

MSU Product Center

For Agriculture and Natural Resources

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Fruit spreads – Selective opportunities

Market drivers that provide selective opportunities

- Suppliers in this product line have selective opportunities to raise sales based on the **wellness, convenience** and **value** market drivers.

Specific opportunities

- Although health and nutrition issues are less important to sweet spreads, some consumers may still perceive the product to be healthy because of its high fruit content. Product line extensions that are functional, low-calorie, low-sugar, natural, etc. can benefit from this trend. But the popularity of these products may still be limited since many consumers of these products normally may not want to sacrifice taste. Suppliers targeting this group may thus benefit from increased market promotion and advertising.
- Fruit spreads that enter the market with squeezable containers making the products easier to use will have selective opportunities. Sales can also be increased from single-serve portions that can be taken with breakfast or lunch boxes.
- Fruit spreads are generally sold at high prices. But suppliers can potentially raise gains from volume sales at low-price mass merchandise retail stores. Given the significant presence of brand products in these stores, however, entering this market channel for individual manufacturers will be less easy.
- Because of lack of shelf space, supermarkets and mass merchandise stores currently provide priority for branded and selected private label products. Therefore, individual suppliers have to find alternative market outlets for their products. They can sell their products through local food specialty shops or farmer's markets.
- Convenience stores can also provide some opportunities to sell fruit spreads that are designed to be convenient (e.g., single-serve spreads that can be used by snackers).

New product examples

- Cascadian Farm, USA – Cascadian Farm Fancy fruit spread line – organic raspberry and organic strawberry flavors, 10 oz. glass jar.
- H-E-B – H-E-B More fruit spread line, red plum cherry and blueberry, peach and mango, etc. 18 oz. glass jar.
- Wal-Mart – Great value private label line, squeezable fruit spread, 21.5 oz. plastic bottle.
- J.M. Smucker – Sweet spreads in strawberry and grape flavors, 20 oz. plastic bottle.

Special issues

- One of the biggest challenges for fruit spread suppliers will be the competition from breakfast foods that are not eaten with sweet spreads. These are primarily breakfast snacks or foods that are ready-to-eat or ready-to-drink breakfasts (e.g., breakfast juice or yogurt drinks), and their consumption is growing fast.
- Traditionally, fruit spreads have been used by consumers who eat breakfast at home and use them with their breakfast food. Currently the product is mainly used by older adults who tend to eat traditional breakfasts at home. This may be an indication that the fruit spread market appears to be saturated, because its customer base is aging.

Key to success

- Product and packaging innovations that focus on flavor, texture and convenience are key to success in this product line.

Sources

Mintel, Global New Product Database. <http://www.gnpd.com>.

_____, Sweet spreads, US, November 2001.