

MSU Product Center

For Agriculture and Natural Resources

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Corn Based Snacks - Overview

Products included in the product line

- Corn based snacks includes corn chips, corn tortilla chips, and other snack products that have corn as an ingredient.

General market trends and information

- In 2003, sales of corn snacks and tortilla chips were \$5.6 billion. Tortilla chips showed an increase of approximately 2.8 percent over 2002. The corn snack market showed an increase of approximately 2.5 percent over 2003. The market share of corn chips is declining while the market share of tortilla chips is increasing.
- The market for tortilla chips is expected to increase by 24 percent between 2003 and 2008. The size of the corn chip market is forecasted to increase by 9 percent between 2003 and 2008; this is less than the anticipated rate of inflation.

New product trends

- This product category is fairly active with respect to new product introductions. This is particularly true for tortilla chips. It is far less true for corn chips.
- Most new product introductions appear to be geared towards high quality ingredients, new flavors and health claims.

Manufacturing and distribution issues

- The manufacturing side of the industry is dominated by Frito-Lay which controls more than 50 percent of the market and has several brands such as Doritos that are market leaders. Frito-Lay controls 79.2 of all retail tortilla chip sales and 82.4 percent of all corn snack sales.
- Retail sales are split between supermarkets and mass merchandisers such as Wal-Mart. Wal-Mart alone is estimated to account for 15 percent of all snack food sales.
- Opportunities may exist for firms that are willing to operate in markets that Frito-Lay doesn't control or is not interested in.

Overall assessment of opportunities

- The greatest potential is in developing products that appeal to the demand drivers of indulgence. There are also opportunities to develop products and markets that appeal to convenience, ethnicity and wellness. There are few opportunities in developing products that appeal to value.

Sources

Mintel. Salty Snacks.

_____. Global New Products Database.