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Snacks Sector Brief

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Report Highlights:

After registering 9% growth in 2010, sweet and savory snacks grew another 10% and reached \$1.2 billion in 2011. Total size of the dried nuts and fruits sector, which are also consumed as snack items, is \$8 billion, where packaged products have a 15% market share and the rest is sold unpackaged through small corner shops and in open bazaars.

Turkey imported \$1.9 million worth of snack foods from the U.S. in 2012. The imported items are mainly popcorn varieties, followed by frozen pastry, confectionary, sweet biscuits and potato chips.

General Information:



Turkish consumers snack between meals and a large variety of snacks are available in the market. Crisps, candy bars, sweets, biscuits, Turkish delight and crackers are popular snacks that can be found in every corner shop and supermarket. In addition, Turks tend to eat lots of nuts and seeds, and specialist corner shops offer a variety of nuts and seeds, such as pistachios, peanuts, cashew nuts, sunflower seeds, pumpkin seeds and roasted chickpeas. Simit, the Turkish version of a bagel sprinkled with sesame seeds, is a popular traditional snack sold by street vendors and in pastry shops.

Turkey has the second highest sunflower seeds consumption rate in the world, after Iran. Turkish people consume about 80,000 tons of sunflower seeds a year, only 10,000 tons of which are packaged. In addition to seeds, dried nuts (walnuts, almonds and pistachios) are also consumed as snacks, and Turkey imported US \$158 million worth of tree nuts from the United States in 2011.

While dried fruits and nuts are traditional snacks, tortilla/corn chips, extruded snacks and chips/crisps still have lower penetration rates and therefore promise more room to grow.

Turkish Economy

Turkish economy registered 2.2% growth in 2012 and is the 17th largest economy in the world leaving behind countries like Holland, Belgium and Switzerland. 2012 gross domestic production is estimated at US\$ 783 billion. Per capita income is expected to be US\$ 16,000 in 2012. With a population of over 75 million, Turkey is also the 18th most populated country in the world. The ratio of working population, between the ages of 14-65, accounts to 67 percent of the total population. Turkey has a young population where the median age is 30, and 32% of the population is between the ages 15-35.

Urbanization rate is also increasing by the year and today 77 percent of the population lives in cities. Half of the total population lives in the largest 10 cities: Istanbul, Ankara, Izmir, Bursa, Adana, Antalya, Konya, Gaziantep, Sanliurfa and Mersin in a descending order.

According to OECD, Turkey is expected to be the fastest growing economy among OECD members between 2011 and 2017, with an expected annual average growth rate of 6.7 percent. A young population, increasing urbanization rates and a growing middle class help boost the economy.

Market and Distribution Channels

Turkey imports walnuts, almonds, cashew nuts and spicy peanuts. Most of these items are consolidated in Dubai and then brought in from the Mersin port and Dogu Beyazit border gate. Turkish importers prefer this route to benefit from economies of scale and the advantage of getting the same price throughout the year.

Domestic companies command dominant positions in traditional products such as dried fruits, nuts,

seeds, and pretzels; while multinational companies are strong in chips/crisps, tortilla/corn chips and extruded snacks. The top three market leaders in the packaged snacks sector are: Frito-Lay with a 24% value share with its well-known brands Doritos, Ruffles, Cheetos and Lay's, followed by Tadim with 17% and Mars-Kraft with 9% market shares.

Local firms, such as Ülker and Eti, produce a wealth of snacks, such as chocolate bars and biscuits, and international branded products, such as Milka chocolate or Pringles crisps, are preferred for their taste and their brand image.

Consumers prefer larger packs that they can share while socializing with friends and family, increasingly while watching television, and children and teenagers eat more crisps and candy bars than adults.

Currently, the only snack bars available in the market are limited to granola/muesli bars and energy/nutrition bars with a total market size of \$5.5 million. Local companies Tadim Gida and Yildiz Holding have a combined share of 88% in value of the snack-bars market. Although growth rates have fluctuated, new product varieties are welcomed by consumers.

Homemade popcorn, which is made simply by heating toasted corn, is still popular, but the trend is shifting towards packaged popcorn and the increasing number of packaged popcorn products on the marketplace. Microwave popcorn has also started to become popular and see an increase in sales, thanks to the increasing prevalence of microwaves, particularly in urban households. Microwave popcorn accounted for 68% of packaged popcorn in 2011, up from 65% in 2005.

	2007	2008	2009	2010	2011	2012
US snack food exports to Turkey (US \$1,000)	825	2,520	3,219	1,564	1,781	1,903

Retailers tend to buy imported products from domestic food importers rather than importing themselves. Some retailers import only for their private label products.

New product launches generally fit into two categories: new flavor combinations and health oriented, such as cooking with non-saturated oils or oven baking. International companies lead the way in innovation, and local companies are also focusing on launching products with different spices as Turkish consumers like spicy flavors.

According to trade experts, there is a seasonal rotation in chips/crisps, extruded snacks and tortilla/corn chips. Flavors enter the market for a limited time, mostly about six months, and then are removed from the shelves.

Large supermarket chains are striving to get a piece from the cake with their lower priced private label products. The major discounter BIM has the best-selling private label product range. Migros, Carrefour and some other discounters are also performing well in private labels. The value share of private labels in the sector was 26% in 2010, and is increasing as the quality of such products increase and they gain

the trust of consumers throughout the years.

Opportunities

The market continues to enjoy high rates of growth because of the shift from unpackaged products to packaged products. Turkish consumers are increasingly paying attention to the shelf life, production and expiration dates of the products, and choosing packaged products. This increase in awareness, combined with the storage and preservation capabilities of packaged products, helps the category to keep growing.

Post expects the growth trend to continue in 2013 as well. Manufacturers are expected to widen their product ranges with new flavors and other innovations and to increase their marketing activities to stimulate sales.

The dried fruit segment of the snacks sector is also expected to grow as a result of consumers' perception of health benefits. Children and young people on the other hand will continue consuming chips/crisps, extruded snacks and tortilla/corn chips.

U.S. walnuts, almonds and confectionary sunflower seeds are popular among the Turkish consumers and there is always a market for these items provided that they are price competitive.

Contact for more information

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