Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Voluntary Report - public distribution

Date: 8/18/2000

GAIN Report #AS0025

Australia

Product Brief

Snack Food Segment Shows Plenty of Potential

2000

Approved by:
Randolph H. Zeitner
U.S. Embassy
Prepared by:
Lindy Crothers

Report Highlights:

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1], AS

Salty snacks and potato chips continue to dominate the Australian snack food market, which has reached A$900 million in value across all channels this year. However, this end of the market is underdeveloped and has considerable growth potential remaining. With 3.95kg per annum, Australia has the lowest per capita consumption of salty snacks compared to the U.S. (7.9kg), the UK (5.46kg) and Canada (5.45kg).

The consumer profile has not changed dramatically over the past five years. Last year was marked by renewed activity in the salty snacks market, with the launch of Lays and the high profile relaunch of Thins in new packaging and flavors. Together these two brands grew both the potato segment and the salty snacks market overall.

In the grocery channel there has been little overall movement in the salty snacks segment over the past five years. Potato products fell one percent in five years, but still dominates the market at 57 percent, the difference having been made up by a one percent growth in corn products, to 15 percent. The extruded snacks segment remains unchanged at 13 percent, mixed fell by two percent to eight percent and the 'other' category grew by two points to seven percent.

The main players remain the Smith's Snackfood Company at 44.7 percent of market share and Snack Brands Australia at 25.1 percent, with the private label share at 13 percent.

The supermarket continues to be the favorite place of purchase for salty snacks, at 63.7 percent, with school children and young adults being the highest consumers.

Salty snacks penetration of the Australian market has remained steady over the past five years at the 93-94 percent level. Nevertheless, there is room for growth, especially at the premium end of the salty snack category. The trend to lighter product forms and more complex/adult flavors is also likely to continue. Taste is the key driver of consumer choice in this category so low fat/healthy products will remain a niche segment.

The nutritious snack market, dominated by Uncle Tobys, is experiencing double digit growth. According to Uncle Tobys marketing director, the category almost reached the A$300 million mark by the end of April 2000, an A$65 million growth in the last year. The adult nutritious snacks category has become better defined since Kellogg entered the market with K-time cereal based bars. Kellogg is using its existing breakfast cereal brands in this category while Uncle Tobys is developing special products for it. The trends in this category are taste, low fat and oven baked snacks.