



Fresh Snacking

A fresh take on snack packaging for a healthy, active market.



Better
Packaging.
Better
Life.™



QUICK AND CONVENIENT:

An on-the-go life means on-the-go nutrition.

Not so long ago, people sat down to eat three regular meals a day, and snacked sparingly.

It was a time of tidy, predictable eating behaviors centered on the concept of the balanced meal, usually prepared at home. Recent data now suggest that because of taste and lifestyle changes, snacking increasingly supplements hurried meals—or even replaces meals altogether, with several on-the-go snacking sessions replacing larger, more formal and more planned meals.

“We eat two more large snacks a day [compared to] 25 years ago,” Barry Popkin, a professor of nutrition at UNC-Chapel Hill, recently told NPR.¹ And according to Mintel, 94% of U.S. adults snack daily; with 15% snacking four or more times per day.²

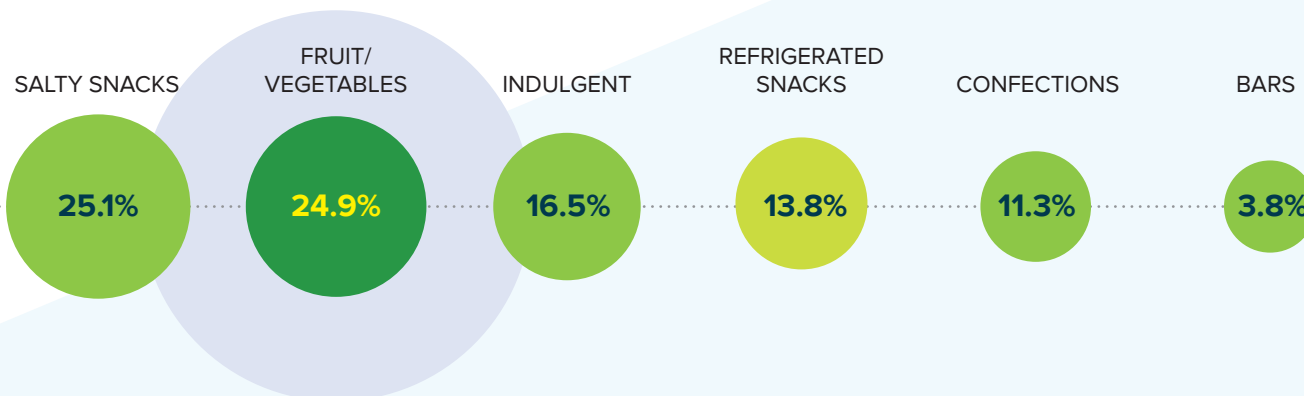
This uptick in snacking has a significant impact on the grocery market. As of 2014, global snack sales reached \$374 billion—and growing. “The competitive landscape in the snacking industry is fierce,” said Susan Dunn, executive vice president, Global Professional Services, Nielsen. “Demand is driven primarily by taste and health considerations and consumers are not willing to compromise on either.”³

But how does this increase in snacking pair with Americans’ desires to be healthy and lose weight? It means that in addition to indulgent snacks, shoppers now seek healthy and natural snacks that fuel them for their day and help them meet their health and fitness goals. They also look for snacks that can replace the nutrients traditionally found in—in fact, more than 80% of Americans fail to eat the recommended servings of fruits and vegetables,⁴ and 23% of consumers admit they have a hard time incorporating enough vegetables into their diet.⁵ Increasingly, they’re turning to snacking to address this deficit.

“Demand is driven primarily by taste and health considerations and consumers are not willing to compromise on either.”

SHARE OF SNACKING PRODUCT DOLLARS ACROSS THE STORE

(Total U.S. Latest 52 Weeks Ending 6/27/15)



Confections: Includes candy, chocolate and gum, **Refrigerated snacks:** includes cheese and yogurt/dairy, **Indulgent:** Includes ice-cream, cookies, mini desserts (like mini cupcakes and pies), and commercial snack cakes like hostess, **Bars:** Includes cereal, granola and health bars, **Fruit/vegetables:** includes both prepared and whole that can be eaten without preparation, **Salty snacks:** Includes chips, crackers, pretzels, popcorn, **Other:** Includes frozen appetizers, and accompaniment, deli chips. **Source: Nielsen Perishables Group Advanced Fresh Perspective**

¹ Aubrey, Allison. “75 Percent of Americans Say They Eat Healthy — Despite Evidence To The Contrary.” NPR, August 3, 2016.

² Mintel, “Snacking Motivations and Attitudes, U.S.” May 2017.

³ Nielsen, “Global Snack Food Sales Reach \$374 Billion Annually.” Sept. 30, 2014.

⁴ Aubrey.

⁵ Mintel, “Vegetables, U.S.” May 2017.

FRESH SNACKS:

Keeping on-the-go lifestyles healthy.

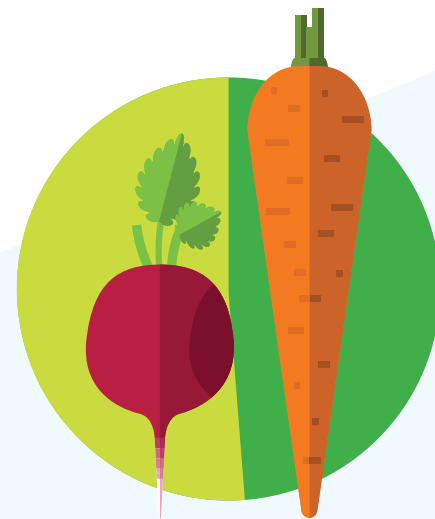
Shoppers see fresh snacks as a win-win: portable and healthy. Many consumers are already used to grabbing a piece of fruit to snack on whenever hunger strikes, so the category is already top of mind.

A recent Sonoco study found that 31% of consumers snack on fresh fruits and vegetables 3-4 times per week, and 51% of respondents said they snack on fresh fruits and vegetables 5 or more times each week.

Value-added offerings like fruit and veggie pairings, dips and presliced produce make it that much easier for consumers to grab and go while remaining healthy. This desire for healthy offerings is key. In a recent Mintel study, 29% of respondents agreed that “most snacks marketed as healthy are not actually healthy.” In a world of suspicious shoppers inspecting every label, healthy means natural, and natural means fewer ingredients. What Millennials, Gen-Xers and Baby Boomers are looking for has collided in a fairly homogenous set of desires—fresh, natural, simple, organic, nutritious, good for you and convenient, just to name a few.

Offering fresh produce naturally means minimal ingredients and processing—a huge plus for today’s more educated consumer. In fact, “freshly made” and “natural” are the main descriptors associated with foods that shoppers consider to be healthy.⁶

But brands must remember to pair this healthy and natural outlook with convenience for busy snackers. According to a recent Nielsen study, sales of staple produce like bananas, grapes and apples are falling, while snacks incorporating both health and convenience (such as pre-popped popcorn, granola bars and mandarins) grew sales by double digits.⁷



51%

of respondents to a recent Sonoco survey reported that they snack on fresh fruits and vegetables **5 or more times per week.**

SNACKING FRUIT AND VEGETABLE SALES

With and without other items included

| | |
|----------------------------|-----------|
| Mixed Fruit | \$117 MM |
| Contains Dip | \$85.9 MM |
| Contains Cheese | \$73.6 MM |
| Mixed Vegetables | \$28.4 MM |
| Mixed Fruit and Vegetables | \$17.3 MM |
| Contains Nuts | \$16.2 MM |

Note: These groups are not mutually exclusive

Source: Nielsen Perishables Group Advanced Fresh Perspective



⁶ Mintel, “Better for You Snacks, U.S.” September 2017.

⁷ Nielsen, “Snacking Across the Aisles: A Changing Environment.” September 30, 2015.

FRUIT SNACKING:

Ripe for the picking



As consumers search to maintain a balanced diet while snacking replaces traditional meals, IRI lists fresh fruit as one of the top dollar growth categories for snacking.⁸

Nielsen pegs on-the-go produce snacking as a \$1.1 billion category, with a CAGR of more than 10% each year from 2012 to 2016. Over that period, 900 new snacks have been added to grocery store shelves—600 of which were freshly cut fruit, with or without food or dip pairings.⁹ This reflects a larger market trend: the total fruit market now tops \$50 billion, and it has grown 19% since 2012. Fresh fruit, a healthy household staple, makes up 90% of this market.¹⁰ The primary driver of this growth is straightforward: in search of healthy options, shoppers simply want to buy fruit. In fact, 27% of consumers say they struggle to fit enough fruit in their diet—including a third of Millennials. And these Millennials are willing to pay a bit more for convenient snacks like ready-to-eat fresh fruit.¹¹

Fruits are also packed with the vitamins and antioxidants that savvy shoppers are looking for. When choosing a snack, 60% of consumers want additional health benefits above and beyond simple nutrition—looking for other factors like antioxidants. This marks an increase of 8 percentage points over 2016. Further, 59% of consumers look for snacks that contain vitamins and minerals—an increase of 2 points over 2016.¹²

FRUIT USAGE, ANY FRUIT TYPE, BY GENERATION, MARCH 2017 (percent)

“How have you used each of the following types of fruit products in the past three months?”

| Snack Type | iGen | Millennial | Gen X | Baby Boom | WWII/Swing Gen |
|--------------------------------|------|------------|-------|-----------|----------------|
| As any snack | 86 | 82 | 88 | 87 | 90 |
| As a snack by itself | 79 | 77 | 85 | 84 | 87 |
| With any meal | 72 | 74 | 66 | 62 | 73 |
| As any ingredient | 60 | 64 | 48 | 52 | 50 |
| With lunch | 57 | 52 | 48 | 46 | 41 |
| With breakfast | 55 | 57 | 45 | 42 | 55 |
| As a snack with something else | 47 | 43 | 31 | 24 | 22 |
| As any dessert (net) | 46 | 52 | 45 | 47 | 50 |
| Ingredient in smoothies | 40 | 45 | 31 | 24 | 16 |
| As dessert by itself | 35 | 41 | 39 | 44 | 43 |
| Ingredient in a recipe | 35 | 40 | 26 | 30 | 28 |
| With dinner | 33 | 35 | 27 | 24 | 27 |
| Ingredient in salads | 33 | 30 | 23 | 28 | 29 |
| Yogurt topping | 28 | 33 | 18 | 14 | 14 |
| Dessert topping | 28 | 33 | 18 | 14 | 14 |
| Cereal topping | 27 | 32 | 23 | 30 | 39 |

Base: 1,931 internet users aged 18+ have purchased any fruit type in the past three months Source: Lightspeed/Mintel

⁸ Wyatt, Sally Lyons, IRI. “2017 New and Emerging Snacking Trends.” 2017.

⁹ Nielsen, “On-the-go Produce Snacking: A Billion Dollar Industry and Growing.” August 10, 2017.

¹⁰ Mintel. “Fruit, U.S.” June 2017.

¹¹ Mintel, Fruit.

¹² Wyatt.

VEGETABLE SNACKING:

A growing category

Fresh snacking isn't just about fruit. According to Mintel, about 40% of shoppers look for vegetables that are easy to snack on, illustrating the need for ready-to-eat veggies in convenient, portioned, and portable packaging.¹³



Consumers prefer fresh veggies to shelf-stable or frozen—97% of shoppers buy some type of fresh vegetable, and perceive them as more versatile (lending themselves to occasions like snacking, appetizers or smoothies). They also consider fresh vegetables as worth paying more for, signaling an opportunity for premium pricing.¹⁴

Growth opportunities spring from more than just pricing. The youngest independent consumers—the “iGeneration” between ages 18-24—seem to have a heightened interest in snacking on vegetables. One in four of them snacks more than four times each day, and they’ve grown up hearing a lot about health, meaning that as they reach for more snacks, they’re reaching for more vegetables.¹⁵

97%

of respondents consider fresh vegetables as worth paying more for, signaling an opportunity for premium pricing.



¹³ Mintel, Vegetables.

¹⁴ Mintel, Vegetables.

¹⁵ Mintel, Vegetables.

VALUE-ADDED PACKAGING:

Keep fruit and veggies fresh and convenient.

The numbers are clear: consumers want healthy and fresh snacking options. But there's a final piece of the puzzle.

According to IRI, one of the best ways to capitalize on this growth opportunity is to “ensure innovative packaging (source and design) are part of your portfolio.”¹⁶ This packaging can add value to fruits and veggies, making them more convenient and portable for on-the-go consumers—important, since a recent Sonoco study showed that 43% of consumers say they snack on fruits and vegetables when they're on the go, and 64% said they eat them away from home.

It's partly about design. An IRI study showed that 52% of consumers say that labels and packaging influence their snack decision-making, including about 60% of shoppers aged 18-34.¹⁷ Brands that go the extra mile with functional packaging that adds convenience and value while standing out on the shelf will reap rewards.

It's also about sustainability. About one third of U.S. shoppers look for sustainable packaging, including reduced packaging and biodegradable choices.¹⁸ And for produce, it goes a step further, because packaging can significantly reduce food waste due to expiration. According to the NRDC, 40% of food in the U.S. is never eaten. Beyond food spoilage, other environmental costs of food waste include the fertilizer, land and water required to grow unused food; the fuel consumed to process, refrigerate and transport it; and the greenhouse gas generated by landfills where it is ultimately discarded. According to the EPA, discarded food represents 21% of waste to landfill in the U.S.

Millennials are one of the most environmentally conscious demographics, and they're also the segment most likely to admit their fruit goes bad before they eat it—making them a target market for value-added fruits such as single-serving pre-sliced fruits, which are easy to grab and packaged to stay fresh longer.¹⁹ When produce companies leverage packaging to encourage portion control, make snacking on the go easy, and prevent spoilage, everybody wins.

52%

of consumers say that labels and packaging influence their snack decision-making.

Packaging plays an important role in preventing spoilage at retail and at home in several ways:

- Physical protection to prevent damage
- Barrier protection to delay spoilage
- Security features to prevent tampering
- More efficient portion control
- Marketing that encourages food sales.



4-PAK CONTAINERS



PRIMAPAK SINGLE-SERVE CONTAINERS



TOP SEAL LIDDED CONTAINERS

¹⁶ Wyatt.

¹⁷ Wyatt.

¹⁸ Wyatt.

¹⁹ Mintel, Fruit.

SONOCO PACKAGING:

Fresh ideas for a fresh market

As today's consumers are increasing their appetite for fresh produce, they are also increasing their demands for more convenient on-the-go options. And the variety of their demands requires a variety of packaging solutions, ranging from flexible, stand-up pouches to rigid plastic containers.

To succeed, you have to connect key market and consumer insights with innovative package design and production—striking the perfect balance between quality and value while offering both freshness and convenience.

At Sonoco, we follow a formal, collaborative and creative process to ideate, develop and test packaging solutions tailored to the unique needs of your product, brand, market and consumer. We are able to do this by offering the industry's broadest range of packaging formats and services, combined with a deep technical expertise in design, packaging, testing and material science.



SALAD FRESH CONTAINERS



HINGED CONTAINERS



PRIMAPAK MULTI-SERVE CONTAINERS



DELI ROUNDS

Our fresh food packaging offerings include:

- Rigid plastics – we're an industry leader in hinged containers, bowls, trays and tubs for the fruit and vegetable markets—as well as portion-control cups for sauces and dips.
- Flexible plastics – our Top Seal and SmartSeal® peel/reseal technology provides added freshness and convenience for snackers, and we also offer windowed flexible pouches for healthy snacks.
- Paperboard containers – we offer composite cans in a variety of sizes, shapes and materials to help you stand out on the shelf while maintaining product protection.
- Display and packaging – our signage and displays can help you properly position snacks to win at the point of purchase with your consumers.

For a fresh take on snack packaging that can reinvent your produce, contact us today at 360solutions@sonoco.com.



**Fresh Thinking in Produce
Packaging Creates Fresh
Opportunities for Your Brand.**



**Better
Packaging.
Better
Life.™**