

INDUSTRY REPORT

Snack Food Production in the US



About

IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions.

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About

A quick definition of the industry, its products and services, major companies and other key identifiers help you confirm you're in the right place.

1. About This Industry

<https://my.ibisworld.com/us/en/industry/31191/about>

NAICS 2017 - USA	31191
NAICS 2017 - USA	311911
NAICS 2017 - USA	311919

Industry Definition

The Snack Food Production industry produces snack foods such as potato and corn chips, pretzels, roasted and salted nuts, nut butters, popcorn and other similar snacks. However, it does not produce cookies, crackers, bakery products, cereal or granola bars.

What's included in this industry?

- Potato chips
- Nuts and seeds
- Nut butters
- Tortilla and corn chips
- Other chips snacks

What's not included in this industry?

- Corn tortillas
- White flour tortillas
- Flour mixes and dough
- Bread (white, wheat, rye, etc.), including frozen
- Ready-to-eat corn breakfast cereals
- Cookies, wafers, ice cream cones
- Rolls, bagels and croissants
- Ready-to-eat oat breakfast cereals
- Crackers and biscuits
- Other ready-to-eat grain breakfast cereals
- Dry pasta
- Ready-to-eat wheat breakfast cereals
- Fresh baked desserts
- Frozen cakes, pies and other frozen desserts

- Hot cereal foods
- Ready-to-eat rice breakfast cereals
- All other flour tortillas

Companies

- Pepsico, Inc.
- Conagra Brands, Inc.
- Campbell Soup Co
- Herr Foods Incorporated
- J.M. Smucker Co
- Kellogg Company
- Wise Foods Inc.

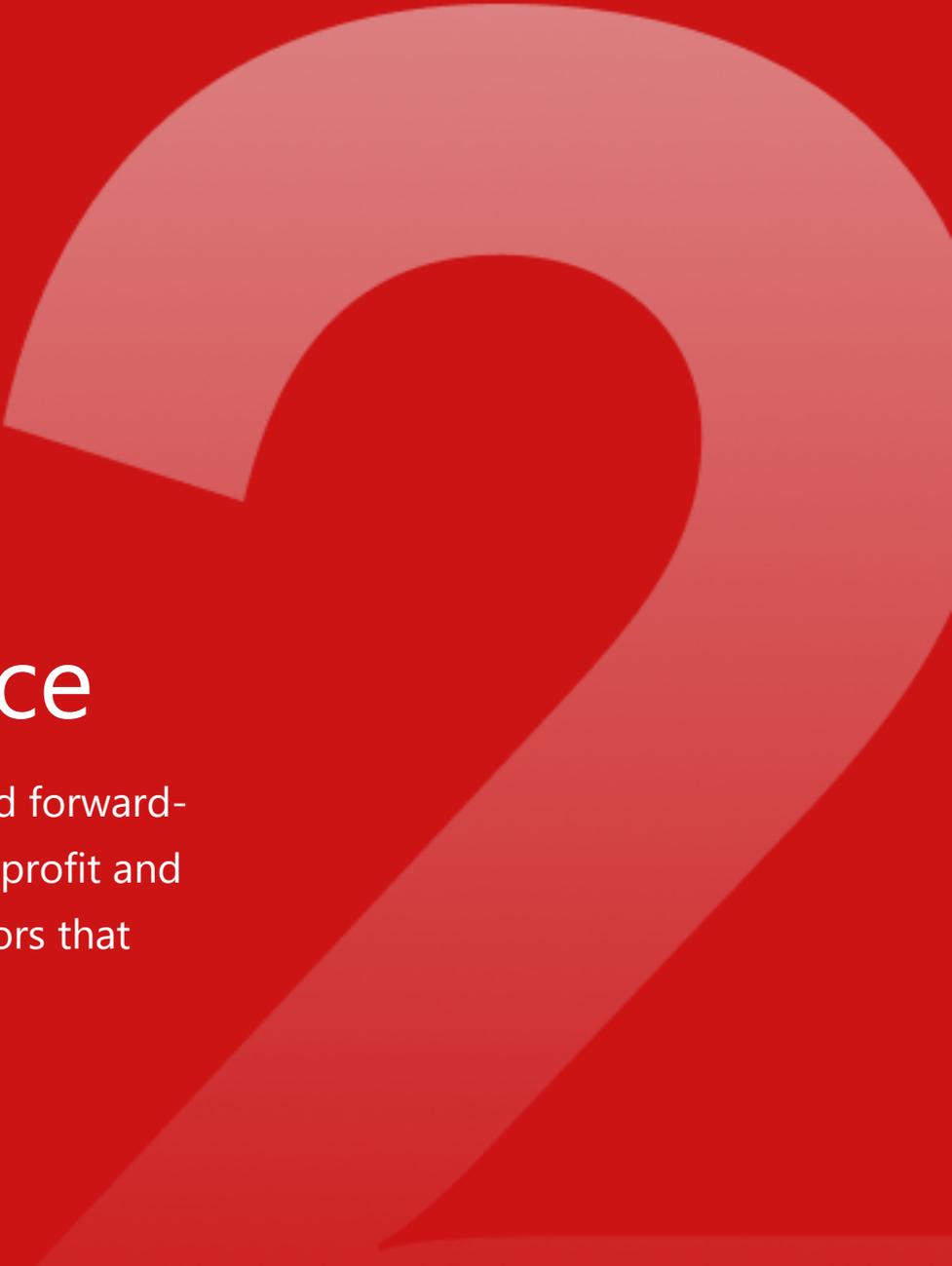
Related Industries

Industries in the Same Sector

- **Competitors:**
 - Cereal Production in the US
 - Bread Production in the US
 - Cookie, Cracker & Pasta Production in the US
 - Tortilla Production in the US
 - No data available

International Industries

- Snack Food Production in Canada
- Potato, Corn and Other Chip Manufacturing in Australia
- Potato Crisps & Snacks Production in the UK



Performance

Track historical, current and forward-looking trends in revenue, profit and other performance indicators that make or break an industry.

2. Performance

<https://my.ibisworld.com/us/en/industry/31191/performance>

Highlights

Revenue

\$48.4bn

2018-23 CAGR ↑ 0.4 %

2023-28 CAGR ↑ 1.9 %

Employees

70,260

2018-23 CAGR ↑ 2.5 %

2023-28 CAGR ↑ 2.4 %

Businesses

3,734

2018-23 CAGR ↑ 4.4 %

2023-28 CAGR ↑ 3.3 %

Profit

\$7.8bn

2018-23 CAGR ↑ 3.1 %

Profit Margin

16.1%

2018-23 CAGR ↑ 2.0 pp

Key Takeaways

- **Discretionary spending accompanies discretionary eating.**Americans are snacking more than ever, benefiting from strong consumer economic health.
- **Health-conscious Americans are searching for nutritious options.**Producers have responded by introducing healthier snacks.

Executive Summary

The Snack Food Production industry, which creates goods, such as potato and corn chips, pretzels, roasted and salted nuts, peanut butter and popcorn, has benefited from increased demand. As the economy grew during most of the period, discretionary income levels climbed. In turn, consumer spending has boosted sales of potato and tortilla chips, along with nuts and seeds. Moreover, the emergence of artisanal goods, which are made with a higher degree of craftsmanship and command higher prices, has boosted revenue. As consumers turned to snacking due to the COVID-19 pandemic, industry revenue climbed further. Overall, industry revenue has increased at an average rate of 0.4% to \$48.4 billion over the five years to 2023, although growth is forecast to increase 0.8% during the current year.

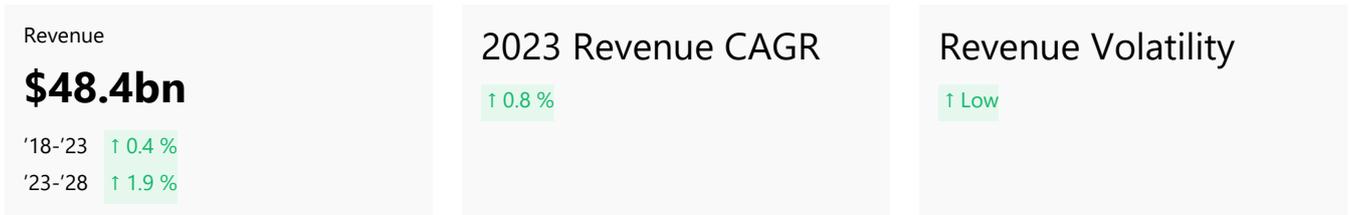
Shifting food consumption trends have affected the strategies of snack food producers during the period. Snacking habits have been on the rise in recent decades, with millennials accounting for the largest demographic. Additionally, health concerns about eating foods high in sodium, fat and sugar have made consumers wary of buying traditional snacks. While this has limited industry revenue growth, it has also developed a niche market in the industry. Producers have introduced new varieties of existing products, such as reduced-fat and reduced-sodium brand extensions and new gluten-free and organic products, leading industry revenue to rise overall during the period. New premium products have helped boost revenue and profit, which has risen over the current five-year period.

Improving economic conditions for consumers are forecast to further lift demand for snacks over the next five years. Projected increases in per capita disposable income will likely enable more consumers to trade up to premium brands, helping drive revenue growth during the outlook period. As consumers continue demanding healthy versions of existing snacks, operators will likely introduce a wider variety of products. Profit is expected to remain stable over the next five years, enticing new companies to enter the industry with innovative new concepts. Overall, industry revenue will increase at an average annual rate of 1.9% to \$53.1 billion over the five years to 2028.

Current Performance

↑ 2018-23 Revenue CAGR +0.4%

Revenue:



Snack Food Production in the US

Revenue

Total value (\$) and annual change from 2010– 2028. Includes 5-year outlook.



Employees:

<p>Employees</p> <p>70,260</p> <p>'18-'23 ↑ 2.5 %</p> <p>'23-'28 ↑ 2.4 %</p>	<p>Employees per Business</p> <p>19</p> <p>'18-'23 ↓ 1.8 %</p> <p>'23-'28 ↓ 0.9 %</p>	<p>Revenue per Employee</p> <p>\$689k</p> <p>'18-'23 ↓ 2.1 %</p> <p>'23-'28 ↓ 0.5 %</p>
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Snack Food Production in the US

Employees

Total number of employees and annual change from 2010– 2028. Includes 5-year outlook.



Businesses:

<p>Businesses</p> <p>3,734</p> <p>'18-'23 ↑ 4.4 %</p> <p>'23-'28 ↑ 3.3 %</p>	<p>Employees per Business</p> <p>19</p> <p>'18-'23 ↓ 1.8 %</p> <p>'23-'28 ↓ 0.9 %</p>	<p>Revenue per Business</p> <p>\$13.0m</p> <p>'18-'23 ↓ 3.9 %</p> <p>'23-'28 ↓ 1.4 %</p>
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Snack Food Production in the US

Businesses

Total number of businesses and annual change from 2010– 2028. Includes 5-year outlook.



Source: IBISWorld

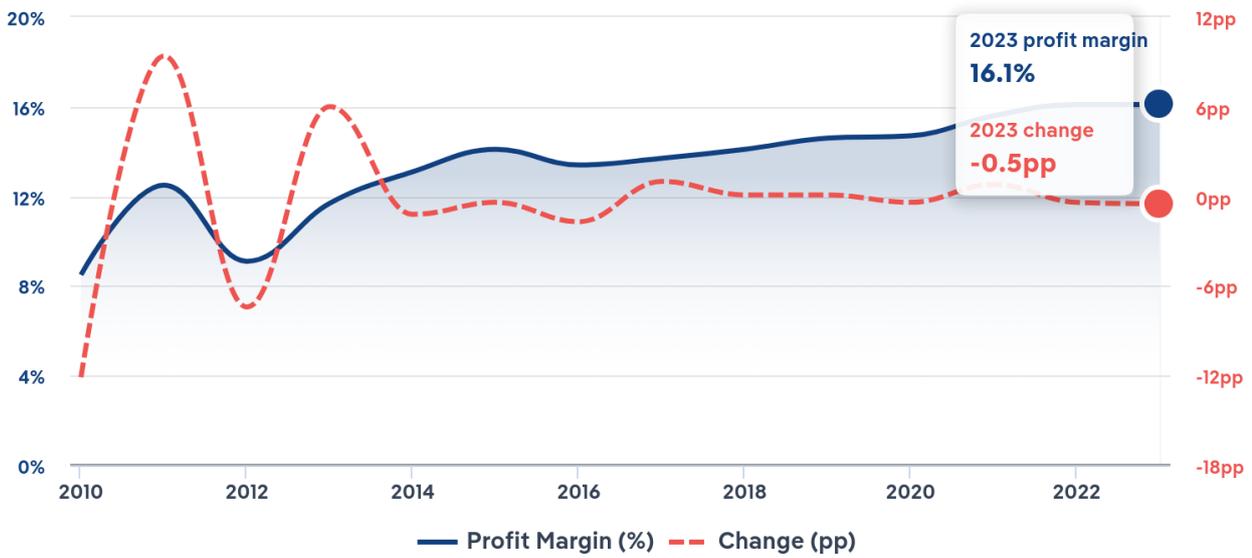
Profit:

Total Profit \$7.8bn '18-'23 ↑ 3.1 %	Profit Margin 16.1% '18-'23 ↑ 2.0 pp	Profit per Business \$2.1m '18-'23 ↓ 1.3 %
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Snack Food Production in the US

Profit Margin

Total profit margin (%) and annual change from 2010– 2023



Source: IBISWorld

Current Performance

What's driving current industry performance?

As healthier eating becomes more common, snacking trends change

- Americans have increasingly adopted a snacking lifestyle habit and have simultaneously become more health conscious.
- According to 2019 data from Mintel, millennials make up the largest generational cohort that snacks. In fact, millennials snack at least four times a day, far outnumbering any other generational cohort.
- According to 2018 data from the Centers for Disease Control and Prevention (CDC), 70.7% of adults aged 20 and over are overweight and 37.9% are considered obese.
- Growing awareness of the long-term health consequences of an unhealthy diet has led many Americans to make changes to their diets.

Manufacturers have adapted by introducing healthier mixes

- Manufacturers, in turn, have added various healthy snacks to their product portfolio to meet consumer demand and help address public health challenges.
- With millennials snacking more than any other generation, the preferences of this age group strongly influence the portfolio of snacks put out by the industry.
- Millennial preferences are reflected by the tendency of buyers to choose low-calorie, low-sodium, organic or gluten-free products.
- Among the snacks launched has been Smartfood Delight popcorn by PepsiCo. These popcorn snacks only contain half the fat of the company's popular Smartfood White Cheddar snacks.

Snack foods have seen demand rise as the economy grows

- The industry is not particularly sensitive to economic downturns, as snack consumption typically does not decline when the economy contracts.
- The industry weathered the economic downturn caused by the COVID-19 pandemic, with demand increasing as households spent more time at home, leading to a rise in snacking.
- Meanwhile, growing median household income has increased consumption of snacks across all demographics. Companies have benefited from rising discretionary income, resulting in a rise in demand for snacks.
- Higher demand for traditional and healthy snacks has prompted downstream grocery wholesalers and retailers to increase purchases of snacks, driving revenue growth for snack food manufacturers.

Larger companies have beefed up in an effort to scale

- Retailers have increasingly used online ordering systems to purchase products directly from industry producers, with chain stores with leveraging their purchasing power to buy industry goods in bulk directly from manufacturers.
- In turn, snack producers have increased their scale to provide a greater range of options to downstream customers, including in-demand healthy snacks.
- For example, Snyder's-Lance acquired two companies, Diamond Foods and Late July Snacks, which manufacture nonGMO, preservative and artificial flavor free products.
- Meanwhile, independent and specialty companies like Popchips and SkinnyPop popcorn have emerged in recent years, diversifying industry offerings. These smaller players are likely to become acquisition targets for the largest manufacturers.

Volatility

What influences industry volatility?

Growth is stable as markets expand

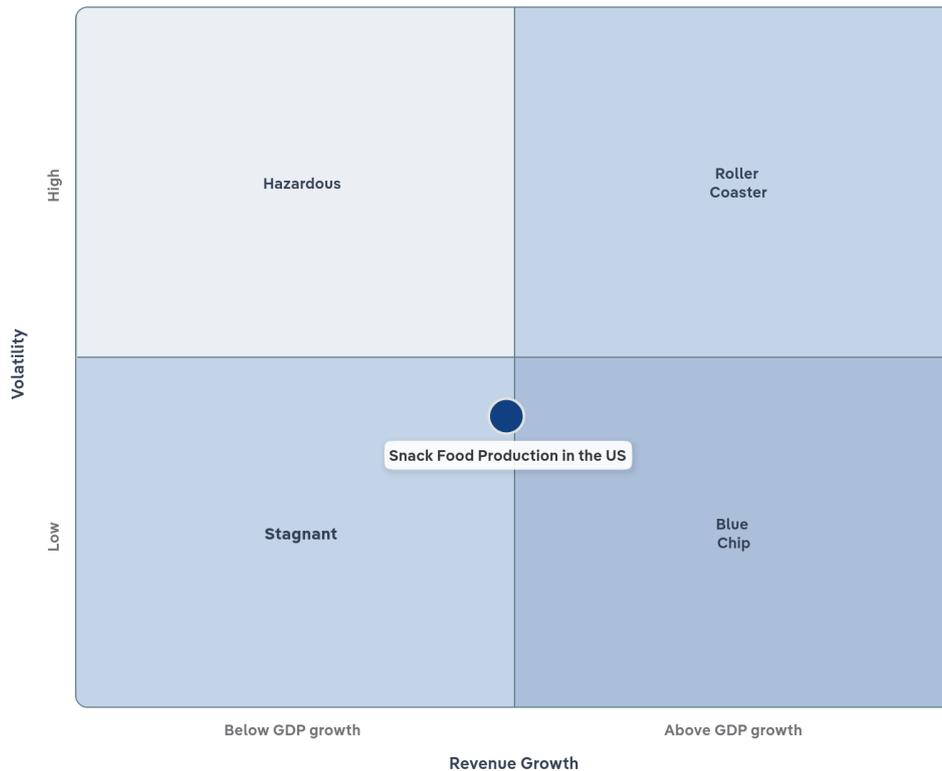
- Snack foods are a staple of the American diet, and so as the population grows, so too does overall demand for snack foods.
- When consumers are more confident in the economy and have more disposable income, they're more likely to purchase higher-priced snack foods.
- Consumers has seen disposable income increase in recent years as the federal government has propped up domestic spending throughout the COVID pandemic.
- However, industry is exposed to changing consumer behavior and trends.

Food price volatility engenders revenue swings

- Food inputs like corn, wheat, oilseeds, soybeans are all key inputs for snack food manufacturers.
- Operators are largely unable to mitigate the risk of raw material availability caused by conflict, climate or disaster, but they are re unable to seamlessly pass major price changes onto consumers.
- The price of ingredients is a fundamental determinant of snack food selling prices and is a major determinant of which direction industry revenue trends.

Low & slow

Industry volatility vs. revenue growth (2018-23 CAGR)



IBISWorld

Source: IBISWorld

☆ Key Success Factor

How do successful businesses overcome volatility?

Ability to pass on cost increases

Successful companies have brands that consumers consider to be of superior taste and quality. Therefore, as commodity prices increase, these companies are able to pass on the cost increases to downstream markets in the form of higher product prices.

Supply contracts in place for key inputs

Industry operators that secure long-term contracts with suppliers of key raw materials can reduce supply volatility. Guaranteed supplies at fixed prices minimize supply costs and aid production planning.

Outlook

What's driving the industry outlook?

Snacking will remain on the rise moving forward

- Snack eating habits have been on a steady rise in recent years as consumers' lives have grown busier and they find less time to prepare meals.
- 91.0% of all consumers claim to eat snacks throughout the day according to Food Processing data from 2018
- Snacking has been most prominent among the millennial demographic, with 96.0% of millennials replacing at least one meal a week with a snack according to Food Processing data from 2018.
- This has driven up demand for snacks and will only accelerate as the millennial demographic becomes a larger share of the population, driving demand for snack manufacturers.

Leading brands are expected to adapt to extend their reach

- Snack food producers will introduce more nutritious extensions of existing snack lines to entice the growing demographic of health-conscious buyers.
- Most new snack foods will likely contain less fat, sodium, sugar and calories than regular products, as companies adapt to rising health-consciousness among consumers.
- Manufacturers will likely add ingredients that boost the nutritional value of chips, popcorn and peanut butter, including seeds, dehydrated vegetables and beans.
- Producers are also anticipated to promote healthy eating through various marketing initiatives, such as linear and social advertising campaigns.
- As household spending rises in line with the growing economy, consumers will be better positioned to spend on premium snacks marketed toward health-conscious buyers.

International trade will remain an afterthought

- International trade will remain minimal as domestic consumers typically favor products that cater to their tastes and health interests, which local products often do.
- Local merchandise benefits from customer loyalty and familiarity, helping protect their parent companies' market share.
- Moreover, imported potato and nut products are tariffed in the United States, encouraging downstream industries to purchase domestically manufactured snacks.
- As a result, even as the US dollar is expected to depreciate, exports will remain at less than 5.0% of total domestic snack production revenue.
- However, imported products will increase their foothold in the American market because of the growing demand for ethnic foods from South and East Asia. Even so, imports will maintain a small

share of the total market, though their foothold in the American market portends positively for the future role in the domestic snack food landscape.

Commodity price volatility will subside, enabling manufacturers' margins to stabilize

- The price of key inputs into snack foods will stabilize moving forward. Key to this trend will be stability in the price of corn, which is used across a variety of popular snack foods.
- The moderation in volatility will keep material costs stable, benefiting both small and large snack makers and permitting for the opportunity to pass down these increases to consumers.
- As the price of inputs stabilizes, manufacturers will see profitability rise even as wage growth threatens to raise input costs for players.
- Enticed by stable profitability trends and a growing market for healthy foodstuffs, new producers will enter the market offering innovative and healthy snacks. Continuing existing market trends, large manufactures will look to acquire these new, specialized companies that pose a competitive challenge

Life Cycle

Why is the industry mature?

Contribution to GDP

The industry has grown in line with GDP, indicative of its value to the US economy.

Market Saturation

PepsiCo is the market-leader with a sizable share of total revenue, but the industry also has significant fragmentation with considerable opportunities for smaller producers.

Innovation

Companies are constantly creating new products to keep consumers interested and appeal to evolving tastes.

Consolidation

Acquisition activity has been a mainstay of the industry, with large conglomerates entering new product markets via the purchase of niche producers.

Technology & Systems

Technological advancements are centered on the streamlining of production, leaving little room for disruptive improvements.

Products and Markets

Find out what the industry offers,
where trade is most concentrated and
which markets are buying and why.

3. Products and Markets

<https://my.ibisworld.com/us/en/industry/31191/products-and-markets>

Highlights

Largest Market

\$15.4bn

Nuts and seeds

Product Innovation

Moderate

Key Takeaways

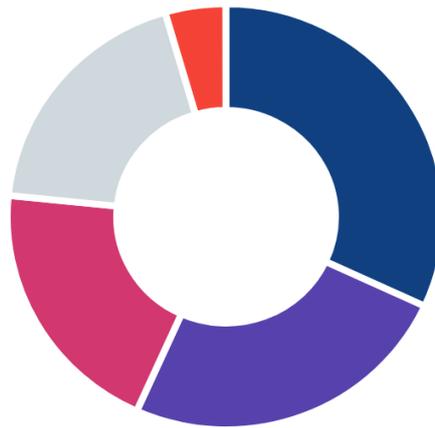
- **Nuts are at the top of the food chart.** Consumer health consciousness has raised demand for nuts.
- **Supermarkets have thrived during the pandemic.** Consumers favored snacking at home as a result of shutdowns.

Products & Services

Snack Food Production in the US

Products & Services Segmentation

Industry revenue in 2023 broken down by key product and service lines.



How are the industry's products and services performing?

Nuts and seeds preferred by consumers

- The nuts and nut butter segment comprise various salted or roasted nuts and seeds, such as peanuts, walnuts, sunflower seeds and watermelon seeds.
- Peanuts are overwhelmingly the most popular nut in the American diet, accounting for two-thirds of all snack nuts consumed in the United States.
- While many people consume seeds and nuts as snacks throughout the day, a growing number of consumers are incorporating these foods into their meals. For example, walnuts and almond slivers are common ingredients in salads and yogurt parfaits.
- Manufacturers have introduced a variety of new products including trail mixes and new package sizes that have contributed to the growth of this product segment in recent years.
- Demand for nuts and seeds has grown because of consumers' growing awareness of the health benefits of nuts.

Potato chips remain popular

- Potato chips include various potato chip products, which are cut in different sizes and made with a variety of seasonings and flavors.
- Potato chip consumption varies from region to region, with consumers in the Midwestern region preferring thick cuts and bold and spicy flavors especially popular Southwest region.
- Demand for potato chips has grown as manufacturers have introduced new flavors and healthier varieties of potato chips, such as reduced sodium, baked chips and potato chips cooked in olive oil.

Tortilla and corn chips always in demand

- A variety of tortilla and corn chips comprise this segment, including new, healthier varieties, such as multigrain tortilla chips.
- The popularity of tortilla and corn chips stems from their pairing with some of the most popular condiments consumed in the United States, condiments like salsa and guacamole.
- Tortilla and corn chip consumption has been on an upward trajectory with the introduction of healthier products and because they pair easily with condiments.

Other chips snacks cater to diverse tastes

- Other chips snacks include chips made from other vegetables, pretzels and bagel slices, as well as cheese twists, pork rinds and popcorn.
- Vegetable chips have soared in popularity with new introductions including pea chips and kale chips because of their perception as healthier.
- Greater awareness has reduced demand for onion ring chips, cheese twists and pork rinds because they are high in oil and saturated fats.
- Demand for popcorn has remained steady during the period due to the low calorie and fat content of the snack.

Peanut butter remains a staple

- Nut butters are butter produced by crushing nuts, including peanut butter and almond butter.
- Peanut butter is a popular staple of US consumers
- Nut butters has become popular with consumers because of the health benefits touted by manufacturers and popular media.

☆ Key Success Factor

What products or services do successful businesses offer?

Product differentiation

Many of the industry's products are homogeneous in nature. Therefore, product differentiation is one of the most important factors that drive demand for a specific brand and product.

Effective quality control

Successful producers in this industry implement effective quality controls to ensure that their products are safe to consume. Tainted snacks can lead to foodborne illnesses and significantly damage a company's image and trustworthiness.

What are innovations in industry products and services?

Health consciousness drives development of new products

- New products cater to people seeking more nutritious snacks like nuts and pretzels.
- Baked snack varieties have proliferated at the expense of fried products because this cooking method reduces calorie content.

Consumers demand foreign tastes

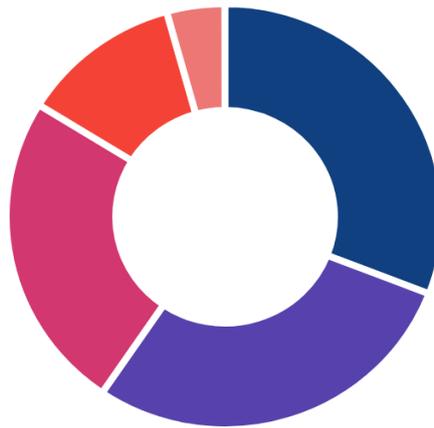
- Exposure to international snacks has altered snacking preference of consumers.
- Imported snacks have thrived, with imports from South and East Asia penetrating the American market.

Major Markets

Snack Food Production in the US

Major Market Segmentation

Industry revenue in 2023 broken down by key markets



What's influencing demand from the industry's markets?

Supermarkets and grocery stores hold the top spot for snack sales

- Large supermarket chains and grocery stores are the largest retail channel for snacks.
- Producers compete for limited shelf space at supermarkets and grocery stores, including for high visibility placement on shelves as they vie for consumer attention.
- Supermarkets and grocery stores have maintained their popularity as the primary outlet for snack purchases, especially during the COVID-19 pandemic when consumers dramatically increased spending on total food purchases at grocery outlets.

Single-serving snacks popular at convenience stores

- Convenience stores sell basic food like snacks, beverages and tobacco merchandise in convenient locations that are generally open during extended hours.

- The convenience of this outlet makes it a popular retail outlet for single-serving snacks, as customers are often on-the-go.
- Demand from convenience stores has seesawed during the COVID-19 pandemic, falling while restrictions kept individuals in place and rising as they were lifted.

One-stop shopping at warehouse clubs and supercenters ever more popular

- Warehouse clubs and supercenters include large stores that primarily retail a general line of grocery products and merchandise items, such as Walmart Inc.
- Many manufacturers sell directly to these retailers, with Walmart Inc. accounting for more than 10.0% of PepsiCo's sales and more than 25.0% of ConAgra's total company revenue.
- Warehouse clubs and supercenters have increased their market share over the past five years as consumers have grown to appreciate their one stop shopping appeal.

Retailers bypass grocery wholesalers

- Grocery wholesalers supply supermarkets, convenience stores, other retailers, foodservice businesses and institutions with bulk, packaged snack foods.
- Grocery wholesalers represent an important downstream market for industry producers because they distribute producers' goods to various retail stores throughout the country.
- Retailers increasingly using online ordering systems, which enables chain stores with enough purchasing power to buy industry goods in bulk directly from manufacturers.
- Many retailers have bypassed wholesalers to source goods directly from producers, allowing them to offer lower prices due to the cost savings they achieve from foregoing wholesalers' transaction fees.

Few avenues for exports

- Exports constitute a small share of industry revenue because operators usually localize manufacturing operations to minimize supply and transportation costs.
- In addition, tariffs on snacks in many countries are high, limiting trade.

International Trade

Total Imports

\$1.6bn

'18-'23 ↑ 7.0 %

'23-'28 ↑ 4.0 %

Total Exports

\$2.1bn

'18-'23 ↑ 3.0 %

'23-'28 ↑ 4.7 %

Trade Balance

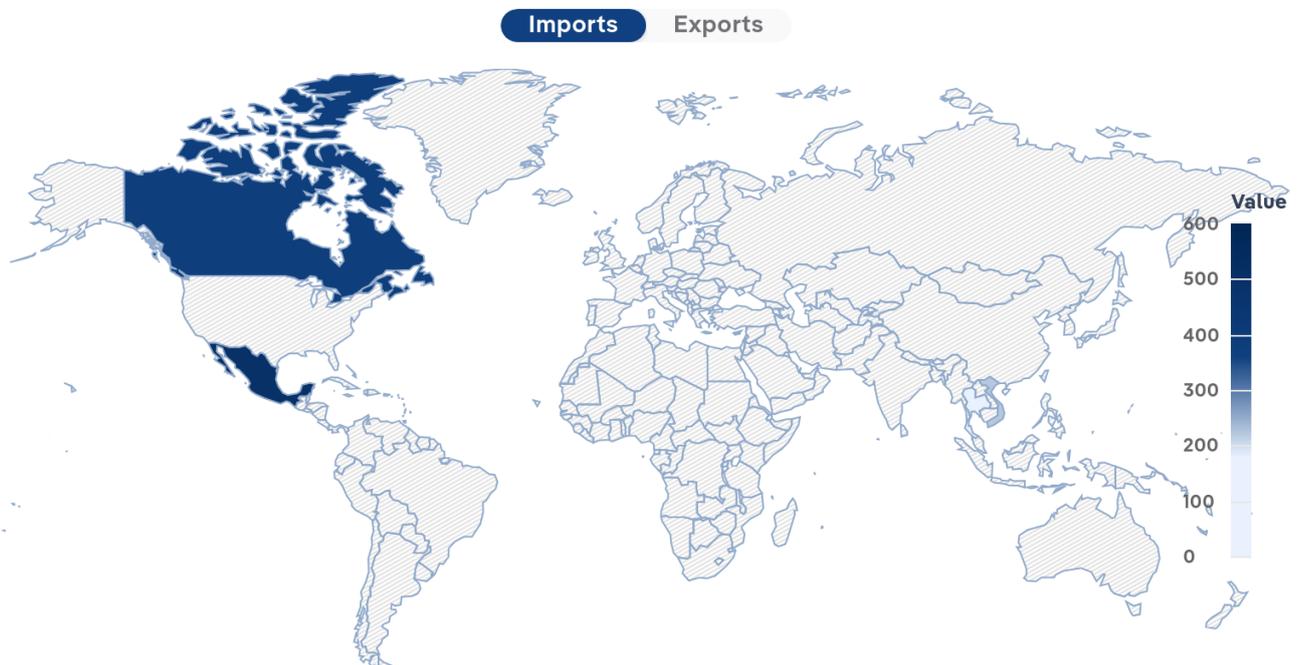
Net Exporter

↑ Surplus: \$437.1m

Snack Food Production in the US

International Trade: Imports and Exports

Concentration of imports and exports from each country based on industry revenue:

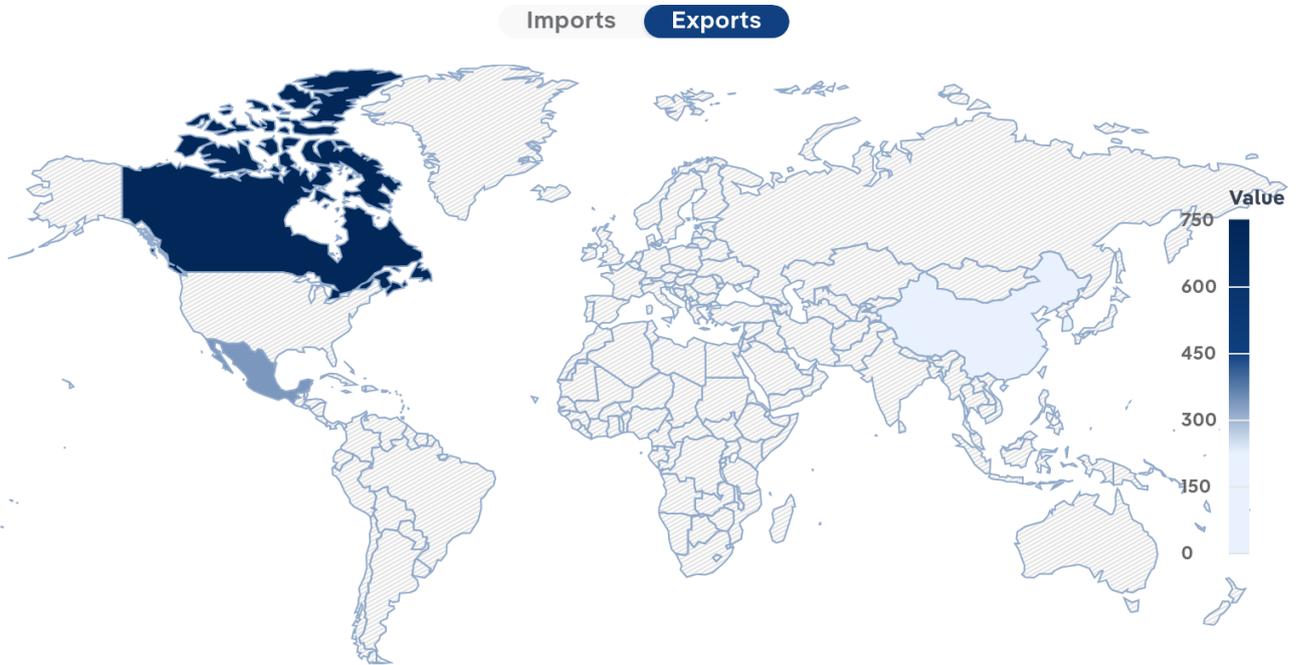


International Trade

Snack Food Production in the US

International Trade: Imports and Exports

Concentration of imports and exports from each country based on industry revenue:



Imports



What are the industry's import trends?

Domestic production limits opportunities abroad

- Even as the American palate has expanded to include tastes and flavors from around the world, consumers typically prefer domestically manufactured snack foods that are in line with their tastes.
- By locating production close to end markets, manufacturers take advantage of lower transport and distribution costs

Imports stay regional, though new avenues widen

- The majority of imports come from Canada and Mexico, which share borders and a favorable trade agreement with the United States.
- Imports from Asia, specifically Vietnam, have increased in due to the low cost of production in these countries.
- Following trade disruptions due to the COVID-19 pandemic, imports surged in 2021 and 2022.

Exports



What are the industry's export trends?

Low-value nature of snacks keeps them local

- The low-value of snack goods make them relatively expensive to transport, limiting overall exports.
- However, the growing variety of snack products, including organic and reduced-fat chips, has increased the appeal of US-produced snacks abroad.

Strength of dollar limits opportunities abroad

- The strength of the US dollar limits export opportunities, as the strong domestic currency makes snacks being exported more expensive relative to other currencies.
- Most products for export are routed for neighboring countries, with Canada and Mexico the two largest trading partners for snack exports

Geographic Breakdown

Discover where business activity is most concentrated in this industry and what's driving these trends.

4. Geographic Breakdown

<https://my.ibisworld.com/us/en/industry/31191/geographic-breakdown>

Key Takeaways

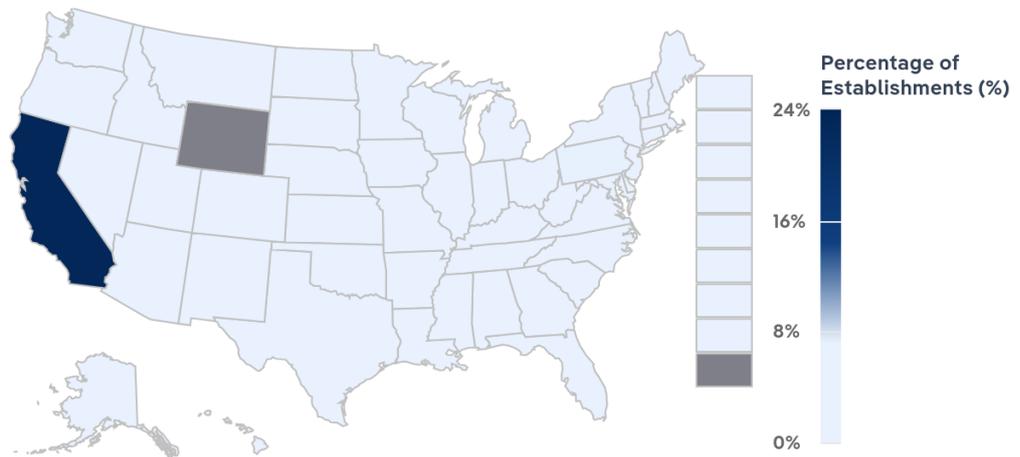
- **Producers locate near key markets.** The West hosts the largest number of manufacturers that are easily able to access large cities across California.
- **Access to inputs drives locational choices.** The Mid-Atlantic provides easy access to upstream suppliers of key raw inputs such as sugar.

Business Locations

Snack Food Production in the US

Business Concentration

Percentage of total industry establishments in each region



IBISWorld

Source: IBISWorld

State	Establishments Units	Establishments %	Revenue \$ million	Revenue %	Wages \$ million	Wages %	Employment Units	Employment %
California	912	23.6	9,137.4	18.9	762.2	18.8	11,831	16.8
Michigan	71	1.8	4,462.7	9.2	128.0	3.2	7,213	10.3
Pennsylvania	279	7.2	3,929.4	8.1	325.1	8.0	6,156	8.8
Texas	274	7.1	2,420.9	5.0	200.3	4.9	3,819	5.4
Illinois	176	4.6	1,916.2	4.0	148.3	3.7	3,158	4.5
Georgia	119	3.1	2,183.3	4.5	180.7	4.5	3,732	5.3
Oregon	155	4.0	488.1	1.0	40.9	1.0	715	1.0
Indiana	105	2.7	2,167.9	4.5	178.5	4.4	2,654	3.8
Ohio	135	3.5	1,999.3	4.1	165.7	4.1	2,649	3.8
Massachusetts	135	3.5	535.9	1.1	44.0	1.1	640	0.9
Arkansas	49	1.3	1,781.7	3.7	150.5	3.7	1,868	2.7
New York	131	3.4	951.3	2.0	78.5	1.9	1,377	2.0
Minnesota	110	2.8	1,795.4	3.7	147.3	3.6	2,022	2.9

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Wisconsin	71	1.8	1,441.4	3.0	119.6	2.9	2,301	3.3
North Carolina	97	2.5	1,244.0	2.6	103.4	2.5	2,192	3.1
Tennessee	29	0.8	1,191.1	2.5	94.8	2.3	1,580	2.2
Virginia	94	2.4	890.7	1.8	75.2	1.9	1,709	2.4
Washington	94	2.4	720.5	1.5	59.6	1.5	943	1.3
Arizona	41	1.1	1,027.0	2.1	84.4	2.1	1,610	2.3
Alabama	27	0.7	965.6	2.0	77.8	1.9	1,173	1.7
New Jersey	88	2.3	760.6	1.6	62.9	1.6	1,518	2.2
Florida	85	2.2	436.9	0.9	36.3	0.9	646	0.9
Colorado	75	1.9	560.5	1.2	46.5	1.1	679	1.0
Connecticut	42	1.1	842.9	1.7	70.2	1.7	1,256	1.8
Hawaii	62	1.6	138.2	0.3	11.4	0.3	341	0.5
Kansas	22	0.6	631.1	1.3	48.9	1.2	804	1.1
Utah	43	1.1	535.0	1.1	44.7	1.1	809	1.2
Louisiana	46	1.2	177.6	0.4	15.2	0.4	299	0.4
Kentucky	22	0.6	554.4	1.1	45.7	1.1	702	1.0
Oklahoma	45	1.2	54.4	0.1	4.2	0.1	91	0.1
Maryland	36	0.9	472.4	1.0	35.3	0.9	562	0.8
Missouri	40	1.0	352.5	0.7	29.2	0.7	451	0.6
Nevada	32	0.8	22.9	0.0	2.2	0.1	47	0.1
Vermont	18	0.5	185.2	0.4	14.5	0.4	269	0.4
South Dakota	27	0.7	7.2	0.0	0.6	0.0	15	0.0
South Carolina	17	0.4	174.8	0.4	14.5	0.4	224	0.3
New Mexico	23	0.6	62.6	0.1	5.2	0.1	165	0.2
Iowa	16	0.4	133.8	0.3	13.7	0.3	264	0.4
North Dakota	22	0.6	123.7	0.3	10.2	0.3	123	0.2
Montana	12	0.3	131.3	0.3	10.3	0.3	193	0.3
New Hampshire	18	0.5	105.4	0.2	9.6	0.2	196	0.3
Nebraska	20	0.5	11.1	0.0	1.0	0.0	31	0.0
Idaho	1	0.0	68.7	0.1	0.7	0.0	13	0.0
Delaware	6	0.2	68.3	0.1	5.1	0.1	91	0.1
West Virginia	5	0.1	44.1	0.1	4.5	0.1	87	0.1
Maine	16	0.4	5.6	0.0	0.4	0.0	21	0.0
Alaska	5	0.1	42.7	0.1	4.4	0.1	85	0.1
Mississippi	13	0.3	8.5	0.0	0.7	0.0	36	0.1
Rhode Island	12	0.3	14.0	0.0	1.2	0.0	16	0.0

Where are industry businesses located?

Manufactures locate out West

- The favorable climate conditions of the West make it an ideal location for growing key inputs like almonds, walnuts, wheat and corn, and snack producers locate nearby to reduce transportation costs.
- Similarly, the West has a significant manufacturing footprint and an ever-expanding population, with producers locating near end-consumers to reduce downstream distribution costs.
- California alone holds more snack manufacturing facilities than any other state, eclipsing the cumulative number of industry establishments of most regions.

Big cities of the Mid-Atlantic drive demand

- The Mid-Atlantic region is prime location for producers because it is home to some of the United States' biggest and most affluent cities, such as New York City and Philadelphia.
- The region also benefits from extensive rail infrastructure networks that facilitate trade, with the most rail activity in the United States oriented around the shipment of commercial goods.

Southeast a stalwart in the supply chain

- The Southeast provides access to key raw materials, such as sugar, in addition to abundant and relatively inexpensive labor.
- In particular, Florida has a large population, and therefore, is a large consumer base for snack producers.



No data

There's no data available for this industry.

Competitive Forces

Uncover challenges and benefits in the operating environment, digging into market share, buyer and supplier power and key success factors for operators.

5. Competitive Forces

<https://my.ibisworld.com/us/en/industry/31191/competitive-forces>

Highlights

Concentration

Moderate

Competition

Moderate Steady

Barriers to Entry

Moderate Steady

Substitutes

↓ High Steady

Buyer Power

↓ High Steady

Supplier Power

↑ Low Steady

Key Takeaways

- **Innovation is at the heart of commercial success.** Snack makers adapt to changing consumer preferences, introducing new varieties and healthier options.
- **Brand equity keeps consumers tied to their favorite snacks.** Well-known snacks are associated with consistent quality, based on taste and ingredients.

Concentration

Moderate

Snack Food Production in the US

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld

Source: IBISWorld

What impacts the industry's market share concentration?

Brand recognition bolsters dominant position of multinational behemoth

- PepsiCo dominates the industry, generating more than five times the revenue of its next closest competitor in the industry.
- Pepsi is able to maintain its position because it owns many recognizable and is able to leverage production scale and established distribution networks.

Acquisitions allow large manufacturers to expand

- Market-leaders have acquired smaller companies to expand their product portfolio and reach niche markets, especially such as health-conscious consumers.
- For example, Campbell's Soup Company recently acquired Snyder's-Lance Inc. to gain access to its all-natural, vegan products, which the company itself gained access to via previous acquisition.

☆ Key Success Factor

How do successful businesses handle concentration?

Economies of scale and scope

Successful companies benefit from economies of scale and scope, which enables them to spread production costs over a large volume and range of products, reducing per-unit costs.

Barriers to Entry

Moderate

Steady

What challenges do potential industry entrants face?

Legal

- Companies must properly label and disclose ingredients and obtain all necessary licensure from with local, state and federal authorities. Failure to comply can result in litigation and loss of consumer trust.

Start-up Costs

- Prospective companies require a significant amount of capital to invest in production equipment and machinery. Those unable to afford these initial investments may suffer significant operational losses from over-pricing industry-relevant products.

Differentiation

- Brand recognition is essential to gaining market share. Multinational producers experience a high degree of brand visibility and consumer loyalty.

Labor Intensity

- The industry relies on manual labor to operate machinery. Larger producers possess sufficient capital to invest in labor-saving machinery, lower per-unit costs due to economies of scale and scope.

Substitutes

High

Steady

What are substitutes for industry services?

Fruits and other healthier alternates

- Consumers have choices for snacking, and industry products compete with cookies, crackers, fruits, yogurt and frozen novelties.
- Despite innovation, many of these food products are healthier than industry snacks.

Imports

- Consumers demand for diverse flavors and products has encouraged imported products from Latin American and Asia.
- Imported snacks have risen to nearly 5.0% of domestic demand, introducing alternatives to well-established local favorites.

Buyer & Supplier Power

Supply Chain

Direct and indirect supplier and buyer industries related to this industry



What power do buyers and suppliers have over the industry?

Buyers: Price and brand loyalty

High

Steady

- Consumers can easily switch brands. Buyers will freely choose between options, weighing price and nutritional content.
- Brand loyalty limits price-competition because consumers are willing to pay more for their favorites.

Suppliers: Low switching costs for homogenous products

Low

Steady

- Producers buy high-quality inputs to improve nutritional value and appeal to consumers, although most primary inputs are identical.
- The agriculture sector is fragmented, granting producers the ability to switch freely between suppliers.

☆ Key Success Factor

How do successful businesses manage buyer & supplier power?

Supply contracts in place for key inputs

Industry operators that secure long-term contracts with suppliers of key raw materials can reduce supply volatility. Guaranteed supplies at fixed prices minimize supply costs and aid production planning.

Companies

Find out which companies hold the most market share and how revenue, profit and market share have shifted over time for these leaders.

6. Companies

<https://my.ibisworld.com/us/en/industry/31191/companies>

Key Takeaways

- **PepsiCo is the largest player in the industry.** The company is able to leverage its brand recognition and scale to dominate production.
- **Large food manufacturers comprise a sizable share of the industry.** While new operators are able to find niches, they must compete with recognizable companies like Campbell Soup and Kellogg, among others.

Market Share

Snack Food Production in the US

Industry Market Share by Company

Industry-specific company revenue as a share of total industry revenue



Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

Companies

Company	Market Share (%) 2023	Revenue (\$m) 2023	Profit (\$m) 2023	Profit Margin (%) 2023
Pepsico, Inc.	36.6	17,695.1	4,295.3	24.3
Conagra Brands, Inc.	8.7	4,192.1	662.9	15.8
Campbell Soup Co	8.2	3,987.0	743.3	18.6
Herr Foods Incorporated	1.5	703.8	113.0	16.1
J.M. Smucker Co	1.8	869.6	201.3	23.1
Kellogg Company	3.7	1,785.0	370.4	20.7
Wise Foods Inc.	1.0	474.1	23.2	4.9

You can view and download company details on my.ibisworld.com.

External Environment

Understand the demographic, economic and regulatory factors positively and negatively affecting the industry.

7. External Environment

<https://my.ibisworld.com/us/en/industry/31191/external-environment>

Highlights

Regulation & Policy

↓ High Steady

Assistance

↑ High Steady

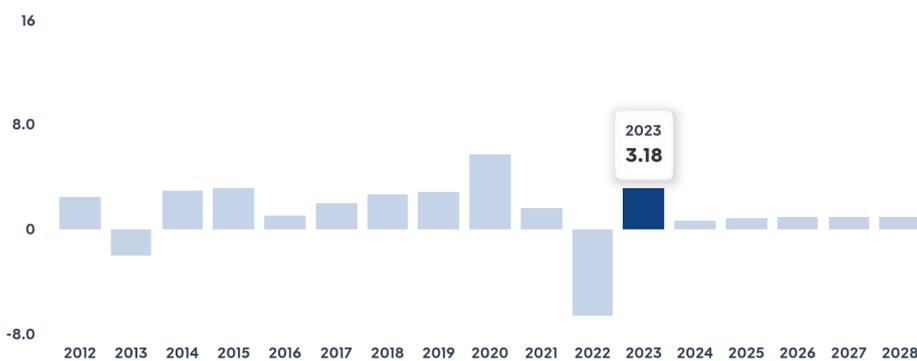
Key Takeaways

- **Tariffs are essential to limiting competition from abroad.** A variety of imported nuts face tariffs to protect domestic production.
- **Producers follow strict FDA guidelines on labeling and product content.** Recalls and false content claims can prove ruinous for a producer's reputation.

External Drivers

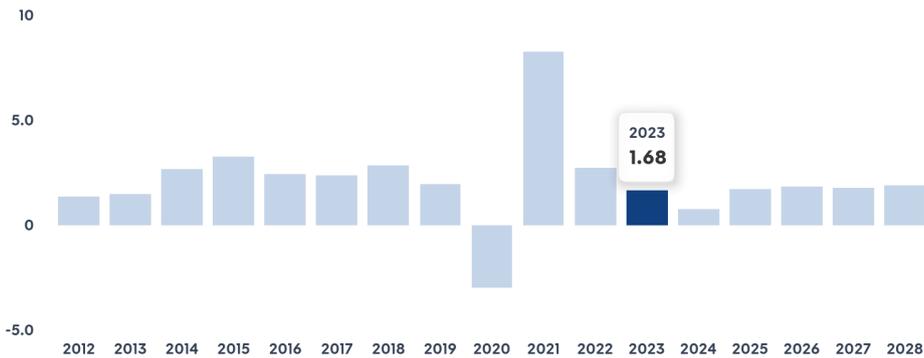
What demographic and macroeconomic factors impact the industry?

Per capita disposable income
Growth



Snack foods are considered discretionary items. Therefore, when per capita disposable income levels rise, consumers are able to purchase greater volumes of snacks or trade up to more expensive products. This boosts demand and pushes up industry revenue. Per capita disposable income is expected to inch up in 2023.

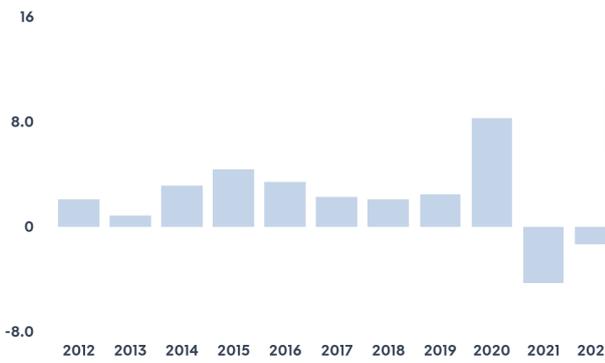
Consumer spending
Growth



Source: IBISWorld

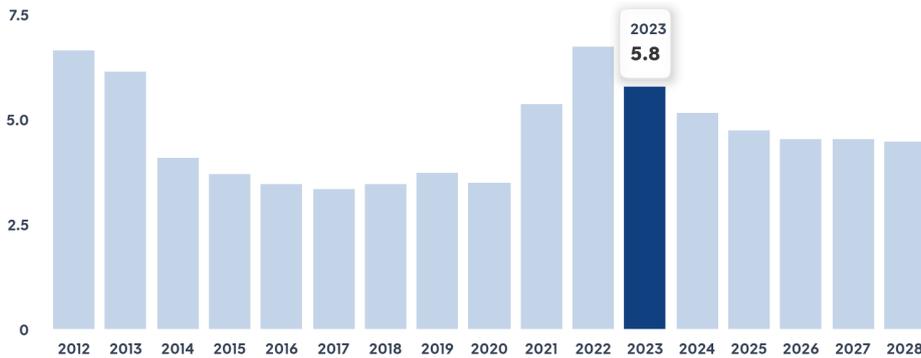
Aggregate consumption reflects trends in snack food spending, which is reflected in consumer spending. When consumers increase purchases of material goods and services, snack foodstuff expenditure, a share of material goods spending, rises. Nevertheless, during economic downturns, snack food expenditure does not necessarily decline as consumers consistently demand snacks. In 2023, consumer spending is anticipated to increase, representing a potential opportunity for the industry.

Total health expenditure
Growth



Total health expenditure is a proxy to measure health-conscious consumers. While more healthy snacks have been introduced recently, many snack foods are unhealthy and high in saturated fats and oils, causing consumers to limit their consumption of industry goods. Total health expenditure is expected to decrease in 2023, posing a potential threat to the industry.

Price of corn
\$ per bushel

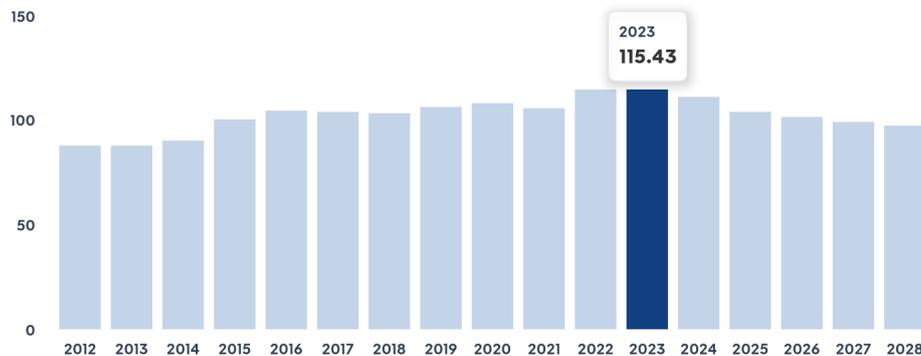


IBISWorld

Source: IBISWorld

Corn is a key input into snack production. When the price of corn rises, operators incur higher purchase costs, which they may or may not pass on in full to consumers. While this industry is dominated by large companies that may minimize input price rises by developing operational synergies, small- to medium-sized companies are significantly affected by rising corn prices. In 2023, the price of corn is expected to decline.

Trade-weighted index
Index



IBISWorld

Source: IBISWorld

A small share of industry revenue is generated by exports to Canada and Mexico, among other countries. An appreciating US dollar, reflected in a rising trade-weighted index, makes US exports more expensive to global consumers, hampering export and revenue growth. A stronger dollar also makes foreign-made products more affordable to domestic buyers, reducing demand for industry goods. The trade-weighted index is expected to rise in 2023.

Regulation & Policy

High

Steady

What regulations impact the industry?

Public health and labeling rules tighten

Producers are required under the Nutrition Labeling and Education Act to have accurate nutrition labels with nutrient content claims and proper health messages or warnings for things including allergies or carcinogens. Any claims are evaluated by the Food and Drug Administration (FDA) before being approved. Failure to abide by these rules can destroy a producer's credibility. Products claiming to be "natural," "healthy," and "low-sugar" have been challenged for their validity.

Environmental and pollution regulations affect processing

The Environmental Protection Agency (EPA) and state governments enforce policies to manage how food processors manage their waste, with the Clean Water Act (CWA) being of foremost concern to operators. The CWA requires companies that discharge waste into the environment to have a National Pollutant Discharge Elimination System permit, the cost of which has been reduced to promote anti-pollution measures from large producers of waste. Unless located in remote areas, most food processing facilities pretreat and discharge wastewater directly into a publicly owned treatment plant. When a facility discharges any waste into the environment, they are required to have a National Pollutant Discharge Elimination System permit as mandated in the CWA.

Occupational rules determine production standards

The federal Occupational Safety and Health Administration (OSHA) sets and regulates standards for safe and healthy working conditions. For manufacturing industries, this entails maintaining safe and up-to-date equipment for production, proper training for machine operators to avoid hazardous mishaps, and providing safety apparel for workers in potentially dangerous environments.

COVID-19

The Centers for Disease Control and Prevention (CDC) released a series of guidelines for businesses aimed at limiting virus spread. Businesses are encouraged to maintain extra precautions for employees at higher risk for serious illness, such as older adults and those with chronic medical conditions. Under the Coronavirus Aid, Relief and Economic Security (CARES) Act, temporary paid sick leave benefits were enacted for many workers not previously covered.

Assistance

High

Steady

What assistance is available to this industry?

Tariffs limit foreign competition from nuts

Nuts incur tariffs ranging from \$0.01 per kilogram to \$0.26 per kilogram, though Brazil nuts, chestnuts and cashew nuts are exempt from all tariffs. Protection is significantly higher for processed nuts (shelled, prepared and preserved) than for nuts that remain in their shell. For example, in-shell almonds demand a tariff of \$0.07 per kilogram, whereas shelled almonds incur a tariff of \$0.24 per kilogram. Additionally, shelled walnuts retain the highest tariff with \$0.27 per kilogram.

Tariffs discourage other imports

The rates of import tariffs vary for different products manufactured by this industry's operators. Potato chips also incur a tariff rate of 6.4% of their imported value, and corn chips and similar crispy savory snack foods incur a tariff of 4.5%.

COVID-19 assistance

Pandemic aid provided to small businesses in 2020 propped up producers and alleviated declines. The \$2.2 trillion Coronavirus Aid, Relief and Economic Security (CARES) Act established the Paycheck Protection Program (PPP), which helped smaller operators keep employees on staff even as the economy was forced to shut down.

International associations with global reach provide support

Businesses in the industry receive support the SNAC International. SNAC was founded in 1937 and represents snack food manufacturers and suppliers across the world. Today, there are over 400 international member companies. SNAC functions with the mission of three different pillars, advocacy, networking and education. Furthermore, the association promotes snack food consumption through the media and represents the industry among different government bodies. SNAC also provides technical support to members and educates them on technological advances and consumer trends through seminars.

Financial Benchmarks

Understand average costs for industry operators and compare financial data against key ratios and financial benchmarks broken down by business size.

8. Financial Benchmarks

<https://my.ibisworld.com/us/en/industry/31191/financial-benchmarks>

Highlights

Profit Margin

16.1 %

↑ Higher than sector

Average Wage

\$57,744

↓ Lower than sector

Largest Cost

Purchases

45.8% of Revenue

Key Takeaways

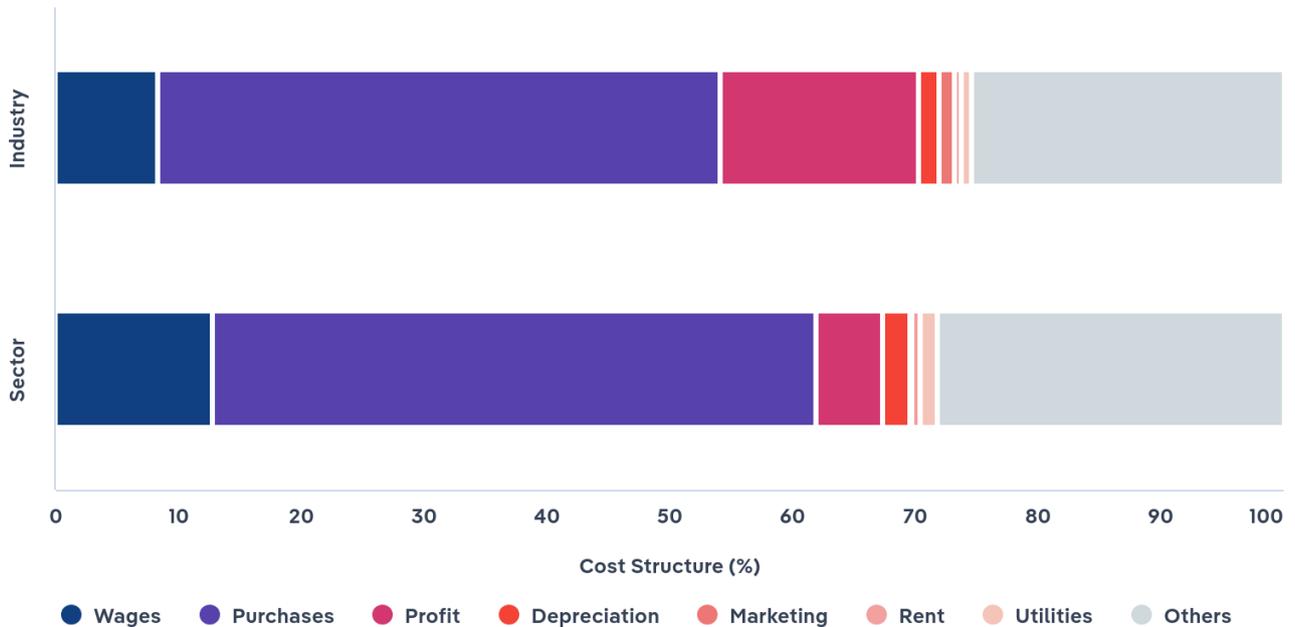
- **Input costs are difficult to predict, eating away at profit.** Still, companies have largely passed down rising costs to downstream markets.
- **Large companies achieve above-average profit.** Manufacturers like PepsiCo are able to leverage scale to minimize per unit manufacturing costs.

Cost Structure

Snack Food Production in the US

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2023



Source: IBISWorld

Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

What trends impact industry costs?

Multinational giants realize higher profit margins

- PepsiCo, the largest player in the industry, achieves margins that regularly exceeded 25.0%.
- A player like PepsiCo is able to command very high margins via innovative products and creative campaigns to market its brand.
- Large companies are also able to leveraging scale to minimize per unit manufacturing costs.

Wages rise as small producers enter the industry

- Wage costs account for 8.4% of revenue in 2023.
- The relatively low share of wages in revenue reflects the industry's capital intensity and its use of manufacturing equipment to limit manual labor and personal oversight.

- However, small producers that service local, niche markets, tend to produce artisanal products that require more labor than capital
- While the industry's largest companies rely on capital-intensive processes and hold dominant positions in the industry, wages have risen as more small-scale manufacturers have entered the industry and worker shortages have led labor costs to rise.

Marketing essential to establishing brand presence

- Marketing costs account for 1.3% of revenue in 2023.
- Marketing plays a role in product differentiation by enabling producers to charge a premium for certain products.
- Producers have designed sophisticated marketing and advertising strategies that aim to harness the power of their brands to increase customer loyalty and retention rates.
- These strategies include expensive media advertisements, point-of-purchase tastings and displays and related promotions.



No data

There's no data available for this industry.

Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/Revenue (%)	Estab. per Enterprise (Units)	IVA/Revenue (%)	Imports/Demand (%)	Exports/Revenue (%)
2005	760,341	20.7	25.7	27.2	50,902	6.7	1.1	12.3	1.4	2.7
2006	763,492	19.3	24.0	25.3	50,847	6.7	1.1	18.4	1.4	2.8
2007	774,846	18.6	22.9	24.0	50,922	6.6	1.1	16.6	1.4	3.0
2008	792,146	18.7	22.4	23.6	50,447	6.4	1.1	15.9	1.3	3.1
2009	809,179	18.2	21.5	22.5	53,538	6.6	1.0	22.7	1.3	2.8
2010	805,374	16.9	20.1	21.0	54,389	6.8	1.0	17.2	1.4	2.9
2011	847,378	16.3	18.4	19.2	53,466	6.3	1.0	20.8	1.5	3.4
2012	866,273	16.0	17.8	18.4	52,701	6.1	1.0	17.2	1.9	3.7
2013	804,660	15.5	18.7	19.3	55,892	6.9	1.0	20.9	1.8	4.1
2014	820,480	16.1	18.9	19.6	56,448	6.9	1.0	22.3	1.8	3.7
2015	810,362	15.8	18.8	19.5	55,269	6.8	1.0	22.9	2.0	4.3
2016	823,164	16.5	19.3	20.0	61,065	7.4	1.0	22.6	2.0	3.6
2017	785,844	16.3	19.9	20.7	58,698	7.5	1.0	23.3	2.3	3.4
2018	764,649	15.8	19.9	20.6	56,709	7.4	1.0	23.6	2.5	3.7
2019	720,320	14.8	19.9	20.6	54,680	7.6	1.0	24.2	2.4	3.5
2020	729,058	14.4	19.0	19.7	57,565	7.9	1.0	24.4	2.5	3.4
2021	730,450	14.0	18.5	19.2	57,254	7.8	1.0	25.2	2.8	3.6
2022	695,004	13.3	18.5	19.1	57,806	8.3	1.0	26.2	3.3	4.2

IBISWorld | Snack Food Production in the US

2023	688,679	13.0	18.2	18.8	57,744	8.4	1.0	26.2	3.4	4.2
2024	685,730	12.8	18.0	18.6	57,811	8.4	1.0	26.4	3.4	4.4
2025	682,425	12.6	17.8	18.4	57,860	8.5	1.0	26.4	3.5	4.5
2026	680,165	12.4	17.7	18.3	57,949	8.5	1.0	26.6	3.6	4.6
2027	676,452	12.3	17.5	18.1	57,986	8.6	1.0	26.6	3.7	4.8
2028	672,463	12.1	17.4	18.0	57,998	8.6	1.0	26.6	3.8	4.9
2029	668,918	11.9	17.3	17.8	58,022	8.7	1.0	26.5	3.9	5.0

A large, stylized number '9' graphic in a lighter shade of red, positioned on the right side of the page. The '9' is composed of a solid red circle at the top and a thick, curved stem that extends downwards and to the right.

Key Statistics

Discover 14 years of historical, current and forward-looking industry performance data in table format.

9. Key Statistics

<https://my.ibisworld.com/us/en/industry/31191/key-statistics>

Industry Data

Year	Revenue (\$ million)	IVA (\$ million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$ million)	Imports (\$ million)	Wages (\$ million)
2005	32,492	4,005	1,662	1,571	42,733	891	458	2,175
2006	33,659	6,191	1,840	1,740	44,086	948	465	2,242
2007	34,896	5,806	1,970	1,876	45,036	1,041	475	2,293
2008	36,756	5,833	2,070	1,963	46,401	1,143	466	2,341
2009	36,746	8,335	2,116	2,016	45,412	1,025	478	2,431
2010	38,033	6,537	2,355	2,245	47,224	1,117	522	2,568
2011	40,187	8,376	2,574	2,468	47,425	1,354	600	2,536
2012	42,332	7,260	2,749	2,649	48,867	1,577	791	2,575
2013	43,083	8,995	2,869	2,775	53,542	1,756	758	2,993
2014	46,005	10,280	2,961	2,854	56,071	1,720	820	3,165
2015	46,788	10,693	3,066	2,954	57,737	2,035	926	3,191
2016	47,624	10,787	3,003	2,886	57,855	1,727	933	3,533
2017	48,000	11,191	3,069	2,953	61,081	1,632	1,077	3,585
2018	47,532	11,205	3,130	3,012	62,162	1,772	1,153	3,525
2019	47,059	11,376	3,289	3,171	65,330	1,632	1,134	3,572
2020	47,400	11,559	3,419	3,300	65,015	1,611	1,157	3,743
2021	48,782	12,297	3,602	3,475	66,784	1,754	1,353	3,824
2022	48,016	12,587	3,741	3,611	69,087	2,014	1,559	3,994
2023	48,387	12,682	3,863	3,734	70,260	2,054	1,617	4,057
2024	49,390	13,057	4,000	3,870	72,026	2,161	1,674	4,164
2025	50,298	13,290	4,132	4,000	73,705	2,273	1,725	4,265
2026	51,432	13,687	4,273	4,137	75,617	2,380	1,808	4,382
2027	52,343	13,930	4,413	4,272	77,379	2,487	1,890	4,487
2028	53,074	14,105	4,538	4,395	78,924	2,585	1,971	4,577
2029	53,877	14,253	4,658	4,513	80,544	2,675	2,063	4,673

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