

MSU Product Center

For Agriculture and Natural Resources

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

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Wheat: Crackers - Overview

Definition of the Product Line

- The definition of crackers includes saltines, graham crackers, flavored and unflavored crackers, cheese crackers, butter crackers, and sandwich or filled crackers.

General market trends and information

- Total sales of crackers were \$3.7 billion in 2003 of which retail sales accounted for \$3.5 billion. This represented an increase of approximately 2.5 percent from 2002. In many respects the cracker industry is a mature and stable industry.
- Crackers are a well established product in many homes. According to one survey almost 90 percent of households consume crackers.

New product trends

- From 2002 through the first quarter of 2004 there were 1,698 new product introductions in the world in the cracker category.
- Examples of new products include Lance's Shapes of the Cape cheddar flavored crackers, Pepperidge Farm's Goldfish Summer Fun crackers, and Target's Market Pantry Cream Cheese & Chives wafer crackers.
- The cracker market is a mature industry. This limits the overall potential for new firms and new products. There is some potential to develop new products that appeal to the demand drivers of indulgence and wellness. There are fewer opportunities to develop products that appeal to the demand drivers of convenience, ethnicity and value.

Manufacturing and distribution issues

- Kraft/Nabisco and Kellogg control 74 percent of the market. New entry will be difficult.
- Supermarkets completely dominate the cracker market. Crackers are not an impulse or generally a special occasion purchase. This also limits the potential to develop new products and markets.

Overall assessment of opportunities

- While not impossible developing new products and markets for crackers will be an uphill battle. This is a mature market dominated by a few large firms, and well established private label companies.

Sources

Mintel. Crackers.

_____. Global New Products Database.

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