

20 14 CATEGORY INSIGHT REPORT

PARTY SNACKS: SAVORY DIPS & SPREADS



Party Snacks

If you're like most consumers, you'll agree that a party isn't a party without salsa and tortilla chips, hummus and pita, or the latest favorite, a spicy buffalo chicken dip with corn chips. Dips, integral to party fare, are making their way into the "anytime is snack time" trend and manufacturers are also creating healthy options for consumers to meet their demand for better-for-you snacks. It is interesting to note that as healthier dips have been introduced, consumers' perceptions that dips and their salty snack partners are "unhealthy" has decreased by 10% in the last year alone. And, with sales hovering around \$1.6 billion, the dips category is poised to capitalize on the forecasted growth for the salty snacks and chips market – 31% by 2018.

NEW PRODUCT INTRODUCTIONS

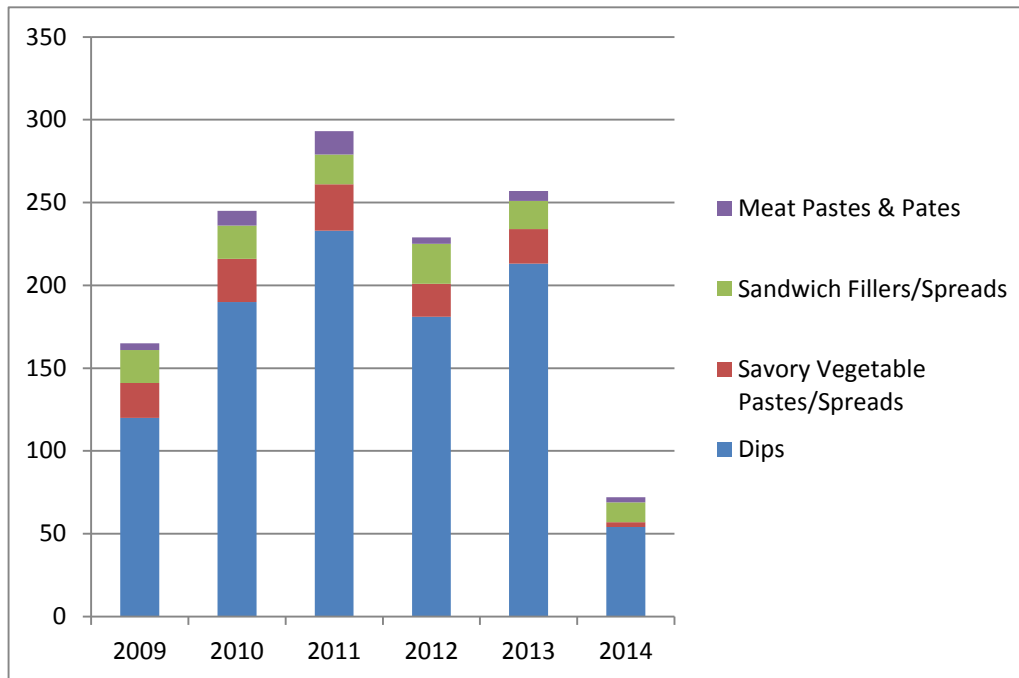
U.S., Dips/Savory Spreads, Jan. 2009 – June 2014

At first glance, it certainly appears that introductions in the dips and spreads category is on the decline despite the undisputable proof that snacking is on the rise. Looking at the quarter breakdown, Q2 2014 is considerably lower than previous years' same time period. However, we don't feel this "dip" is permanent as Chobani announced they plan to launch a new line of Greek yogurt savory dips later this year and the third quarter typically brings new savory dip product introductions just in time for football season.

1,782
NORTH AMERICAN
NEW PRODUCT
INTRODUCTIONS

TOP 10 CLAIMS FOR SAVORY SPREADS JAN. 2009 – JUNE 2014

1. Kosher
2. All Natural Product
3. Low/No/Reduced Allergen
4. Gluten-Free
5. No Additives/Preservatives
6. Ethical - Environmentally Friendly Packing
7. Microwavable
8. Premium
9. Low/No/Reduced Transfat
10. Ease of Use

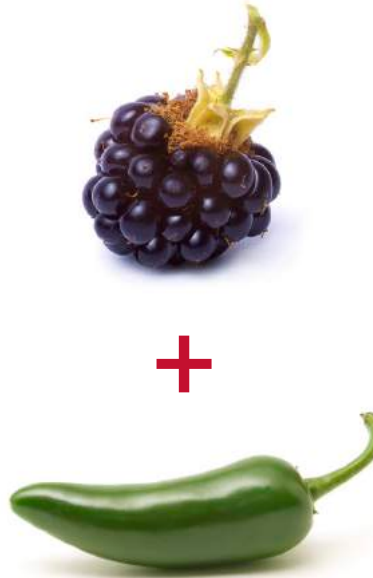


SPREADABLE FLAVOR

Unique Flavor Combinations

Naturally, we couldn't resist highlighting some of our favorite flavor combinations we are seeing in new product introductions. Notice the salty/sweet combos and spicy/sweet combos that are sure to intrigue and delight sophisticated snackers:

- *Berry & Jalapeno Pepper*
- *Basil, Cashew, Ricotta*
- *Blueberry & Whiskey (Bourbon)*
- *Buffalo Sauce Hummus*
- *Caramel & Chili Pepper*
- *Raspberry Chipotle Hummus*
- *Honey, Onion, Orange, Peppercorn & Soy*
- *Hummus, Strawberry & Vanilla*



TOP 15 FLAVORS IN SAVORY SPREADS JAN. 2009- JUNE 2014

1. Salsa
2. Hummus
3. Guacamole
4. Onion
5. Spinach
6. Ranch
7. Artichoke & Spinach
8. Roasted Red Pepper
9. Roasted Rep Pepper Hummus
10. Spicy Guacamole
11. Black bean
12. Artichoke
13. Cheese & Salsa
14. Garlic

* Sub-Category matches one or more of Meat Pastes & Pates, Sandwich Fillers/Spreads, Savory Vegetable Pastes/Spreads, Dips

WHAT IS DRIVING THE SAVORY DIPS & SPREADS CATEGORY?

Let's look at what is on consumers pita chip and why.

Who Says a Dip Can't Be Healthy?

Dips have traditionally had an unhealthy reputation, especially if they have sour cream or cream cheese as a base. But today's dips are lightening up with all natural ingredients and alternative bases like hummus or Greek yogurt. Manufacturers have noticed the increase in consumers shopping "health" and are developing line extensions and new product lines centered around better-for-you ingredients and health claims. More than one quarter (27%) of those who purchase snacks do so because there are more healthy versions of these items available.



Sabra Cucumber Dill Tzatziki Greek Yogurt Dip is all natural and gluten free. This kosher certified product retails in a 10-oz. pack.



Hummus... Who Knew?

The success of Sabra within the hummus market has analysts' calling it "the next Greek yogurt." And that's saying a lot because the Greek yogurt market certainly has had a meteoric rise in the snacking world. The sales decline for many dip brands from 2012-2013 can be attributed to consumers seeking upscale and healthy dip choices, like hummus for their snacking and party pleasure.



Sabra Olive Tapenade Hummus is free from gluten, trans fat and cholesterol.



Little Salad Bar Cayenne Hummus is described as having a delicious and creamy texture.

WHAT IS DRIVING THE SAVORY DIPS & SPREADS CATEGORY? (continued)

The Private Side

Refrigerated and shelf stable dips do extremely well in the private label market. More than one third of all launches in these categories were private label from Dec. 2012 – Oct. 2013. And 49% of all sales (\$821 million) of the refrigerated dip and salsa market stems from private label brands, while private label shelf stable dips and salsas command a 16.4% share.



Specially Selected All Natural Basil Aioli Premium Sandwich Spread contains 90 calories per one tablespoon serving.



Wegmans Organic Black Bean Dip features a hint of spice with cumin, lime and smoky chipotle. The heart healthy product is suitable for vegans.



Rojo's Black Bean & Avocado 5 Layer Dip comprises whole black beans, avocado, salsa, yogurt and cheddar cheese. The gluten-free product is made with Greek yogurt.



Wholly Guacamole Layered Dip is described as a taco bean dip over guacamole. This all natural dip contains no gluten and can be enjoyed cold or warm.

WHAT IS DRIVING THE SAVORY DIPS & SPREADS CATEGORY? (continued)

It's All Greek When it Comes to Yogurt

The Greek yogurt phenomenon has begun its march into the dip category and consumers are flocking to these options. Eight percent of all dip launches from Jan. 2013 – March 2014 were Greek yogurt based — up from 5% the year prior. We expect this is just the beginning for this low-calorie, high protein ingredient.



Good Foods Artichoke and Jalapeno Dip is now available. This microwaveable product is made with rBST-free Greek yogurt, and it contains no gluten, preservatives, artificial colors or flavors. It can be enjoyed hot or cold.



FUTURE OPPORTUNITIES

10%

OF ALL DIPS LAUNCHED
GLOBALLY IN 2013 WERE
YOGURT-BASED.



Greek Yogurt Takes Over...

Expect to see Greek yogurt continue its stratospheric climb into other formats, especially dips. High in protein and available in low fat formulations, Greek yogurt-based dip concepts are a growing area of development. Yogurt-based dips accounted for 10% of all dips launched globally in 2013 and we expect that number to climb as consumers demand healthy dip and snack options that meet their need for big flavor with ethnic roots.

... And it Inspires

The success of Greek yogurt with its well-touted protein profile should motivate dip manufacturers to create alternative dips with high protein bases such as beans, for example. Currently, companies that manufacture hummus have yet to fully exploit the high protein content of chickpeas as a hunger-staving protein source for snacking consumers. Protein is particularly popular with health conscious Millennials and Boomers.

FUTURE OPPORTUNITIES (continued)

On The Road

Even a dip can hit the road when it's packaged properly. Convenient, single serving or portable packaging is an opportunity for manufacturers looking to satisfy travel-ready consumers, especially Millennials. Whether for a meal replacement or a quick, satisfying bite, dips in portable formats, like squeeze tubes or in low calorie or 100 calorie packs will be welcome by on-the-go commuters.



Wholly Guacamole Minis Avocado Ranch

Guacamole has been relaunched in a new 100-calorie mini cups format. The all natural dip with a homemade taste is hand-scooped, free from gluten and preservatives and is great for on-the-go.



Desert Pepper Trading Company Tequila Salsa

Salsa is a concoction of red tomato, fiery chiles and bright, silver tequila. The sauce is all natural and gluten free with medium burn.

A Meal in a Dip

Consumers are craving dips that reflect their favorite meals. We like to call them "whole meal" flavors and anticipate these flavors to be bold and familiar. Expect for consumers to take to these flavors like their favorite buffalo chicken sandwich.



Archer Farms Loaded Baked Potato Dip

is made with bacon, Monterey Jack cheese and sour cream. The premium product is suitable with potato chip nachos or French fries.



Hormel Gatherings Buffalo Style Chicken Dip

Dip is described as a spicy cream cheese sauce that is ready to heat and serve.

FUTURE OPPORTUNITIES (continued)

Chips & Dip... Partners for Life

Look for more salty snack manufacturers to mix it up with dip manufacturers or brands to offer portable portions and individual snack sizes.



Dippin' Hummus + Mini Crackers are now available. The product contains 160 calories, and is claimed to be lunchbox friendly.



Sabra Roasted Red Pepper Hummus with Pretzels comprises roasted red pepper hummus dip with Rold Gold pretzel chips.

Consumers' Love of Dips & Spreads

Dips and spreads are the peanut butter to a chip's jelly. They take a salty snack from ho-hum to humdinger. And we expect the flavors to be bold, ethnic and multi-layered and the packaging to be portable to satisfy the snack-loving consumer.

FONA CAN HELP!

Let FONA's market insight and research experts translate these trends into product category ideas for your brand. They can help you with concept and flavor pipeline development, ideation, consumer studies and white space analysis to pinpoint opportunities in the market.

Our flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. We understand how to mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

From concept to manufacturing, we're here every step of the way. Contact our Sales Service Department at 630.578.8600 to request a flavor sample or visit www.fona.com.

SOURCES:

1. Mintel Market Insights
2. Mintel GNPD
3. Ibid
4. Speciality Food Association