

MSU Product Center

For Agriculture and Natural Resources

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

[Use of this material is subject to caution.](#)

White Granulated Sugar - Overview

Products included in the product line

- White granulated sugar is processed sugar cane or sugar beets used for baking, as a sweetener for drinks and other products for home, food service and industrial markets.

General market trends and information

- The current market for granulated sugar is weak. From 1999 through 2003, per capita consumption of refined sugar declined from 66.3 pounds a year to 60.9 pounds, a decline of 8.1 percent. Retail sales of white granulated sugar declined by 4.8 percent between 2002 and 2004.
- Americans now consume as much High Fructose Corn Syrup (HFCS) as refined sugar, mostly in the form of soft drinks and candy products. The sugar industry faces strong competition from HFCS in industrial and food service markets due to the lower price of HFCS.
- Foreign competition poses another threat to the industry. The U.S. is not a low cost producer of sugar. In the past, import quotas have protected the U.S. sugar industry from low cost imports. However, the recent passage of the Central American Free Trade Agreement (CAFTA) will expose domestic sugar producers to more imports from other countries.
- One threat to the industry is the potential for taxation on sugar and sugar based products. Sugar is considered an unhealthy food and various units of government are considering taxation of sugar and sugar products. This would be similar to the taxation of tobacco products. The demand driver of wellness works against white granulated sugar.
- The combination of foreign competition, domestic competition from HFCS, and the government sugar allotment program makes competing on price very difficult. The demand driver of value works against the potential for increased sugar consumption.
- The decline in cooking skills and the time it takes to cook desserts and other sweet products means that the demand driver of convenience works against white granulated sugar.
- Hispanics and African American households use more sugar than other households. However, given the rates of diabetes in these communities, the potential to increase the level of sugar demand based on the demand driver of ethnicity is limited.
- Sugar is a commodity in the minds of most consumers; the ability to develop products that appeal to the demand driver of indulgence is also limited.

New product trends

- From 2000 through 2003, there were 160 new sugar and sweetener product introductions in the North American market. Not all of these products were sugar. Very few were white granulated sugar products.
- C&H sugar introduced a 4 lb. box that is shaped like and pours like a milk carton.
- Domino Foods, Domino sugar in a 4 lb. container, recyclable canister prevents spills.

Manufacturing and distribution issues

- The supply chain for sugar is very well established. This limits the ability to introduce new products or new markets.
- The vast majority of sugar is sold through grocery or mass merchandise outlets.

Overall assessment of opportunities

- The opportunities in the granulated sugar market are severely limited. Many of the demand drivers and market trends negatively affect the sugar market.

•

Sources

USDA. Sugar and Sweetener Outlook.

Mintel. Sugar and Sweeteners.

_____. Global New Products Database