

# Savor the flavor: a look at the undervalued segment in food and confectionery



Kellanova released its first-ever Pringles travel retail exclusive portfolio worldwide in January; exclusive to the channel is a 1x165-gram tin can format in four flavors and two different-sized multi-packs

Considered an underserved segment within confectionery and food in global travel retail, savory snacks are growing in popularity alongside better-for-you options. Whether finding space on the shelf as a hero brand of the segment or blending together sweet and savory flavors in one bite, names like Pringles, Wonderful Pistachios and Hershey serve as easy reaches for those browsing the aisles of duty free. This is the case whether browsing with the purpose to snack, share or gift.

Formerly Kellogg, Kellanova owns the stackable potato crisp brand Pringles, which is working with its retail partners to close the considerable gap in the market. According to Jacco Douma, Benelux Business Manager Emerging Channels BNLX & Global Travel Retail/Duty Free at the company, while the savory segment represents 11% share in the domestic market within confectionery, in global travel retail it has been estimated at 2%.

At the end of January, Kellanova released its first-ever Pringles travel retail exclusive portfolio worldwide to fulfill consumers' need for gifting. The company is in discussion with its partners and marketing and category management teams to "execute activation support in excellence." This is on the mark, as reported by m1nd-set in Q3 of last year, the share of confectionery duty free shoppers who purchase travel retail exclusives remains well above pre-COVID levels at 57%. Available now is a 1x165-gram tin can format in four flavors and two different-sized multi-packs.

Although gifting has lost weight post-pandemic, the research agency observed a small recovery in 2023. Building on this finding, Douma says the most important touchpoint of this new offer will be the "gifting consumption moment," which he adds is new to the savory category in the channel.

"We are now popping up throughout the world and the pick-up and rotation of Pringles in all zones across the globe is very promising. Together, with our partners we are implementing the right consumer touchpoints and by offering our portfolio we see the savory category is already growing and we have just started by distributing our Pringles portfolio range," says Douma.



Wonderful Pistachios' flavors and pack-sizes vary from market-to-market which contributes to the brand's disruption of habitual browsing

### **Open to discovery**

Responding to the fact that duty free stores have a limited snacking portfolio compared to domestic retailers, Wonderful Pistachios is trying to increase the size of this section because it knows the demand exists for impulse salty snack purchases. As shared by James Kfourri, Director of Sales Global Travel Retail at Wonderful Pistachios, the brand is available in duty free markets where it is not offered domestically such as Australia, New Zealand, Argentina and Paraguay.

"Wonderful Pistachios is in a unique position to turn heads while consumers browse duty free aisles because we're not a globally distributed brand. Duty free consumers are naturally curious and enjoy being exposed to products they might not have available at their local retailers, so when some shoppers see Wonderful Pistachios, they often stop to take a look.

"Also, our Wonderful Pistachios flavors and pack-sizes vary from market-to-market and this is a huge

contributor to the disruption of habitual browsing. For instance, in the U.S. we offer the widest array of our No Shells varieties including Sea Salt & Vinegar and Chili Roasted, which have bold and brightly colored packaging that can be seen from a distance,” says Kfouri.

Supporting this business model, m1nd-set also reported that confectionery buyers in travel retail are open to discovery; almost seven out of 10 purchase products for the first time. The agency found that the willingness to seek uniqueness and find novelties in Q3 2023 remained higher vs. pre-COVID levels. Kfouri adds, “Wonderful Pistachios No Shells flavors are proven to drive incremental sales and bring new buys into the nut category. In fact, Wonderful Pistachios No Shells have outpaced category growth by three times since first launching in 2019.” A new No Shells flavor, Jalapeño Lime, debuted in the U.S. in February and will launch in Canada and Mexico later this year.

Reflecting on the noticeable behavioral shift from gifting to snacking within the category, the brand reasons this is mainly because the time spent at the airport has increased compared to pre-pandemic. Travelers often arrive earlier to the airport expecting longer lines, tighter security and/or potential delays that they are now more likely to purchase food and snacks to serve as a meal replacement or help pass the time. The leading purpose of confectionery purchases in Q3 at 41% was self-consumption. As this way of thinking and these times eventually reduce, Kfouri expects that self-purchasing among traveling consumers will normalize.



Launching in 2024, REESE's Thins will appeal to shoppers who want a better-for-you option, as well as a sweet treat in one



## All in one

Featuring REESE'S Peanut Butter Cups, barkTHINS Snacking Chocolate, HERSHEY'S Dipped Pretzels and more, the extensive portfolio of The Hershey Company can be characterized as category-bending. With its growth projected to significantly exceed 2019 sales in the coming year, Hershey plans to disrupt the category – and travel retail channel – through a consumer-first innovation plan and is focused on driving footfall and conversion in-store. The company is successfully meeting the growing need of consumers looking for healthier snacking options, while also keeping up with the demand for more indulgent snacks. The global confectionery leader is also partnering with customers to ensure it drives impulse purchasing on the shop floor, rather than relying on the shopper to walk down the confectionery aisle.

“We believe that consumer, customer, category and competitive insights are absolutely critical in facilitating our ability to make data-driven decisions, across all facets of the business. In 2024, our approach is to have a true partnership with our customers, by sharing our insights to enable us to work together to grow the category and leverage the strength of our power brands,” says Andie Doan, Marketing Manager World Travel Retail, The Hershey Company.

When asked about Hershey's interest in further exploring the savory segment, Doan points out that the launch of its Dipped Pretzels range last year resulted in initial sales figures approaching performance of the core portfolio items. According to Doan, Hershey expects listings to increase in 2024 to enable expansion of the offering beyond Asia and the range to continue satisfying the demand for self-snacking products.

Speaking about the desire for alternative snacking options globally among duty free shoppers, Doan shares 34% of consumers worldwide have increased their consumption of healthy snacks (Source: Innova Market Insights). To tap into this market, Hershey is launching REESE's Thins this year. Described as individually wrapped thin portion cups, REESE's Thins will appeal to shoppers who want a better-for-you option, as well as a sweet treat in one.

“Looking beyond 2024, as a marketing and insights team we are considering this shift as part of our portfolio strategy composition and how we think about our long-term innovation pipeline. We must meet our consumers' snacking needs by ensuring we have the right mix on-shelf with strong availability. Hershey is focused on being agile and will stay up to date on shopper trends should this snacking trend pivot, particularly with the more substantive return of the Asia PAX,” explains Doan.

Weighing in on the gifting landscape in the category, the company believes it has been driven by two key factors: the slower market recovery in Asia Pacific and a fundamental shift in consumer behavior around the willingness to self-treat, particularly among the younger demographic. The company will continue to monitor whether recovery across the region – specifically China – results in a return to the “status quo” or if the shift from gifting to snacking is permanent.

“For Hershey, it is about getting the right balance in-store and making sure all consumer needs are properly met. We believe that due to its suitability for immediate consumption and high levels of impulsivity, confectionery is a perfect category to capitalize on the shift in behavior from shopping for others to shopping for oneself. To capitalize on the impulsive nature of purchasing for oneself, our focus will be on secondary positions near the queue and till,” concludes Doan.