



# Snack Foods Manufacturing

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First Research

**SAMPLE**

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# Industry Custom Report

## Snack Foods Manufacturing

### Industry Profile

NAICS CODES: 311911 311919

SIC CODES: 2052 2068

### Industry Description

Companies in this industry make snack foods such as nuts, chips, and popcorn, as well as peanut butter. Major companies include Diamond Foods, Frito-Lay, Mondelez International, and Snyder's-Lance (all based in the US), as well as Calbee Foods (Japan); Nongshim (South Korea); and Biscuits (UK).

### Competitive Landscape

Demand is driven by consumer tastes and health considerations. The profitability of individual companies depends on efficient operations, effective marketing, and a strong sales force. Large companies have advantages in raw material purchasing, manufacturing efficiencies, distribution, and marketing budgets. Small operations can compete effectively by self-distributing products, selling online, or marketing snacks as gift items. The US industry is highly concentrated: the top 50 companies account for 90 percent of industry revenue.

Snack foods compete for consumer dollars against other "impulse" food items, including cookies and crackers, baked goods, fruits and vegetables, and fast food.

### Products, Operations, and Technology

Major products are potato chips (about 25 percent of industry revenue); roasted nuts and seeds (25 percent); and corn chips, including tortilla chips (20 percent). Other products include canned nuts, peanut butter, popcorn, hard pretzels, and other chips. Salty snack foods are found in most American households. More than half of Americans eat snacks two to three times per day, according to NPD Group. Potato chips are the most popular snack in North America, followed by tortilla chips, snack bars, and extruded (puffed) snacks, according to Euromonitor.

To make potato chips, manufacturers receive daily truckloads of fresh potatoes. Potatoes come from various states, but Michigan is the largest producer of potatoes used for chips. Potatoes are stored in warehouses at 40 to 45°F and warmed to room temperature prior to processing.

A conveyor belt moves the potatoes through the various stages of manufacturing. Vibrating conveyors remove debris and push the potato to an automatic peeling machine. After peeling, potatoes are washed with cold water and enter a revolving impaler. Straight blades produce regular chips; rippled blades make ridged

The Industry Overview is an excellent way to ensure you make the right first impression, with minimal time invested.

#### USE IT TO:

- Quickly grasp how an industry operates.
- Adapt your sales process to fit your customer's buying process.
- Understand the competitive environment.
- Stay abreast of applicable government regulations.
- Cite relevant statistics in a targeted letter or email to a prospect or customer.

potato chips. A secondary wash rinses off excess starch from the newly sliced potatoes. "Natural" potato chips aren't washed and retain this starch.

The sliced potatoes move through air jets that remove excess water and enter a long trough filled with hot cottonseed, corn, or blended oil. Paddles push the chips along as they fry. Salt and flavorings are added as the chips cool. Cooled chips are conveyed to a packing machine, where computer-aided machines pack the chips and add air and nitrogen to the package prior to sealing. Workers hand pack the bags into cartons and place them on pallets for warehousing. Rejected potatoes and peels are sent to farms for animal feed. The starch removed during rinsing is sold to starch processors.

A snack food manufacturer must have advanced quality control measures in place at all stages of processing. Optical sensors spot and discard defective chips. Quality control managers inspect incoming ingredients, test the viscosity of oils, and taste-sample every product, typically on the hour.

To reduce product shipping costs, companies typically operate multiple manufacturing plants across the US. Most plants are capable of manufacturing a range of products, though each plant usually specializes in one or two popular brands. Large companies manage a network of distribution centers for warehousing products prior to store delivery.

Common inputs for snacks include white potatoes; corn and wheat flour; cottonseed, corn, and soybean oil; shelled peanuts; flavorings like herbs, salt, and spices; and packaging materials. Key energy inputs include water, electricity, diesel, and natural gas.

Recent technological advances include automated quality control instrumentation, advancements in creating crunchier chips, baked snacks, and genetically modified (GM) potatoes and corn that result in more uniform chips and snacks. Most large companies manage real-time supply tracking using a network of handheld wireless devices and centralized enterprise resource planning (ERP) systems.

## Sales and Marketing

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Typical customers are grocery wholesalers, warehouse club stores, food service distributors, vending machine distributors, and convenience stores. Depending on the customer's needs, sales can be consumer-sized or in bulk quantities. About 70 percent of North American consumers say they "often" buy snacks at grocery stores and supermarkets, compared to 30 percent at mass merchandisers, 15 percent at convenience stores, and 10 percent at smaller neighborhood shops, according to a recent Nielsen survey. Several companies specialize in producing private-label brands for supermarkets and convenience stores.

Major sales channels include independent distributors, third-party brokers, internal sales forces, and direct store delivery (DSD) programs, where products are stocked and pulled by the company's own distribution arm. Many companies rely on a combination of these channels.

Major types of marketing include TV and radio ads; coupons in newspapers, magazines, and on the Internet; movie, TV, and celebrity tie-ins; "merchandising" through in-store discounts and end-cap promotions; sweepstakes; and product-specific websites. Social media outlets like Facebook and Twitter are popular ways to reach new customers, build brand loyalty, and test new products. Since most large snack manufacturers are a division of a food conglomerate, end-caps and in-store promotions often feature complementary products (Pepsi and Doritos). Brand extension is common (Planters Big Nut Bars, Orville Redenbacher's Ready-to-Eat Popcorn). Companies seek to maximize merchandising lift, the marginal gain in product sales volume from a price discount, feature in a store advertisement, or in-store promotion.

Customer service operations are extensive, as bad publicity can severely damage a brand. Media reports of foreign objects or animals in a snack bag can quickly overwhelm customer service operations. Most companies manage toll-free help lines and web-based email submission forms to address product questions and concerns.

Companies invest heavily in Internet promotions, developing interactive web sites around well-known brands. Most large processors manage restricted-access intranets or electronic data interchange (EDI) systems to facilitate e-commerce transactions and manage inventory. Some small snack companies may specialize in online sales; typically, these sales are marketed as gift tins or baskets.

## Finance and Regulation

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Cash flow is generally steady throughout the year. For snack foods, the primary ingredient (nuts, potatoes, corn) is typically the most expensive input. To limit raw material and energy costs, companies use financial hedging instruments and enter multi-year contracts with key suppliers. The industry is capital-intensive: average annual revenue per employee is about \$640,000.

For many large food conglomerates, operating profits in snack foods are the highest in the company. Gross margins range from 20 to 40 percent. Finished product inventory generally represents about 120 to 140 days' sales. Receivables range from 60 to 80 days.

Snack food manufacturers typically own their own manufacturing property and processing equipment, although companies large and small may choose to work with a contract manufacturer (co-packer). Contract manufacturers produce products for a number of different companies, following an agreed-upon recipe and cooking process.

### Regulation

In the US, the federal regulatory climate can vary depending on industry business practices and how pressing public health is compared to other national policy matters. The FDA oversees food safety and sets rules regarding health claims on labels. The Food Allergen Labeling and Consumer Protection Act (FALCPA) requires that manufacturers disclose if specific allergens (milk, eggs, peanuts, tree nuts, fish, shellfish, wheat, and soy) might be present in the product or the manufacturing environment. The FDA is researching the possible negative health effects of acrylamide, a carcinogen in food resulting from frying foods at high temperatures.

The OSHA manages workplace safety and works to limit the dangers of combustible flour dust. The EPA, state, and local agencies monitor environmental protections, including wastewater treatment, air quality, and stormwater.

Over the past decade, various state governments have tried to control snack food consumption by enacting state "snack taxes," a special tax on high-fat or salty snack foods. Most of these taxes have been rejected or repealed. The industry closely watches efforts to raise state revenues by taxing the snack food industry.

## Regional and International Issues

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The global snack foods manufacturing industry generates about \$375 billion in revenue, according to Nielsen. Europe and the US are the largest snack food markets. Major companies based outside the US include Calbee Foods (Japan), Nongshim (South Korea), and United Biscuits (UK).



Europe is the largest snack food manufacturing region and has high penetration in markets such as the UK, Germany, France, Spain, Italy, and Russia. The US is the next largest snack food manufacturer. Exports account for 4 percent of total US snack food production; imports account for less than 2 percent of the total US market.

Annual snack sales are growing more than two times faster in developing parts of the world than in developed countries, according to Nielsen. The Asia/Pacific region is expected to have the most growth in the next several years, followed by Latin America, Africa, and the Middle East. Snack food sales in China jumped almost 15 percent in fiscal year 2013, while Brazil's market grew by 13 percent in the same year, according to IRI Worldwide.

Competition in the global snack food industry is fierce. In many countries, small manufacturers struggle to compete with regional branches of multinational companies. In China, the number of foreign-owned snack food companies is relatively small, but foreign companies control about half of the snack food market.

Because changing consumer tastes drive snack food sales, manufacturers must be aware of trends in different markets. Multinational companies often create new flavors to match regional taste preferences: Frito-Lay has promoted sweet snacks in Shanghai and meat-flavored snacks in Beijing, for example. Much of the recent growth in the Western snack food market has been driven by healthy, low-calorie snacks. However, products generally considered less healthy in the US are becoming more popular in Asia, as more people incorporate Western-style food and convenience foods into their diets.

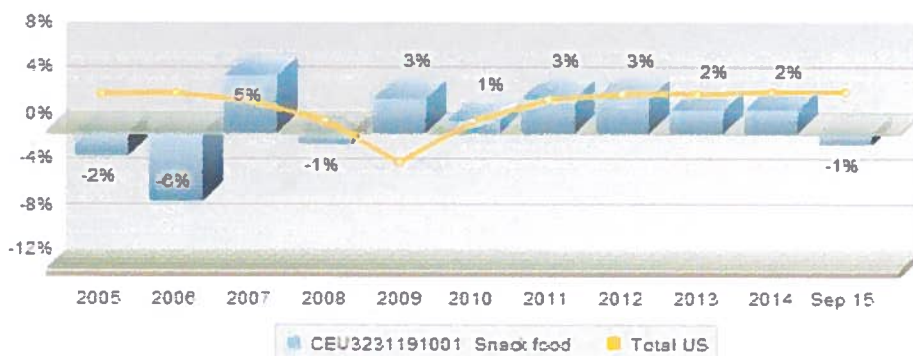
In the US, California, Texas, Pennsylvania, Georgia, and Ohio are the top states for snack food manufacturing. Large companies typically locate warehouse and distribution networks close to or near major urban areas.

## Human Resources

Hourly wages for workers in food manufacturing in the US are moderately lower than the national average. Production workers must have basic mechanical and technical skills to operate machinery and the physical strength to lift heavy objects. The Snack Food Association (SFA) has partnered with several universities to provide online education for managers. Courses include new product development, business plan writing, and international trade.

The annual injury rate in US snack food manufacturing is about 30 percent higher than the national average. Common injuries are sprains and strains, cuts, fractures, and hearing loss.

## Industry Employment Growth - Bureau of Labor Statistics



## Associated Industry Codes

### Associated NAICS Codes

311911	Roasted Nuts and Peanut Butter Manufacturing
311919	Other Snack Food Manufacturing

### Associated SIC Codes

2052	Cookies and crackers
2068	Salted & roasted nuts & seeds

## Companies List

TOP 3 ARE LISTED IN THIS SAMPLE

Company	Sales	Employees	Gross Profit Margin	Location
<a href="#"><u>PEPSICO, INC.</u></a>	66,683.00M	271,000	50.1%	Purchase, NY
<a href="#"><u>Mondelez International, Inc.</u></a>	34,244.00M	1,000	38.01%	Deerfield, IL
<a href="#"><u>Mars, Incorporated</u></a>	30,000.00M	76,000		Mc Lean, VA

SAMPLE



Get a qualified snapshot of industry performance with Financial Information.

**USE IT TO:**

- Benchmark a company against its industry peer group.
- Increase your credibility by adding verifiable metrics to your presentation.

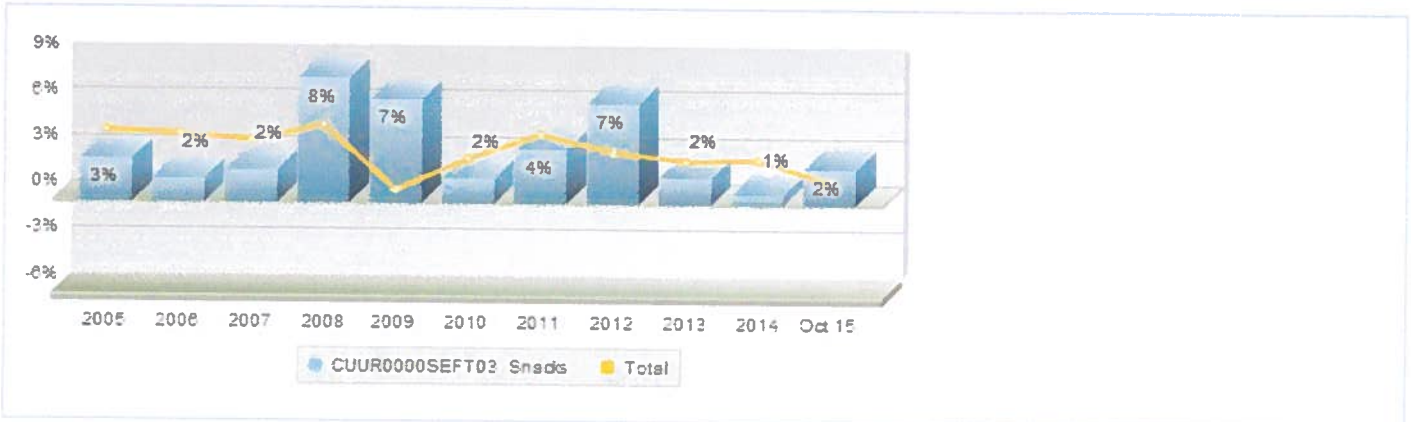
## Financials

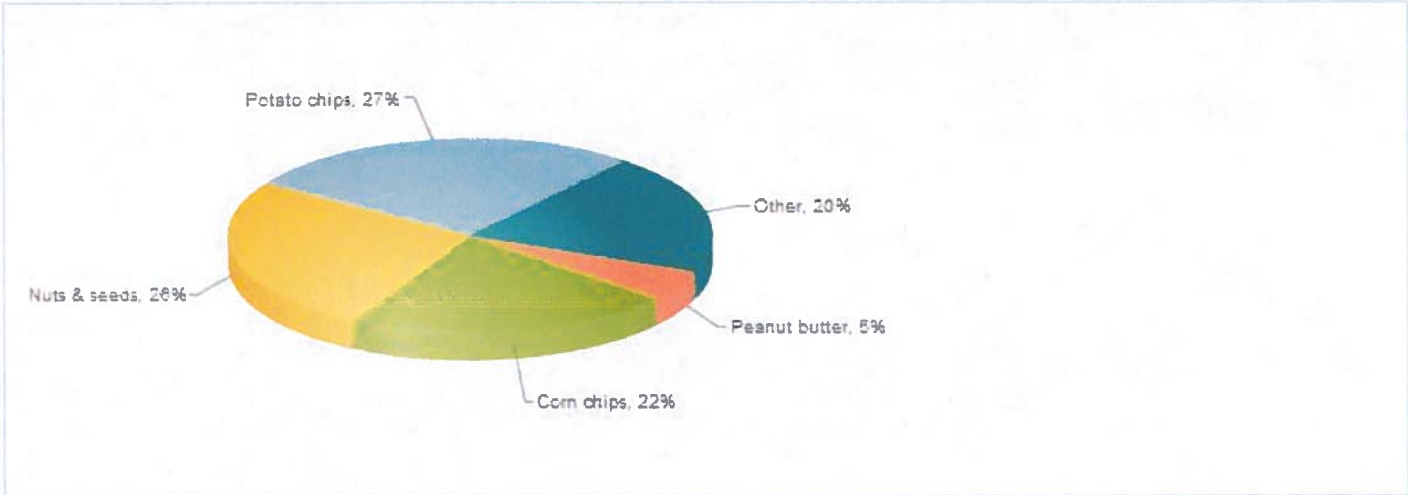
### Economic Statistics and Information

#### Change in Producer Prices - Bureau of Labor Statistics



#### Change in Consumer Prices - Bureau of Labor Statistics

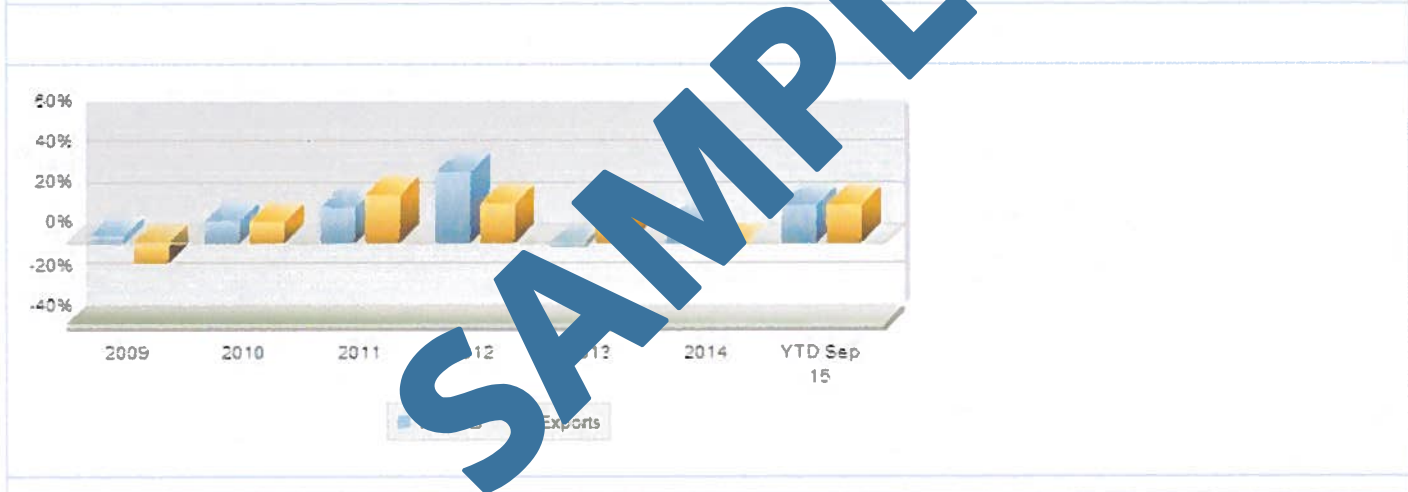




### Change in Dollar Value of US Trade - US International Trade Commission

Imports of snack foods to the US come primarily from Canada, Mexico, Israel, Thailand, and Vietnam. Major export markets for US snack foods include Canada, Mexico, Japan, Hong Kong, and Taiwan.

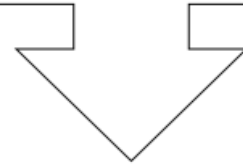
### 31191 SNACK FOODS



Find out what's coming down the pipe in a given industry from the Industry Forecast experts.

**USE IT TO:**

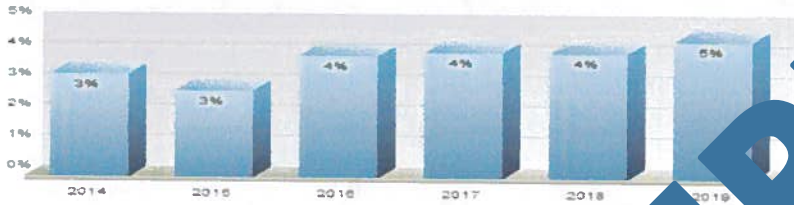
- Understand the health and growth prospects of a specific industry.
- Target growth industries with the available funds to invest in your product.



## Industry Forecast

from Hoover's/D&B subsidiary First Research

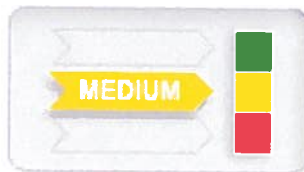
Revenue (in current dollars) for US snack foods manufacturing is forecast to grow at an annual compounded rate of 4% between 2015 and 2019, based on changes in physical volume and unit prices. Data Published: September 2015



First Research forecasts are based on INFORUM forecasts that are licensed from the Interindustry Economic Research Fund, Inc. (IERF) in College Park, MD. INFORUM's "interindustry-macro" approach to modeling the economy captures the links between industries and the aggregate economy.

## Industry Growth Rating

Reflects snapshot of industry performance vs. industry risk over the next 12 to 24 months relative to other U.S. industries, along with short descriptions of vital demand and risk factors influencing the industry. Use to quickly determine the overall projected health of an industry.



**Demand:** Driven by consumer tastes and health considerations  
Need efficient operations and effective marketing  
**Risk:** Vulnerable to volatile raw material costs and litigation

## Trends & Opportunities

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## Business Trends

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**Healthier Products** — Manufacturers are creating new snack products that include healthier ingredients. One of the industry's fastest-growing categories is chips made with blended fruits and vegetables. Chips may be made with ingredients like sweet potatoes, plantains, black beans, quinoa, or flax, which are often perceived as healthier. Other new products include low-sodium chips, baked chips, and oat bran pretzels. Packages designed to help consumers with portion control, such as 100-calorie sizes, also have increased in popularity.

**Private-Label Sales Flatten Out** — Several types of private-label snacks have captured additional market share despite overall category stagnation. Private-label products held a 30 percent volume share and a 15 percent dollar share of total snack food sales in both 2012 and 2013, according to IRI Worldwide. Private-labels tend to do better in segments with lower sales volume and brand dominance than in the highly competitive chip industry. Products such as nuts, seeds, trail mixes, and nutritional snacks have gained market share in recent years by going upscale, blurring the traditional distinction between them and branded products.

**Shrinking Display Space** — The average size of supermarkets is declining. To brighten and de-clutter the retail shopping experience, supermarkets are also reducing the number of merchandising displays. Open space and freedom of movement are replacing cumbersome pyramid stacks and end-caps. Snack food manufacturers have less opportunity to promote products, making the snack aisle of the grocery store once again the primary arena for product competition.

## Industry Opportunities

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**Boosting Convenience Store Sales** — Manufacturers are paying more attention to maximizing the sales potential of snack foods at convenience stores, c-stores, and drugstores. As grocery stores consolidate and reduce merchandising space, snack makers are revisiting their c-store sales strategy. C-stores and gas station markets make their money on impulse purchases like snacks, candy, and soda. Companies that can figure out how to promote and sell to c-stores may find that this sales channel can help boost sagging sales. Salty snacks sales at c-stores increased more than 20 percent in a recent five-year period, according to Convenience Store News.

**Reinventing Nuts** — High in Omega-3s, tree nuts are one of the few truly healthy snacks; however, the product category had lacked innovation until recently. As Americans become more concerned with healthy snack options, nuts have been rediscovered and by consumers and reinvented into a variety of snack options by manufacturers. Manufacturers offer nuts with different seasoning and spices, in trail mix products, and in snack bars. Planters has extended its brand into Nut-rition energy bars, for example. Nuts have also been repackaged in individual portions to appeal to consumers. Some varieties are marketed as gourmet snacks. The nut market continues to grow, offering new product opportunities to manufacturers.

**Promoting Sustainability** — Even though snacks are an indulgence, companies can capitalize on the growing interest in sustainability and reduced carbon footprints. Manufacturers can highlight "green" manufacturing processes, domestically sourced raw materials, lower emissions delivery vehicles, and other sustainable business endeavors. Some brands are better suited to project a sustainable image: a veggie chip line is more likely to convey this message than a bag of nacho cheese corn chips.

**Spicier Flavorings** — Manufacturers are creating new spicy snacks, responding to consumer interest in spicy and ethnic flavors and a growing Hispanic and Asian population. Hispanics comprise over 15 percent of the US population, one-third of whom are under 18 - a key demographic for snack food manufacturers. Popular

chip flavors include chipotle, habanero, wasabi, and tequila and lime.

**Snacks Replacing Meals** — The US market for packaged snacks is growing twice as quickly as the market for packaged foods in general, and more Americans are snacking throughout the day rather than eating at traditional mealtimes, according to a recent study by Euromonitor. The biggest shift is occurring at breakfast: Sales of ready-to-eat cereals declined at an annual rate of 1.5 percent from 2009 to 2014, according to Nielsen. In the same five-year period, sales of morning snack foods such as granola and yogurt bars increased by about 4 percent per year. Snacks that can be eaten on-the-go are likely to continue taking market share from foods that take longer to prepare and eat.

Impress decision makers with an understanding of the roles, responsibilities, and challenges of the executive team with Executive Insight.

**USE IT TO:**

- Identify the correct decision maker so you don't waste time selling to the wrong contact.
- Understand the decision maker's individual needs so you can tailor your presentation to show how they will personally benefit.

## Executive Insight

TOP 3 ARE LISTED IN THIS SAMPLE

### Chief Executive Officer - CEO

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#### Identifying Optimal Product Mix

Profits in the snack food manufacturing industry depend on the right product mix, with one or two powerhouse snack brands typically leading. Most large snack food companies are divisions of large food conglomerates that depend on its snack division to produce high returns. CEOs must identify what brands can deliver solid profits, and which products are susceptible to changing consumer tastes.

#### Fighting Regulations and Lawsuits

Snack companies regularly face federal and state regulations and lawsuits from consumers. Profitability and future growth depend on the outcome of ingredient and labeling lawsuits, state snack taxes, and restrictions on snack foods in public schools. Companies must actively promote the benefits of a strong snack food industry and the importance of consumer choice.

### Chief Financial Officer - CFO

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#### Managing Commodity Purchases

Ingredient costs are unstable, often rising or falling 25 to 50 percent from year to year. Finance executives must know when to secure long-term agricultural commodity contracts and when to hedge against rising prices. Energy purchases are just as critical to profitability: escalating natural gas and electricity prices can erode a company's bottom line.

#### Maximizing Retail Contracts

Snack food companies depend highly on large retailers like Wal-Mart. Companies must secure profitable long-term contracts with major retailers, and carefully consider the commitments required to support the needs of large buyers. A CFO must work in tandem with the company's head of sales to establish wholesale prices, set marketing budgets, and determine the optimal size and structure of the company's sales force.

### Chief Information Officer - CIO

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#### Fully Integrating Operations



Most snack companies are divisions of highly diversified, vertically integrated corporations. CIOs must be able to integrate snack operations with the corporation's many sales, operations, marketing, and accounting departments. Successful technology departments know how to prioritize, set realistic timelines, and work within a budget.

#### Modifying Products to Match Health Trends

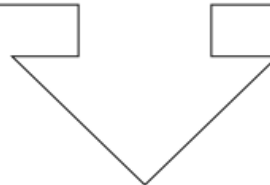
Modern food technology allows companies to quickly test and prototype new formulations and ingredients. R&D teams can respond to emerging health and diet trends by developing new products that come close to the taste and quality of more decadent offerings. Companies must be able to roll out new products before health trends become passé.

**SAMPLE**

Engage your prospects with solution selling by first understanding their pain points, thanks to the knowledge you glean from Business Challenges.

**USE IT TO:**

- Present your solution as a way to make their life easier by overcoming frustrating obstacles.
- Improve ROI by matching the message to the customer.



## Business Challenges

TOP 2 ARE LISTED ON THIS SAMPLE

### Critical Issues

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**Volatile Ingredient Prices** — The price of critical commodity inputs such as corn, tree nuts, soybean and cottonseed oil, and potatoes can increase significantly due to poor farm yields, unpredictable weather patterns, and market reactions to government farm subsidies. Tree nuts can represent a significant portion of the total cost of goods sold for snack foods manufacturers. While potatoes are a less expensive input, the price of round white potatoes can easily fluctuate by 25 to 50 percent from year to year.

**Highly Competitive Industry** — The snack food industry competes with a number of other impulse purchases and snacking options, including cookies, crackers, candy, energy bars, in-store bakery items, fast food, and baking at home. Salty snacks are among the first foods eliminated or restricted for those on a weight-management plan. Snack food brands face growing competition from private label offerings, which offer comparable value at a lower price.

**SAMPLE**

The silver bullet in your arsenal, Call Preparation Questions are carefully designed conversation starters (with answers) for your sales calls.

**USE IT TO:**

- Gain instant rapport by engaging the prospect as a fellow industry "insider."
- Create a veritable sales "playbook" by leveraging the call prep questions in combination with the industry overview.

## Call Preparation Questions

**TOP 3 ARE LISTED IN THIS SAMPLE**

### Conversation Starters

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How does the company limit the risk of volatile commodity prices?

The price of critical commodity inputs such as corn, tree nuts, soybean and cottonseed oil, and potatoes can increase significantly due to poor farm yields, unpredictable weather patterns, and market reactions to government farm subsidies.

**How difficult is raising prices to consumers?**

The snack food industry competes with a number of other impulse purchases and snacking options, including cookies, crackers, candy, energy bars, in-store bakery items, fast food, and baking at home.

**How challenging are the risks of increased litigation and regulation?**

Increased awareness of obesity, ingredients, and labeling has made snack food manufacturers much more vulnerable to litigation and federal regulation.

## **Operations, Products and Facilities**

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**What is the company's main product?**

The industry's main products are potato chips (30 percent of revenue); roasted nuts and seeds (25 percent); and corn chips (20 percent).

**What key raw materials does the company depend on?**

Key ingredients include white potatoes, corn, and wheat flour, and cooking oils.

**What additional ingredients does the company use for production?**

Hot cottonseed, corn, or blended oil are used for frying potato chips. Salt and flavoring are added.

## **Customers, Marketing, Pricing and Competition**

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**Who are the company's customers?**

Typical customers are grocery wholesalers, warehouse club stores, food service distributors, vending machine distributors, and convenience stores.

**What are the company's sales channels?**

Major sales channels include independent distributors, third-party brokers, internal sales forces, and direct store delivery programs.

## **Regulations, R&D, Imports and Exports**

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**How does the company ensure safety in food allergen labeling?**

The Food Allergen Labeling and Consumer Protection Act (FALCPA) requires that manufacturers disclose if specific allergens are in the product.

**How has the company responded to health risks associated with fried foods?**

The FDA is researching the possible negative health effects of acrylamide, a carcinogen in food resulting from frying foods at high temperatures.

**How does the company monitor efforts to raise state taxes on snack foods?**

Over the past decade, various state governments have tried to control snack food consumption by taxing high-fat or salty snack foods. Most of these taxes have been rejected or repealed.

## **Organization and Management**

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**What skills or training does the company require of its workers?**

Production workers must have basic mechanical and technical skills to operate machinery and the physical strength to lift heavy objects.

**What are the company's most common worker injuries?**

The annual injury rate in US snack food manufacturing is about 30 percent higher than the national average.

## Financial Analysis

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**How does seasonality affect company cash flow?**

Cash flow is generally steady throughout the year.

**What percent of gross sales does the company spend on food ingredients?**

Primary ingredients (nuts, potatoes, corn) are typically the most expensive input.

**On average, how long does it take the company to collect from buyers?**

Receivables range from 60 to 80 days' sales.

## Business and Technology Strategies

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**What new technologies has the company invested in?**

Recent advances include automated quality control instrumentation, advancements in creating crunchier chips, baked snacks, and genetically modified (GM) potatoes and corn that result in more uniform chips and snacks.

**What new snack trend is the company exploring?**

New snack trends include spicy snacks, healthier offerings, and nut-free.

**How invested is the company in Internet marketing?**

Interactive websites promote brand awareness. Most processors manage restricted-access intranets or electronic data interchange (EDI) systems for e-commerce transactions and inventory management. Smaller companies may specialize in online sales.

**SAMPLE**

## Industry Indicators

The consumer price index for food, an indicator of snack food values, rose 1.6 percent in October 2015 compared to the same month in 2014.

US nondurable goods manufacturers' shipments of food products, an indicator of demand for snack foods, fell 1.1 percent year-to-date in September 2015 compared to the same period in 2014.

US retail sales for food and beverage stores, a potential measure of snack food demand, increased 3 percent in the first ten months of 2015 compared to the same period in 2014.

## Industry Websites

- AIB International - (<https://www.aibonline.org>)
- American Bakers Association (ABA) - (<http://www.americanbakers.org>)
- BakeryandSnacks.com - (<http://www.bakeryandsnacks.com>)
- Baking Association of Canada - (<http://www.bakingassoccanada.com/>)
- Canadian Snack Food Association - (<http://canadiansnack.com/>)
- Candy & Snack Today - (<http://candyandsnacktoday.com/>)
- Private Label Magazine - (<http://mypbrand.com/category/industry/magazine/private-label-magazine/>)
- Snack Food and Wholesale Bakery - (<http://www.snackandbakery.com>)
- Snack Food Association - (<http://www.sfa.org>)
- Tortilla Industry Association - (<http://www.tortilla-info.com>)

## Fast Facts

- › Companies in this industry make snack foods such as nuts, chips, and popcorn, as well as peanut butter.
- › Major companies include Diamond Foods, Frito-Lay, Mondelez International, and Snyder's-Lance (all based in the US), as well as Calbee Foods (Japan); Nongshim (South Korea); and U. Biscuits (UK).
- › Major products are potato chips (about 42 percent of industry revenue); roasted and seeds (25 percent); and corn chips, including tortilla chips (20 percent).
- › Typical customers are grocery wholesalers, warehouse club stores, food service distributors, and convenience stores.
- › Cash flow is generally steady throughout the year.

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