

# Market Intelligence Digest

Volume 1 Issue No. 4 | April 2019



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## What's Trending in China's Savory Snacks

With consumers becoming increasingly health-conscious and more competitors entering the market, brands need to keep innovating to stay relevant.

### Highlights

#### ☐ Local consumer trends

The ability to stand out is instrumental in this competitive market and brands need to be more customer-centric than ever. From offering products customized for specific consumer groups to responding to consumer demand for easier and healthier snacks, brands must keep innovating to stay ahead.

#### ☐ The market

China's savory snacks market is projected to reach US\$76.2 billion in 2021. The market is fragmented with leaders PepsiCo and Want Want each owning only 2.1% market share. Three Squirrels is the brand to watch, having doubled its market share over 2015-16 to 1.4%.

#### ☐ Key innovation trends

The ongoing flavors and ingredients innovation race continues as brands look to spiciness, texture, and new vegetable ingredients. Being environmentally and socially responsible offers another way to engage consumers, while targeting niche markets allows brands to get ahead as those segments become established.

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## China's snack market landscape



China's snack food retail market has grown steadily with a CAGR of 14.6% from 2011-16, though growth is expected to slow with the CAGR projected at 8.2% from 2017-21.

The category stands at US\$46 billion retail value in 2016 and is close to 1.5 times bigger than the US snack food market (US\$34 billion in 2016). The biggest single sub-category is nuts (38% retail value), followed by crisps/chips (8%).

This is a fragmented market with market leaders PepsiCo (2.1%), Want Want (2.1%), and Anhui Three Squirrels (1.4%) each owning only a small fraction of the category. Things are about to get more competitive as established players from other categories enter the market, e.g. Oreo with its new wasabi-flavored biscuits.

China's savoury snacks market was valued at US\$52.7 billion in 2018 and is expected to continue growing at a CAGR of 11.3% from 2017 to 2021 to reach US\$76.2 billion.



**Note:** includes potato- and rice-based chips/crisps, packaged nuts intended for immediate consumption, snacks that are potato-, rice- and corn-based, popcorn, pretzels, seeds, fruit snacks/jellies, meat snacks and fish/seafood snacks

**Source:** [Company Information](#), [Trade Interviews](#), [Mintel](#)



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## Key innovation trends impacting China's savory snacks market

- The ongoing race to offer new and pleasantly surprising tastes

### *Spicy flavors beyond the familiar Sichuan style*



**Korean-style spicy**  
[Jian Ou Bian Tai Sun You's Korean Style Spicy Flavored Wild Bamboo Shoot](#) is said to be four times spicier and made with bamboo shoots from Mt Wuyi in Fujian.

**Mexico-style spicy**  
[Youder's Mexico Spicy Flavored Popcorn](#) claims to be air-popped, non-fried, non-GMO, and with no trans fat. Illustrations of jalapenos at the back-of-pack hint at what to expect.

**Changsha-style spicy**  
[Yappy Snack's Changsha Style Spicy Flavored Zhao Pai Beancurd](#) draws association with Hunan's well-regarded Xiang cuisine, which is said to be a worthy competitor to Sichuan when it comes to spiciness.

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## Key innovation trends impacting China's savory snacks market

### *Textures that accentuate taste*



#### **Fleshy and crispy peanuts**

[Lu Lao Sheng Original Flavored Roasted Peanuts](#) are said to be fleshy, crispy, rich and aromatic.



#### **Crunchy meat chip**

[Nian Ji's Five-Spice Flavored Hechuan Meat Slice](#) is described as meat "chips" and said to be crunchy.



#### **Chewy sweet potato sticks**

[Hexiatu's Shu Xin Sweet Potato Stick](#) is said to be made with the central part of the sweet potato, and is chewy, aromatic, and tender.

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## Key innovation trends impacting China's savory snacks market

### ❑ Snacks that are good for animals, people and the environment

#### *Environmentally friendly*



#### **Green-Food-certified**

[Sakhalin's Red Pine Nuts](#) are Green Food-certified.



#### **Environmental protection**

[Liray Da Chi Xiong's Original Flavored Glutinous Rice Guoba Snack](#) is manufactured by a company that is said to support environmental protection.



#### **Environmentally friendly pasture**

[Qian Ling Mu Chang's Wumeng Style Cumin Flavored Lamb Jerky](#) is said to be sourced from lambs grazing in an environmentally friendly pasture.