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Export 101



EXPORT OPPORTUNITY ANALYSIS

A custom report compiled by Euromonitor International
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SNACK & SAVORY FOODS

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The snack & savory food report will consist of eight sections, including:

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|---|---|
| <p>1</p> <p><u>Snack & Savory Foods Overview</u></p> <ul style="list-style-type: none">• Snack & savory foods definitions• Key trends and market developments• Top exporting countries for U.S. snack & savory foods products | <p>5</p> <p><u>Export Opportunity Matrix</u></p> <ul style="list-style-type: none">• Top 10 export countries in the U.S. and Michigan's value share• Qualitative insights |
| <p>2</p> <p><u>Consumption Hot Zone Mapping</u></p> <ul style="list-style-type: none">• Top 10 export opportunity countries• Historic (2010 – 2015) and forecast (2015 – 2020) volume consumption CAGR | <p>6</p> <p><u>Consumption Trends in Focus Countries</u></p> <ul style="list-style-type: none">• Qualitative macro trends, snack & savory foods consumption trends, and the U.S. role/export opportunity prospects |
| <p>3</p> <p><u>Global Snack & Savory Foods Trade</u></p> <ul style="list-style-type: none">• Total snack & savory foods exports (2010 – 2014)• Year-on-year snack & savory foods export growth (2010 – 2014) | <p>7</p> <p><u>Snack & Savory Foods Subcategory trends in Focus Countries</u></p> <ul style="list-style-type: none">• Quantitative growth data of subcategory consumption• Qualitative trends of subcategory consumption |
| <p>4</p> <p><u>Top Snack & Savory Foods Export Countries for Total U.S.</u></p> <ul style="list-style-type: none">• Top 10 countries receiving U.S. snack & savory foods exports by volume (2014) | <p>8</p> <p><u>Focus Country Analysis</u></p> <ul style="list-style-type: none">• Total snack & savory foods exports• US and Michigan share of total snack & savory foods exports• Key consumption statistics |

Snack & savory foods overview

KEY TRENDS

- **Increasing health awareness and concern about raw materials** of processed foods like snack & savory foods is driving consumers to pay more attention to **organic and natural ingredients**
- Product manufacturers of snack & savory foods are **experimenting with the introduction of new flavors and “premium” products** in an effort to attract new consumers to the category

MARKET DEVELOPMENTS

- While the top three countries receiving U.S. exports of these products are **Canada, Japan, and Mexico**, the consumption forecasts for snack & savory foods there is not growing as quickly as other countries
- **Germany, China, and the Philippines** are markets that already receive large quantities of snack & savory food exports from the U.S. and have large forecast consumption potential for the category

Top Countries Receiving Snack & Savory Foods Exports From Total U.S.

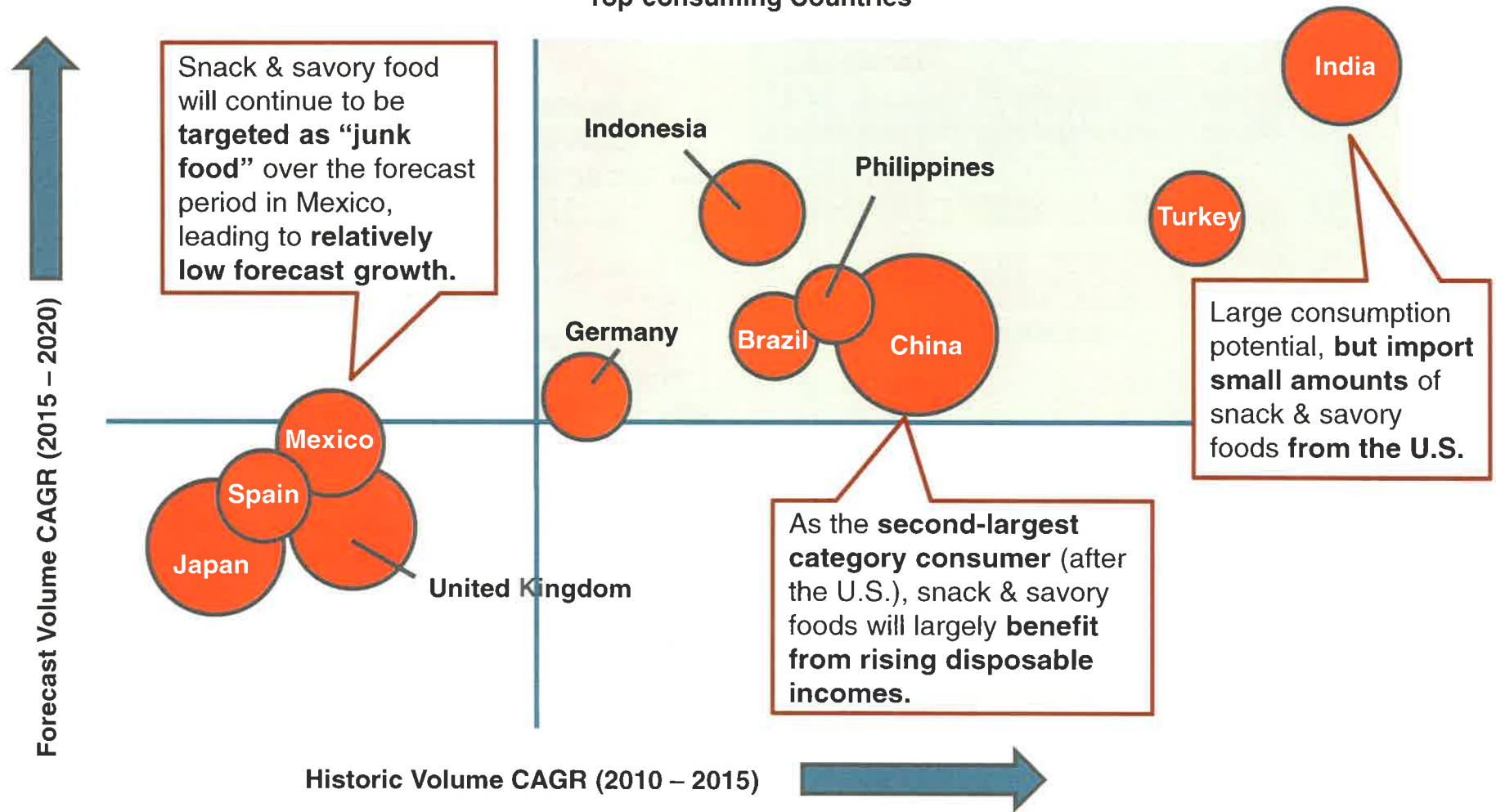
Rank	Country	Value of exports (2014, US\$, mns)
1	Canada	427.1
2	Japan	171.3
3	Mexico	141.7
4	United Kingdom	83.2
5	Germany	74.0

INCLUDED IN CATEGORY DEFINITION:

- **Nuts and nut mixes** (including packaged nut products such as peanuts, cashews, nut mixes, trail mixes)
- **Extruded snacks**
- **Popcorn**
- **Fruit snacks**
- **Potato chips**
- **Pretzels**

Top-consuming countries of snack & savory foods with forecasted growth

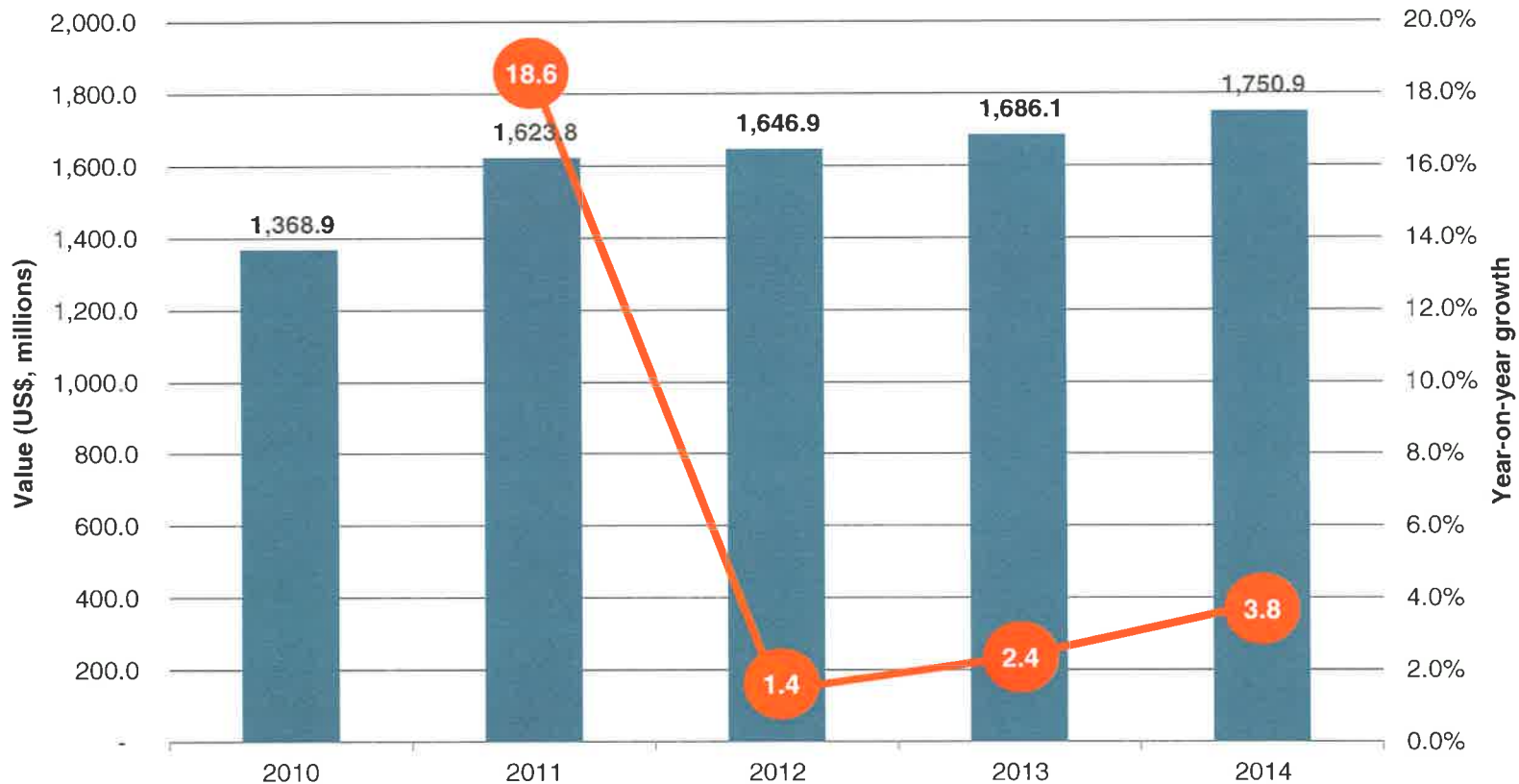
Historic vs. Forecast Volume Consumption of Snack & Savory Foods by Top-consuming Countries



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Bubble size represents 2015 market size in volume in comparison to other countries, CAGR = Compound Annual Growth Rate

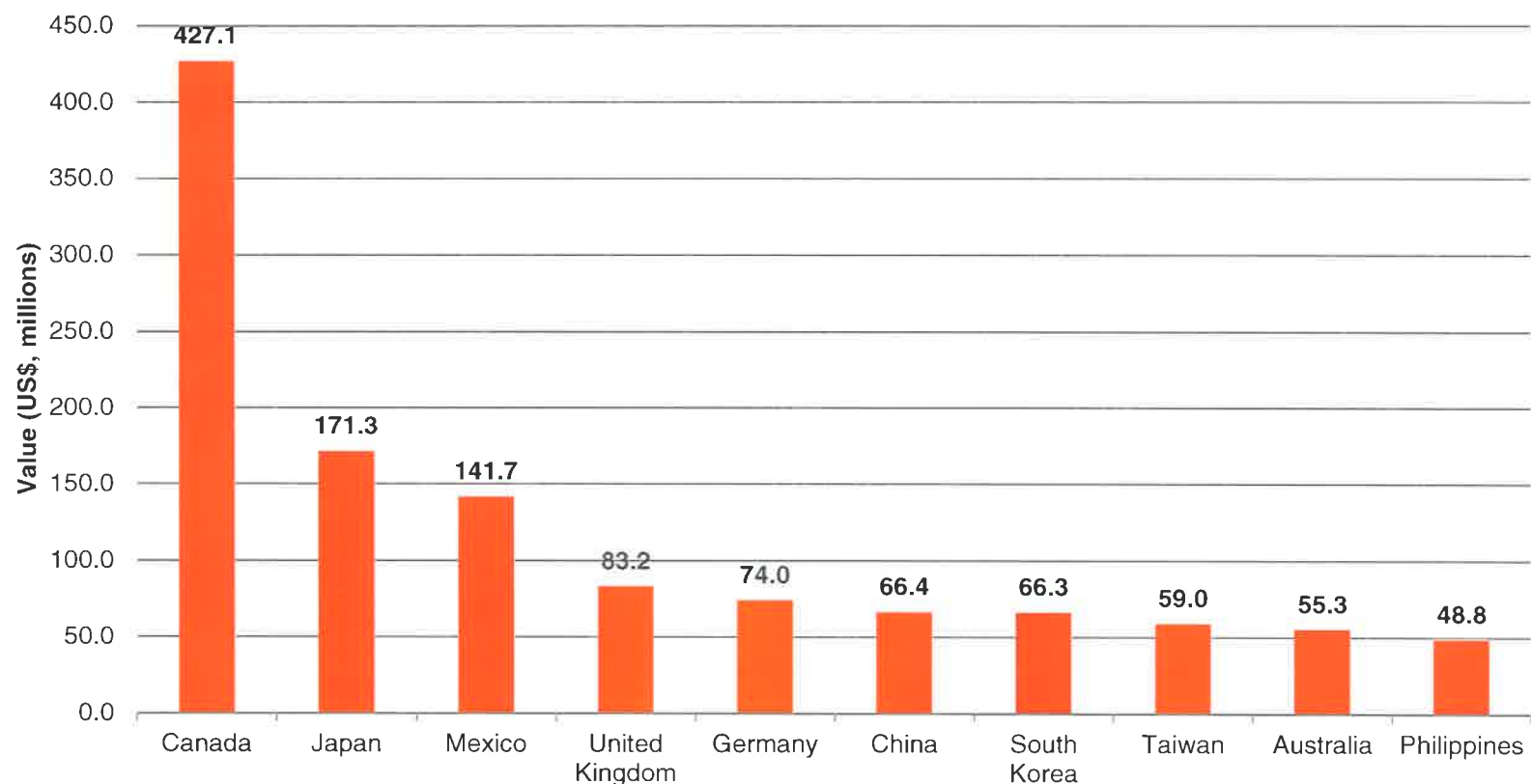
Total U.S. exports of snack & savory foods



- **After large year-on-year growth in 2011 due to new export trade initiatives by the U.S. government,** total U.S. export growth of snack & savory food declined to single-digit numbers, following macroeconomic trends of the global economy
- **Export opportunities still exist in many countries** despite lower growth rates overall from the U.S. in 2012 – 2014

SNACK & SAVORY FOODS – TOP CATEGORY EXPORT COUNTRIES FOR TOTAL US

Top export countries for U.S. snack & savory food products (2014)



- **Canada remains the primary importer of U.S. snack & savory foods**, with a value share of total U.S. exports of 24% due to its proximity to the U.S. and similar consumer tastes and preferences
- Other markets such as **Germany, China, Australia, and the Philippines are opportunity countries** that already receive a large amount of exports by value of U.S. snack & savory foods and that have forecasted consumption increases

Export opportunity for top export countries for U.S. snack & savory foods

Rank	Country	Value of US exports	Michigan share of US Exports	Export opportunity
1	Canada	427.1	7.0%	Though a large export market currently exists for Michigan (as the third-largest snack & savory food exporter behind California and Illinois), there is low forecasted growth in consumption
2	Japan	171.3	0.02%	-
3	Mexico	141.7	0.3%	-
4	United Kingdom	83.2	0.1%	-
5	Germany	74.0	4.0%	Emerging export opportunity – large forecasted consumption; Michigan is the second largest exporter to Germany (behind California, with an 87% share)
6	China	66.4	0.02%	Emerging export opportunity – behind the U.S., China has the largest snack & savory food consumption in the world
7	South Korea	66.3	0.3%	-
8	Taiwan	59.0	0.2%	-
9	Australia	55.3	0.3%	-
10	Philippines	48.8	0.3%	Emerging export opportunity – the Philippines has large forecasted growth in snack & savory foods consumption

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Value of US exports are 2014 figures in US\$, mns



= Emerging export opportunity, focus country

Key consumption trends in snack & savory foods

GERMANY



ORGANIC, NATURAL INGREDIENTS KEY FOR POSITIONING

Due to health awareness and product origin concerns, **consumers will demand natural, organic, and reduced-fat products**. Over the forecast period, snack & savory food manufacturers are **anticipated to expand healthy product offerings** beyond those offered today.

CHINA



HEALTHY POSITIONING GAINING CONSUMER TRACTION

Though starting from a small base, healthier positioned snack & savory foods will grow substantially over the forecast periods due to the burgeoning health and wellness trend in China, which is **being encouraged by stronger media coverage of health and nutrition issues**.

PHILIPPINES



OPENNESS TO NEW FLAVORS DRIVING GROWTH

Category innovation has come not just in the form of new products, but also **flavors being introduced from various sources**, both local and international. Openness to flavors is benefiting foreign producers as Filipino consumers are becoming **more interested in trying foreign flavors** of snack & savory foods.

Key subcategory consumption trends within snack & savory foods

GERMANY

Sub-Category	2015 Vol. Consumption	2020 Vol. Consumption	Forecast CAGR
Crisps	88.5	89.6	0.2%
Extruded Snacks	37.7	41.1	1.7%
Fruit Snacks	0.3	0.4	5.9%
Nuts	53.5	80.4	8.5%
Popcorn	4.4	4.4	0.0%
Pretzels	55.9	63.8	2.7%

NUTS PROJECTED TO GROW, POTATO CHIPS AN OPPORTUNITY

Nuts and fruit snacks are projected to be the snack subcategory that grows the most over the forecast period due to their perception as healthier snacks. Per capita consumption of potato chips in Germany is lower than in other European countries, **presenting a growth opportunity** – especially for **premium brands** with interesting flavors

CHINA

Sub-Category	2015 Vol. Consumption	2020 Vol. Consumption	Forecast CAGR
Crisps	73.4	93.3	4.9%
Extruded Snacks	470.3	574.1	4.1%
Fruit Snacks	184.2	221	3.7%
Nuts	100.8	125	4.4%
Popcorn	4.5	6	5.9%
Pretzels	-	-	-

NUTS AND LOW CALORIE PRODUCTS ARE POPULAR

Nuts will see above-average growth in the forecast period, while **lower calorie products** are expected to gain share in potato chips and extruded snacks. Within extruded snacks, **rice-based products are the most popular**, with 42% value share of sales in 2014. Popcorn, though starting from a very small base, will see substantial forecast growth, particularly **microwave popcorn**, which dominates value share with 79%

PHILIPPINES

Sub-Category	2015 Vol. Consumption	2020 Vol. Consumption	Forecast CAGR
Crisps	57.8	71.1	4.2%
Extruded Snacks	56.6	71.2	4.7%
Fruit Snacks	2.9	3.2	2.0%
Nuts	74.7	95.3	5.0%
Popcorn	0.9	0.9	0.0%
Pretzels	-	-	-

EXTRUDED SNACKS AND NUTS WILL SEE FORECAST GROWTH

Extruded snacks, capitalizing from the growth of flavor offerings, **saw a 10% retail value** sales increase in 2014 and is expected to continue over the forecast period, especially with the continued **introduction of premium-priced products**. Nuts are another subcategory expected to perform well over the forecast period due to the **growing health awareness trend among Filipino consumers**

Germany

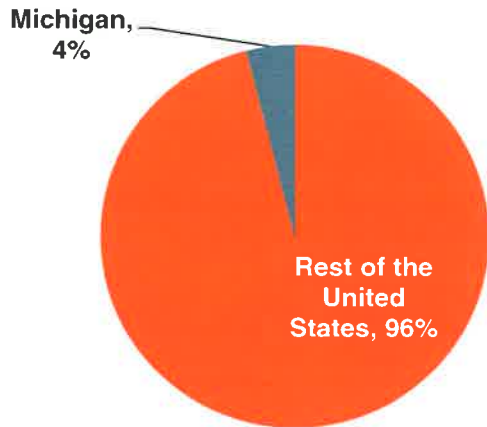
KEY CONSUMPTION STATISTICS

Total volume consumption (2015, thousands of tonnes): **240.3**

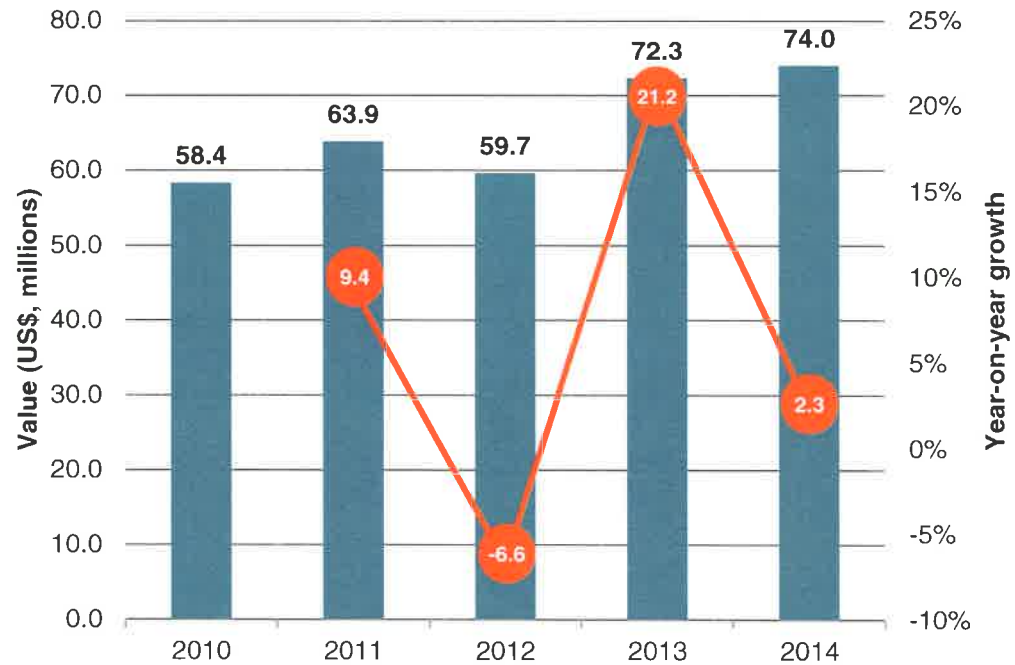
Volume consumption historic CAGR (2010 – 2015): **3.9%**

Volume consumption forecast CAGR (2015 – 2020): **3.1%**

Value Share of Global Snack & Savory Food Exports to Germany by State



Total Snack & Savory Foods Exports to Germany from the U.S.



- Though international snack & savory food products are present in the marketplace, **domestic players largely dominate value sales** of the category – U.S. exports have generally followed overall macroeconomic conditions of both countries
- Opportunity for growth in U.S. exports exists with premium-positioned products that **keep German consumers well-informed about product origin and general production standards**, along with marketing targeted towards a rising population of German consumers with allergies and food-related intolerances (such as gluten)

China

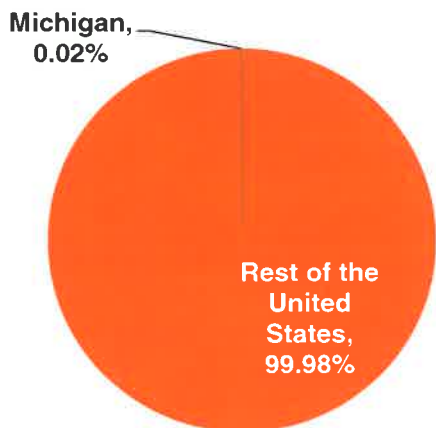
KEY CONSUMPTION STATISTICS

Total volume consumption (2015, thousands of tonnes): **833.2**

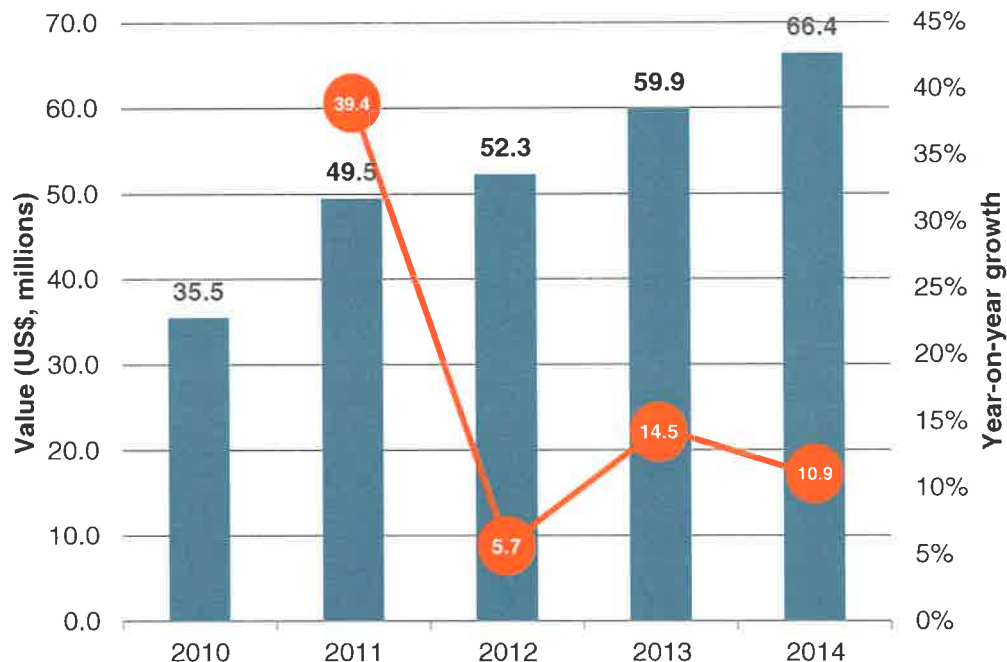
Volume consumption historic CAGR (2010 – 2015): **7.1%**

Volume consumption forecast CAGR (2015 – 2020): **4.1%**

Value Share of Global Snack & Savory Food Exports to China by State



Total Snack & Savory Foods Exports to China from the U.S.



- U.S. products are held in high regard by Chinese consumers due to their perception of excellent quality
- **Consumers pay great attention to the products they eat**, especially the raw materials that go into a particular snack & savory food product – for that reason, **marketing specific ingredients has become a marketing tactic to drive sales**
- While the penetration of snack & savory foods is high in urban areas, growth in exports and consumption **is expected to be maintained by widening distribution in rural areas**

Philippines

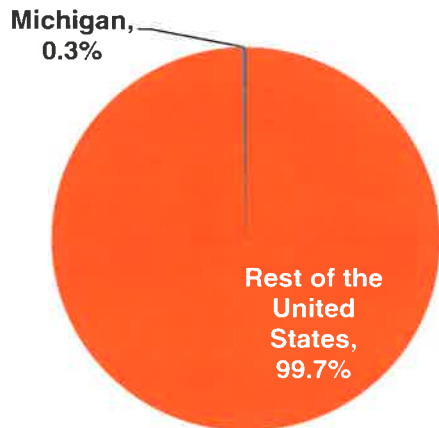
KEY CONSUMPTION STATISTICS

Total volume consumption (2015, thousands of tonnes): **192.9**

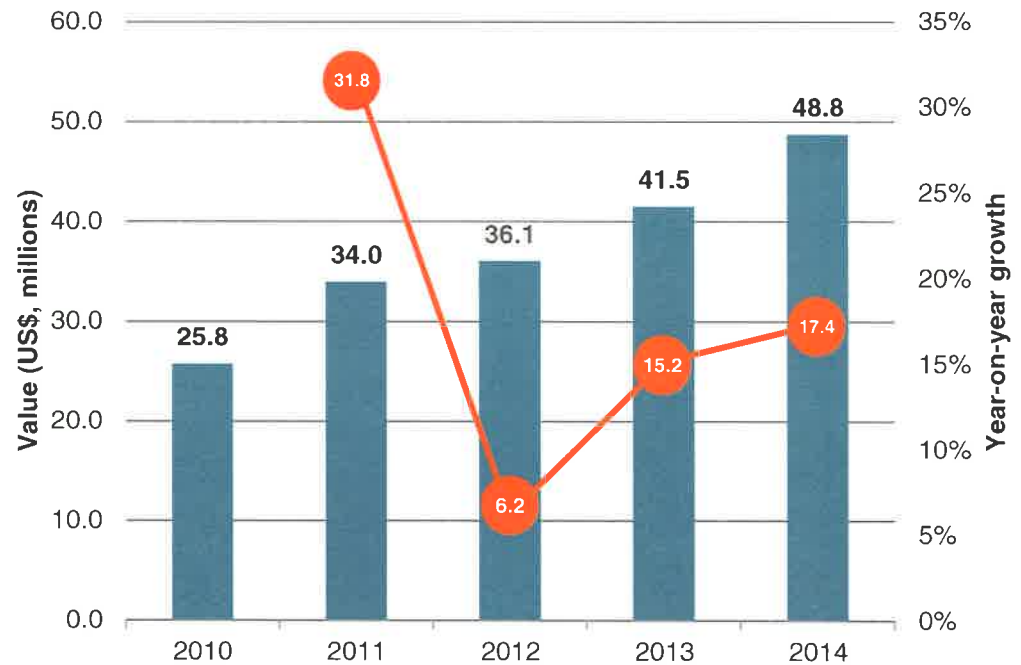
Volume consumption historic CAGR (2010 – 2015): **6.3%**

Volume consumption forecast CAGR (2015 – 2020): **4.6%**

Value Share of Global Snack & Savory Food Exports to Philippines by State



Total Snack & Savory Foods Exports to Philippines from the U.S.



- In general, **goods from the U.S. are considered superior to Chinese or Taiwanese products** and brand awareness of American snack & savory foods is high among consumers
- International brands (including products from the U.S.), are often **considered to be “premium”** and are targeted towards only middle- to upper-income consumers
- **Larger supermarkets regularly stock international snack & savory food brands** (including many U.S.) products, while independent small grocers tend to stock cheaper domestic brands