy reliance on rice snacks. Although rice snacks registered growth in both volume and value terms, it failed to keep pace with other categories, such as nuts, seeds and trail mixes, and other savory snacks.

Hefei Huatai Maintains Resurgence

Hefei Huatai Food Co was the fastest-growing major player in savory snacks in 2019, achieving a second successive year of dynamic growth. The company's resurgence at the end of the review period was driven by its activity in its core, and strongly expanding, nuts, seeds and trail mixes category. The company benefited from the increasing penetration of its "Daily Nuts" product and the increased

price of its traditional sunflower seeds products. In addition, it has established an integrated value chain incorporating the planting and processing of nuts, which has helped it to reduce costs and ensure food safety in the long-term. Moreover, in an increasingly competitive category, Hefei Huatai has entered into strategic cooperation with media giant, Focus Media, to increase its exposure and raise brand-awareness.

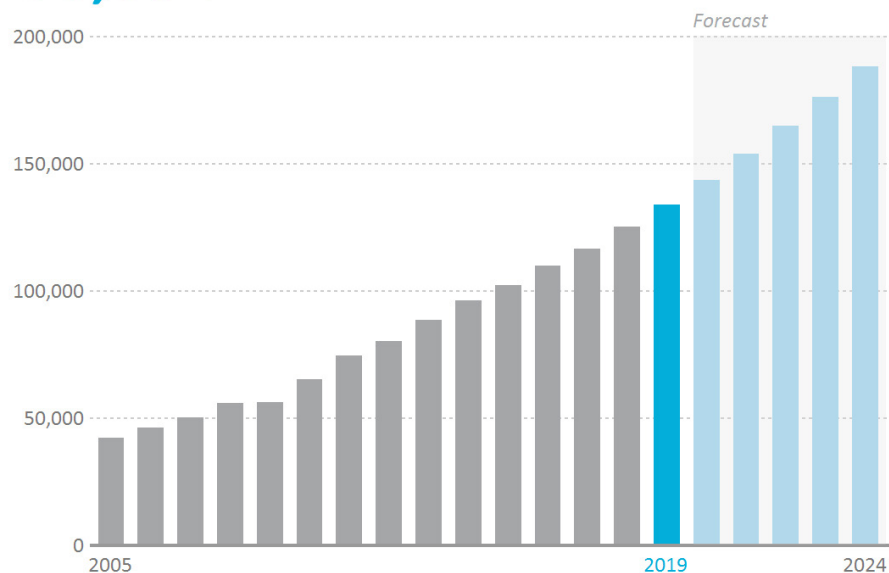
Bestore Food Initiates IPO As It Targets Upmarket Expansion

Bestore Food Co Ltd, the fifth largest player in savory snacks, initiated an IPO in the second half of 2018. Bestore, Three Squirrels and Be & Cherry are considered to be the top three e-commerce snack players. Three Squirrels initiated an IPO in 2017, which failed. However, Bestore has the advantage of more balanced distribution, which, in contrast to Three Squirrels, is not overly reliant on internet retailing. Bestore's strategy is founded on generating a premium image amongst consumers in order to avoid pricing competition. This brand strategy has potential, given the premiumization trend prevailing across much of the Chinese snacks market. However, it can be difficult for savory snacks brands to establish a distinctive positioning. ■

Sales of Savory Snacks in China

Retail Value RSP - CNY million - Current - 2005-2024

133,354



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Sweet Biscuits, Snack Bars,
and Fruit Snacks in Japan