

## MSU Product Center

For Agriculture and Natural Resources

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### **Chips and Fries – Many opportunities**

#### **Market drivers that provide many opportunities**

- There are **many** opportunities for chips and French fry products to appeal to the demand drivers of **ethnicity** and **indulgence**.

#### **Specific opportunities**

- The vast majority of households consume potato chips. Developing flavors that appeal to ethnic markets have strong potential. Asian flavors hold particular promise; examples include curry flavor, sesame, etc.
- The same trend holds true for flavors that appeal to Hispanic tastes. Examples include pepper flavored or guacamole flavored.
- New flavors could also be used to appeal to the demand driver of indulgence. Another way to appeal to indulgence is through the use upscale packaging and through sales to gourmet stores.
- New flavors can also be used to appeal to indulgence and ethnicity in the fry industry as well. Few new products have been introduced in the important food service market. There is a potential provided the fries meet the price parameters set by the restaurants and food service vendors.

#### **New product examples**

- Despite the maturity of this industry there continues to be a steady stream of new product introductions in the chip industry. There are relatively few new French fry introductions.
- Trader Joe's, frozen Garlic Fries, available at Trader Joe's supermarkets.
- Kettle Foods, Kettle Potato Chips available in Spicy Thai and Cheddar Beer flavors, all natural.
- Target, Archer Farms, Guacamole Potato Chips, available at Target stores.

#### **Special issues**

- These markets are very mature, and the supply chain is well established. Contracting is common. Meeting size criteria is important, especially with respect to the fry industry. This creates a barrier to entry for new firms and products. Furthermore some of the firms such as Frito Lay are very large and well established. Obtaining retail space may also present difficulties.
- Selling to gourmet stores and ethnic stores may present some opportunities.

#### **Key to success**

- Given the level of integration in this market, a guaranteed outlet for the products produced is very important. Try to link indulgence and ethnicity with other product attributes such as wellness to differentiate your product from the others.

#### **Sources**

Mintel. Side Dishes.

\_\_\_\_\_. Salty Snacks.

\_\_\_\_\_. Global New Products Database.

Salazar, M. and L. Bush. *Standards and Strategies in the Michigan Potato Industry*, Research Report, No. 576. East Lansing, Michigan Agricultural Experiment Station, Michigan State University, 2001.