

MSU Product Center

For Agriculture and Natural Resources

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Vegetable spreads – Selective opportunities

Market drivers that provide selective opportunities

- **Wellness** and **value** as market drivers provide selective opportunities for vegetable spread suppliers.

Specific opportunities

- Suppliers will have selective opportunities from new products that address consumers' wellness issues. Vegetable spreads tend to be healthier than fruit spreads that have high sugar content. So, if there is an increased market promotion activity, vegetable spreads that are functional and natural will especially have the potential to benefit from sales. Those manufacturers who can bundle their vegetable spreads with other healthy foods can also raise their market shares.
- Vegetable spreads are sold at high prices. Value as a market driver will thus have a selective role. But manufacturers 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.
- Suppliers have selective opportunities to raise sales through the mainstream retail channel. They can, however, raise sales through local food specialty shops, small local retailers or in farmers' markets.
- Convenience stores and specialty food retail stores can also provide opportunities to sell vegetable spreads that are designed to be convenient (e.g., single-serve spreads that can be used by snackers).

New product examples

- Woman on Top – A variety of vegetable spreads and dips that are all natural, in shelf stable jars.
- Bri-Al Trading – A variety of all natural, kosher-certified vegetable spreads, in 11 oz. jars for sale in gourmet stores.
- Moon Shine Trading – Moroccan style vegetable spreads in jars.

Special issues

- One of the challenges for vegetable spreads will be competition from fruit spreads and 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. There are currently many branded and private label products, mainly in the fruit spread category. Given the wide range of flavors, types, and containers that are available on the market, competition in this category will not be easy. One challenge for manufacturers will thus be the increasing difficulty to selling private label products through mainstream retail channels.
- Shelf space allocation is also a key problem to sell these products through the mainstream retail channels. The stores would provide priority for branded and selected private label products.

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>