

## MSU Product Center

*For Agriculture and Natural Resources*

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### **Wheat: Crackers – Few opportunities**

#### **Market drivers that provide few opportunities**

- There are relatively **few** opportunities for cracker products that appeal to the demand drivers of **ethnicity**, **value** and **convenience**.

#### **Specific opportunities**

- In one survey almost 90 percent of households consume crackers. Crackers have a high level of penetration in terms of consumption.
- The potential of developing products that appeal to value are extremely limited. A new firm is unlikely to be large enough to take advantage of economies of scale.
- By definition crackers are a convenient food. They are a handheld food and can be eaten with a number of other food items such as cheese and deli meats. One potential is to create more single serve cracker products or smaller packaging that appeals to smaller households. Another potential is to combine crackers with other ingredients as part of a food item.
- New and different flavors of crackers could be developed to meet different taste preferences of different ethnic groups. There are differences between ethnic groups in cracker consumption: Asians are less likely to eat saltines and graham crackers, and more likely to eat cheese and butter crackers; blacks are less likely to eat saltines and more likely to eat graham crackers; Hispanics generally eat less of all types of crackers with the exception of saltines.

#### **New product examples**

- From 2002 through the first quarter of 2004, there were 1,698 cracker products introduced in the world.
- BJWC Berkley & Jensen, Honey Wheat Snack Mix, available at BJ's club stores.
- DesignPac, Holly Jolly S'mores Kit with Nestle Chocolate, a self contained s'mores kit.

#### **Special issues**

- Entry into the market may be difficult; there are several large firms in the industry. Kraft and Kellogg are unlikely to let other firms undercut them on price or access.
- Finding shelf space in supermarkets may be difficult. Supermarkets are increasingly offering their own cracker products through their own store brands. However, there may be opportunities in offering products to delis, gourmet stores etc.

#### **Key to success**

- Consider whether or not it would be possible to combine product attributes. It is important to be the low cost producer if competing on the basis of value. Be certain to understand the preferences of the ethnic group if developing a product designed to appeal to that ethnic group.

#### **Sources**

Mintel. Crackers.

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