

HEALTHY SNACKING *continued*

and nine Festival Foods stores in the state, is one retailer that has sharpened its better-for-you snack assortment. "We've been selling some healthy snack alternatives for years, but it's only been in the last three years that we've really focused on the category," notes Robb Pretasky, specialty foods director. "We have dedicated 16 feet to 20 feet for natural/organic chips, as well as eight feet for cookies. These sections are located in the first aisle and are highly visible."

Pretasky defines healthier snacks as

those containing "low fat and sodium content, zero trans fats, no artificial preservatives and colors, no chemical additives, no artificial flavors/sweeteners, no hydrogenated oils, and no GMOs," as well as "allergen-free alternatives."

Promotion of such products is a high priority for Skogen's Festival Foods. "We're working with our vendors to promote more items in weekly ads, dedicating more end caps for displays, and looking for secondary placements such as chip racks to promote the products and increase sales," says Pretasky. "We're always looking at expanding our

selection and section sizes, to accommodate the demand for new items as this category grows."

Skogen's Festival Foods takes a hybrid approach to the problem of placement in either the mainstream aisle or a dedicated section.

"The majority of our healthy snacks are located in our natural food section," says Pretasky. "However, we do have some products integrated, as well as some secondary display locations. For the most part, I think our guests would prefer the items together; however major brand-name products can sometimes get lost if they're not integrated." ★

## NATURAL RESOURCE

### Tesco's 'greenest' store in Britain makes use of some unconventional techniques.

**O**n the northeastern tip of Scotland is a modest, rather remote town called Wick, a place where winds blow wildly and rain frequently drenches the coastline. Such a tumultuous climate also makes it an ideal spot for the so-called "greenest" supermarket in Britain.

Global food retailer Tesco Plc, based in Hertfordshire, England, is the company behind this new venture that debuted last November. The 50,000-square-foot, environmentally friendly supermarket is constructed of timber, and features wind turbines, reusable rainwater, energy-saving equipment, and low-energy lighting. The store is designed to have a 50% smaller "carbon footprint" than a conventional supermarket of comparable size. It's the third of Tesco's environmentally friendly stores, and certainly not the last, according to media manager Trevor Datson.

"Soon we'll be opening another green store in Shrewsbury, England. We'll also be rolling out environmental stores in other countries," he notes. "And we now want to start introducing learnings from the green stores in our conventional stores."

Tesco's store in Wick follows the layout of its traditional supermarkets, which include both food and a sizable amount of nonfood offerings. While its size doesn't constitute a full-fledged "hypermarket," its selection mirrors the same representation of food and nonfoods.

Still, Tesco puts its main emphasis on food, according to Datson. "We probably sell twice as much food as nonfood items," he estimates.

Like a conventional U.S. supermarket, the store features service meat and seafood, a deli, and a café, in addition to

the traditional center store aisles.

What sets the store apart, of course, is its environmentally friendly features. The most noticeable difference is that the store is built from timber. "The timber really gives it a natural feel. When you walk in the store, you can smell it. The store really fits in with its environmental surroundings, which we intended," notes Datson.

Timber was also a much more affordable resource for the store's

construction, he says. The retailer certainly did its homework when it came to transporting the material. It used a ship to transport more than 1,500 tons of timber, tiles, and other building materials from Grangemouth, a town in the southern region of Scotland, to the site in Wick. By doing so, it saved the energy of about 75 trucks.

Additionally, Tesco increased its use of recycled, recyclable, or sustainable materials in construction.

Like environmental stores in the U.S., energy-saving equipment is a key feature in this unit. The Wick store features energy-efficient refrigeration and bakery ovens. Meanwhile, cold air retrieval moves cold air from the refrigerated areas to warmer areas in the store. The design also allows for more natural light than the typical Tesco.

Other features include:

- Five micro-wind turbines and solar cells to help power the store, including the checkout stands;
- Rainwater harvesting – Water collected from the roof and reused in the store is expected to total around 1 million liters a year;
- Water-cooled refrigeration and cold-air retrieval systems are used in place of air conditioning units. ★



## Calendar of Events

### OCTOBER

**3-5: Abastur\***  
Mexico City, Mexico  
[www.abastur.com](http://www.abastur.com)

**13-17: Anuga\***  
Cologne, Germany  
Koelnmesse  
[www.anuga.com](http://www.anuga.com)

**15-17: Pack Expo**  
Las Vegas  
Las Vegas, Nevada  
Las Vegas Convention Center  
[www.packexpo.com](http://www.packexpo.com)

**24-27: Worldwide Food Expo**  
Chicago, Illinois  
McCormick Place  
[www.worldwidefood.com](http://www.worldwidefood.com)

**29-31: IFE Americas – 10th Americas Food & Beverage Show**  
Miami, Florida  
Miami Beach Convention Center  
<http://www.americas-foodandbeverage.com>

### NOVEMBER

**11-13: International Hotel Motel & Restaurant Show**  
New York, New York  
Jacob K. Javits Convention Center  
[www.ihmrs.com](http://www.ihmrs.com)

**11-13: PLMA Private Label Trade Show\***  
Chicago, Illinois  
Rosemont Convention Center  
[http://plma.com/upcoming\\_events/events2007.asp](http://plma.com/upcoming_events/events2007.asp)

**14-16: Food and Hotel China\***  
Shanghai, China  
Shanghai New International Expo Centre  
<http://www.fhcchina.com>

**20-22: IFE Foodapest**  
Budapest, Hungary  
Hungexpo Budapest Fair Centre  
<http://www.ifehungary.com/>

\* Food Export Association of the Midwest and Food Export USA-Northeast will be at this show.

# FEATURED PRODUCTS



## Puppy power

Sniffers 101 is the first all-natural, semi-moist pet formulation on the market. This functional food uses herbs to help calm and focus dogs during training. Produced by Weymouth, Massachusetts-based Chomp, Inc., Sniffers 101 contains real liver, which is the number one choice of trainers. Its soft consistency is also ideal for training. The product was recognized as a “best new product” by the editors of *Dog Fancy* magazine.

For more information visit [www.chompinc.com](http://www.chompinc.com), or contact Leigh Kirtley of K and K Export at 1-601-858-7773 or [leigh@kandkexport.com](mailto:leigh@kandkexport.com).

## How sweet it is

Hillside Candy LLC, based in Hillside, New Jersey, has received organic certification for its GoNaturally line of hard candy. The all-natural candy was reformulated



using organic evaporated cane juice and organic brown rice syrup, among other ingredients. Susan Rosenthal Jay, VP exports, observes, “Consumer interest in healthy products is at an all-time high, and this interest is not only U.S.-based, but also in other parts of the world.” GoNaturally is available in 6.8-kilogram cases and in 227-gram tubs (packed 12 to a case). For more information visit [www.hillsidecandy.com](http://www.hillsidecandy.com), or contact Susan Rosenthal Jay at 1-973-926-2300 or [susan@hillsidecandy.com](mailto:susan@hillsidecandy.com).

## Progressive pork

Wholesome Harvest Organic Meats, a Colo, Iowa-based farmer-controlled corporation, has launched a full line of certified organic Berkshire pork products to meet the demands of gourmet consumers. Like all Wholesome Harvest meats, the pork is produced without the use of chemicals, antibiotics, hormones, animal byproducts, or genetically modified feed. The line includes one-inch-thick Iowa chops, whole tenderloin, boneless and bone-in roasts, and ground pork, as well as three flavors of sausages that are nitrate-free and smoked over real hickory wood. To learn more visit [www.wholesomeharvest.com](http://www.wholesomeharvest.com), or contact Pete Piazza at 1-641-377-7777 or [ppiazza@wholesomeharvest.com](mailto:ppiazza@wholesomeharvest.com).



## Dressings for success

Consumers aren't settling for mundane dressings and marinades anymore. That's why products like Vino de Milo, a line of artisan made, wine- and fruit-based dressings, are poised for success.

Produced by Athens, Ohio-based Milo's Whole World Gourmet, these dressings contain all-natural fruit bases and



expeller-pressed canola oil, with no water or sugars added. They're also gluten-free, vegetarian, and low-fat. Flavors include Mango Lemongrass Chardonnay, Pomegranate Port, and Gorgonzola Pear Riesling. The dressings are packaged in 8-ounce jars and come 12 to a case. Learn more by visiting [www.vinodemilo.com](http://www.vinodemilo.com), or contact Jonathan Leal at 1-740-589-6456 or [milo@miloswholeworld.com](mailto:milo@miloswholeworld.com).

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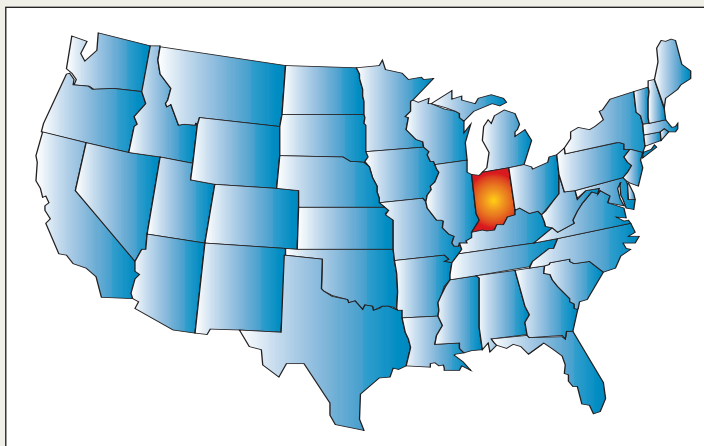
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## STATE SPOTLIGHT: Indiana



✓ Indiana's 59,300 farms, covering 15 million acres, make up 65% of the state.

✓ Indiana ranks thirteenth among the U.S. states for total agricultural production and is one of the top 10 crop states in the U.S.

✓ Grain corn and soybeans are significant crops in Indiana, adding up to over 50% of the state's total agri-

cultural production. Indiana corn production represents 7.9% of total U.S. production, and Indiana soybeans represent 8.9% of total U.S. production with rankings of fourth and fifth respectively.

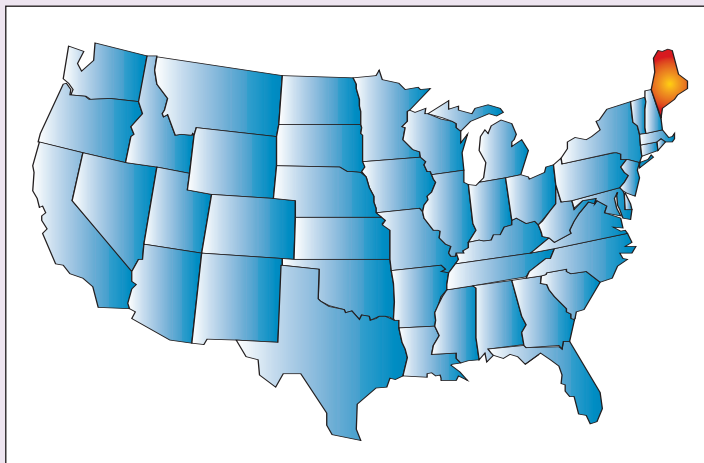
✓ Peppermint, spearmint, and cantaloupes also play critical roles in the overall success of Indiana's agricultural sector. Indiana ranks in the top five in the U.S. for all three categories,

and ranks in the top 10 for watermelon and blueberry production.

**TOP AGRICULTURAL EXPORTS:**

<b>WOOD</b>	Total value:	\$204.37 million
<b>CEREALS</b>	Total value:	\$67.3 million
<b>ANIMAL FEEDS</b>	Total value:	\$54.6 million
<b>CEREAL &amp; MILK PRODUCTS</b>	Total value:	\$35.5 million
<b>MEAT</b>	Total value:	\$33.16 million
<b>PREPARED FOODS</b>	Total value:	\$30 million
<b>BEVERAGES</b>	Total value:	\$29.4 million
<b>SWEETENERS</b>	Total value:	\$26.3 million
<b>OIL SEEDS</b>	Total value:	\$18.96 million
<b>PRESERVED FRUITS &amp; VEGS</b>	Total value:	\$17.18 million

## STATE SPOTLIGHT: Maine



✓ Maine boasts a total of 1.25 million acres of farmland.

✓ Agriculture in Maine is a diverse industry—the state is the largest producer of brown eggs and wild blueberries in the world.

✓ Maine ranks second in the U.S. for the production of maple syrup and eighth in the country for the production of potatoes.

✓ The state also ranks second in New England in milk and livestock production.

✓ Maine is made up of small, diversified farms that supply specialty markets with produce, meat, and fiber products.

**TOP AGRICULTURAL EXPORTS:**

<b>WOOD</b>	Total value:	\$295.69 million
<b>SEAFOOD</b>	Total value:	\$194.68 million
<b>PREPARED MEATS</b>	Total value:	\$29.04 million
<b>FRUITS &amp; NUTS</b>	Total value:	\$22.56 million
<b>PRESERVED FRUITS &amp; VEGS</b>	Total value:	\$10.57 million
<b>BEVERAGES</b>	Total value:	\$6.75 million
<b>VEGETABLES</b>	Total value:	\$4.58 million
<b>GUMS &amp; RESINS</b>	Total value:	\$4.09 million
<b>ANIMAL FEEDS</b>	Total value:	\$3.86 million
<b>DAIRY PRODUCTS</b>	Total value:	\$3.2 million

# ON A ROLL

**U.S. grocers continue to grow their in-store bakeries despite profitability challenges and changing consumer needs.**

**A**s supermarkets continue to put more emphasis on their fresh departments, the bakery is holding its own as a place where sights—and more importantly, smells—create a natural selling space.

However, the in-store bakery has experienced a number of new challenges in the past several years, as consumers have become more concerned about trans fats and other health issues, and the expenses tied to running a successful bakery have plagued cost-conscious retailers.

Bakery department sales in U.S. supermarkets grew 2.3% in 2006, reaching \$9.49 billion, according to *Progressive Grocer's* 2007 annual Bakery Operations Review. That growth was slightly slower than in 2005, when sales were up 2.5%. The department's share of total store sales is holding steady at 1.9%.

When asked to forecast sales trends for 2007, 61.5% of retail bakery respondents said they anticipate sales to rise for the in-store bakery, while the remaining one-third said they expect bakery sales to stay the same.

With the total number of U.S. bakeries pegged at 24,075, slightly fewer than in 2005, average weekly sales rose an average of \$173 more per store, while reported gross margins declined from 49.6% in 2005 to 47.6% in 2006.

Labor as a percentage of sales dropped to 26.4% from 28.4%, due in part to fewer aver-

age full-time equivalent employees per store.

Meanwhile, the perennial challenge of department shrink (when product isn't sold due to spoilage or internal theft) was pegged at 6.7% of sales.

## BAKERY TRENDS

With an average 252 stock-keeping units (SKUs) offered in the standard supermarket bakery, there's still plenty of variety for consumers to choose from. Self-service bakery products, which are steadily trending upward in the average in-store bake shop, rang up 71.6% of total department sales in U.S. supermarkets last year, *Progressive Grocer's* data shows.

Breads topped the chart as the No. 1-selling item in the department, as reported by 85.4% of retail respondents, followed by cakes and cookies, at 56.1% and 41.5%, respectively. Rolls ranked fourth, named a bestseller by 34.1% of survey participants, followed next by doughnuts, at 29.3%; muffins, at 26.8%; pies, at 22%; and danishes/sweet rolls, at 12.2%. Hispanic items, whole grain products, and crème cakes were also cited as strong sellers by bakery retailers.

When retailers were asked about their consumers' primary concerns, they identified more whole grain, less trans fats, and more single-serve/smaller portion-sized products.

Bakery vendors and supermarket operators have begun responding to these



health concerns with new product innovation and changes in their ingredients.

Some grocers are dropping trans fats from their own brand bakery products, for instance. Richmond, Virginia-based Ukrop's Super Markets, for one, has removed trans fats from many of its bakery items, as well as its restaurant-equivalent food products.

"We wanted to be proactive," explains Julie Bishop, Ukrop's manager of culinary and wellness trends.

Ultimately, Ukrop's aspires to have all zero-trans-fat baked goods, says Bishop. Still, certain ingredients are proving particularly tricky to reformulate, she notes. "We're still looking for a suitable substitution for cake, icing, and pie crusts."

Beyond removing trans fats, a growing number of retailers are looking to provide more products with whole grains—as well as gluten-free selections. To do so, they'll continue to rely on their manufacturer partners.

One major U.S. bakery supplier, Buffalo, New York-based Rich Products Corporation, is already taking several proactive steps to serve its retail clients. In February the company announced it had acquired GLP Free Manufacturing, a vendor that specializes in producing gluten-free baked goods. In addition, Rich Products recently introduced a line of white whole grain frozen dough products that allow in-store bakeries to offer a White French loaf and other goods that taste like white bread but have the benefits of whole grain. ★

## For more information

Stay on top of the latest bakery trends by visiting these Web sites:

[www.bakery-net.com](http://www.bakery-net.com)  
[www.bakeriesworld.com/magazines.htm](http://www.bakeriesworld.com/magazines.htm)

## IDDBA's Dairy-Deli-Bake Expo

The International Dairy-Deli-Bakery Association's (IDDBA) annual Dairy-Deli-Bake Expo, held every June in the United States, is a great place to learn about the latest bakery trends. This year's show was held in Anaheim, California June 3-5, and it attracted some 8,000 retail buyers, merchandisers, and decision-makers in the allied dairy, deli, and bakery industries. Representatives from more than 30 countries came to share ideas and make new contacts.

One of the event's major attractions is the Show & Sell Center Merchandising Pavilion, which showcases innovative merchandising and new products in a 10,000-square-foot model of supermarket departments on the expo floor.

"A very important reason the Show & Sell Merchandising Pavilion is such a strong draw for retail buyers and merchandisers is that it offers immediate access to actionable ideas," notes IDDBA executive director Carol Christison. "The combination of strong visuals from the hundreds of creative merchandising displays, the planned themes, and the take-home Resource Guide and handouts deliver a visual blueprint for retailers to create strong, customer-oriented displays when they get home."

Visit [www.iddba.com](http://www.iddba.com) to learn more.

# NEWS BRIEFS

Giant Eagle, a regional supermarket operator based in **Pittsburgh, Pennsylvania**, has unveiled a new convenience-oriented concept called Giant Eagle Express. The 14,000-square-foot store features an on-site fueling station, as well as fresh produce and meat, an in-store bakery, a service counter for deli, a gourmet cheese case, and a prepared foods area. The unit is constructed with many environmentally friendly features, including skylights and energy-saving refrigerated cases.

Two students from the University of Liverpool in the **United Kingdom** recently won 250 euros (\$340) each in a competition patterned after the television show "The Apprentice" with supermarket chain Aldi. The retailer identified students who had the most potential for a career in retail management, and hired them after a mock interview.

International sales at the top 500 **U.S.** restaurant chains outpaced U.S. sales last year, according to consulting firm Technomic. International sales were up 11.2%, while U.S. sales increased 5.9% from the year before. International unit growth was also up 8% versus 3.8% for U.S. units. Global sales leader McDonald's posted systemwide sales growth of 9.3% internationally. Among the

limited-service chains that made the list, significant growth came from limited-service beverage, donut, bakery café, and sandwich categories.

A new range of low-alcohol wines is being introduced by **U.K.** retailer J Sainsbury Plc. Called Ten%, the line includes four wines that contain 10% alcohol (most wines are between 12% and 14% alcohol). The company's goal is to produce low-alcohol wine with a high-quality taste. Varietals include chardonnay and sangiovese shiraz rose from **Australia, Italian** pinot grigio, and **South African** chenin blanc. Each wine retails for 4.99 pounds (\$10).

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Wal-Mart, under pressure to improve returns at its **U.S.** supercenters, has announced it will cut more than a third of this year's planned store addi-

## Power-packed trade shows to co-locate

After several years of partnering with the Food Marketing Institute (FMI) Show in Chicago, Illinois, three major food trade shows are going their own way in April 2008 with a co-location in Chicago.

The U.S. Food Export Showcase, the Spring Fancy Food Show, and All Things Organic will co-locate April 27-29, 2008, at McCormick Place, with the intention of creating "the largest display of specialty foods and organic products in the United States." The new show will be known as "2008 Global Food & Style Expo."

In a joint statement, DeWitt Ashby, director of trade shows at the National Association of State Departments of Agriculture, Ann Daw, president of the National Association for the Specialty Food Trade, and Caren Wilcox, executive director of the Organic Trade Association, said, "We're certain that bringing together innovative buyers with trend-setting suppliers will continue to ignite sales and profits for these growing segments."

The U.S. Food Export Showcase, a clear draw for international attendees, attracts buyers from more than 100 countries.

The shows will attract buyers from organic, natural, specialty, foodservice, and gift businesses, while continuing to draw supermarkets and mass merchants.

For more information call 1-703-934-4700.

tions, opening 190 to 200 versus its earlier plan of 265 to 270. Wal-Mart currently operates more than 2,300 U.S. supercenters.

EBT Mobile, a leading telecommunications retailer based in **China**, is joining forces with Tesco to open mobile phone outlets in Tesco's Chinese Hymall stores. The first of seven new stores recently opened in

Shanghai. In addition to the Tesco deal, EBT Mobile already has similar agreements with Carrefour, Metro, Lotus, RT-Mart, Wu-Mart, Auchan, and Trust-Mart.

**Pleasanton, California**-based Safeway, Inc. has quietly opened a stand-alone restaurant called Citrine. The eatery is a test for the **U.S.** grocery chain that, like most food retailers, is looking for more ways to sell prepared foods. ★

## U.S. Foodlink Subscriptions

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# U.S.

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## HEALTHY SNACKING

Better-for-you cookies, crackers, and other snacks are all the rage. Are consumers responding?



**W**ith more people than ever trying to get or stay in shape, the introduction of better-for-you cookies, crackers, and snacks would seem to be a no-brainer for enterprising manufacturers and retailers. But can such products really keep consumers munching?

Data from ACNielsen's LabelTrends suggests that they can. Movement data on cookies, crackers, and snacks sold in U.S. supermarkets and featuring labels with fat, gluten, sugar, or salt content claims for the 52 weeks ending Dec. 2, 2006 showed healthy sales increases. For example, low-fat cookies were

up 17.7%, low-salt or -sodium graham crackers 29.8%, and sugar-free flavored snack crackers 40.6%.

These better-for-you segments are shaping up as big business, even in the larger context of total snacks.

According to ACNielsen, in crackers, for example, total dollar sales (in U.S. supermarkets) were roughly \$2.9 billion in 2006. Of that, \$917 million was accounted for by crackers with some kind of fat claim (low, reduced, or fat free) on the packaging. Cookies addressing the fat content issue constituted a \$198 million

business, while gluten-free cookie sales grew from a \$1.3 million chunk in 2002, to a \$5.5 million piece of business in 2006.

Gluten-free items, which the industry certainly appears to have pursued with some conviction in recent years, have performed especially well: Cookies, crackers, and snacks in the segment logged 30%, 178.6%, and 43.9% sales dollar surges, respectively.

### RETAILER ENDORSEMENT

Onalaska, Wisconsin-based Skogen's Festival Foods, a family-owned company that operates one Skogen's Market

### Snack attack

**W**ith "healthier" snacks leading the way, U.S. snack sales increased by 3.2% in 2006, according to the 2007 State of the Industry report from Information Resources, Inc. (IRI).

The study, presented at SNAXPO, the annual convention of the Snack Food Association (SFA), showed that "healthier" snack sales increased 6.4% in 2006, far outpacing salty snacks at 3.7%, chocolate at 3.2%, and indulgent snacks at 2.1%.

Leading the sales growth in dollars in 2006 vs. 2005 were yogurt at 7.9%, snack/granola bars 5.7%, crackers 5.4%, and frozen novelties 3.9%. Most sweets categories lagged, with non-chocolate candy at 1.4% growth, ice cream 0.9%, cookies 0.7%, and pastry/doughnuts -2%.

Sally Lyons Wyatt, IRI's senior VP, pointed out that while the healthier snack category increased three times more than indulgent products, snack companies need to be careful as they plan their product mix for the future.

"It's extremely important not to put all of your eggs in the healthy basket, because indulgent snacks still have a 66% share of consumer snack purchases," she said, noting that healthy snacks will continue to increase share—but gradually. A huge opportunity will be healthier versions of indulgent snacks that retain the taste of those products, she added.

According to IRI, healthier versions of indulgent snacks showed exceptional growth last year with baked cheese puffs up 34.3%; low-fat crackers 24.5%, light ice cream 14.7%, baked unflavored tortilla chips 11.9%, sugarless gum 11.2%, baked potato chips 8.8%, and light frozen novelties 7.0%. Baked flavored tortilla chips declined 16.9%, and low fat cookies were off 18.5%.

The study showed continued solid growth in natural/organic snacks, with 11.7% increase in sales in 2006 and projections of 9.8% increase in 2007, 8.7% in 2008, 8.1% in 2009, and 7.2% in 2010.