



SATISFACTION BY THE HANDFUL:

Popcorn Delivers on Trends

Popcorn may well be one of mankind's oldest snack foods. First cultivated in 5,000 BCE by Pre-Columbian indigenous peoples, it became adopted by colonists and widely popularized in the late-nineteenth and early-twentieth centuries as an affordable treat at carnivals, circuses...and of course, movie theaters.¹

As it turns out, this tradition-rich treat is also squarely on-trend with today's consumers, for whom popcorn can be both a better-for-you snack and a permissible indulgence.

A convergence of current trends

Light and fluffy, simple and portable, popcorn is rising to the top as consumers seek to satisfy complex appetites fueled by a plethora of current trends.

Healthier choices. Increasingly, today's consumers want to feel good about the foods they eat. They're reading product labels and seeking out foods with simple, recognizable ingredients and minimal processing. This "clean label" movement has become one of the most influential in recent years, sparking interest in foods with natural origins, reductions in sugar and sodium, and whole grain, organic, non-GMO* and gluten-free ingredients, among other criteria.²

For many, popcorn fits the bill. It's a plant-based snack with an ingredient list that can be as simple as popcorn kernels, oil and salt. Popcorn is a whole grain and inherently gluten-free. Many of the leading brands have further leveraged popcorn's better-for-you image with label claims featuring "no artificial anything," "ingredients our grandmothers would recognize," and "non-GMO*" (though according to GMO expert Jeffrey Smith, the popcorn variety of corn has not yet been genetically modified...so there effectively is no genetically modified popcorn currently on the market.)¹

Frequent snacking. In a reaction to increasingly hectic, on-the-go lifestyles, snacking has become a way of life for many Americans... in a trend that's been termed "snackification." A report by Mintel noted that 94% of respondents indicated that they snack daily, sometimes two to three times in one day.³ But rather than munching on sugary treats and empty calories, today's snackers frequently seek out more nutritious indulgences or better-for-you snacks that taste good.

IN OUR RESEARCH ON
U.S. GROCERY SHOPPERS,

7 in 10 

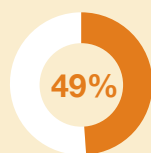
are very likely to check the Nutrition Facts panel and front-of-package nutrition summary.²

6 in 10 

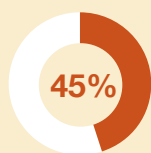
are extremely likely to check an ingredient list to avoid a certain ingredient.²

According to Packaged Facts, the healthy snacks segment is outpacing the entire food and beverage market in terms of sales growth, with a robust CAGR of 4.7% from 2011-2015.⁴

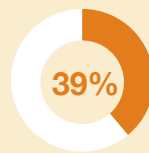
Convenient access and formats. Just as microwave ovens were becoming more common in 1980's homes, the invention of a shelf-stable cooking bag that served up fresh popcorn in minutes led to explosive popularity of the aromatic treat. But for today's busy consumers, four minutes may be too long a wait. Sales of ready-to-eat (R-T-E) varieties have overtaken microwaveable popcorn in recent years, thanks in part to grab-and-go convenience and ready availability of salty snacks in convenience stores, gas stations and vending machines.⁵ Savvy brands have further increased popcorn's portability by introducing single-serving multipacks, which dovetail nicely with healthy eating trends and portion control.

CONSUMER FLAVOR INTEREST, ACCORDING TO MINTEL DATA:⁶

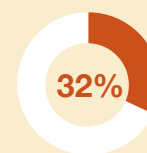
tend to buy
cheese-flavored



still seek
natural popcorn



would try mixed flavors
(salty/indulgent/cheesy)



purchase
indulgent varieties
(chocolate, caramel)

Flavor innovation. No longer limited to choices of plain, buttered or cheese-dusted varieties, today's popcorn is available in a dizzying array of flavor profiles for the more adventurous palate, including:

- **Sweet & savory** – Kettle corn, caramel and cheese, honey bbq
- **Spicy** – Jalapeño ranch, chile lime, chipotle cheddar
- **Gourmet** – Parmesan garlic, blue cheese, cheddar and truffle
- **Indulgent** – Sea salted caramel, chocolate drizzled, peanut butter kettle corn
- **Mix-ins** – Candy, pretzels, dried fruit
- **Seasonal flavors** – Pumpkin spice, hot cocoa with marshmallows, sugar cookie

Salty snacks – particularly popcorn – on the rise

Over the decade from 2007-2017, U.S. demand for salty snacks grew at a CAGR of 3.5%, influenced in part by heightened snacking behavior and innovative new introductions featuring healthier ingredients and novel shapes.⁵ In the latter part of the decade, however, popcorn sales grew at a faster rate than every other category but pork rinds (which comprise a much smaller share of the overall market).

A key reason for popcorn's popularity is its versatility. Its health halo helps consumers see popcorn as a guilt-free indulgence, best enjoyed by the handful. Lighter varieties and on-trend labels, like organic, gluten-free and whole grain serve to further enhance its healthy image.

U.S. Salty Snack Market Retail Dollar Sales: By Category, 2015–2017 (in millions of dollars and percent change)

Category	2015	2016	2017	CAGR % Change
Potato Chips	\$7,514	\$7,600	7,710	1.3%
Tortilla/Tostada Chips	5,230	5,425	5,645	3.9
Other Salted Snacks (not including nuts)	3,979	4,125	4,295	3.9
Cheese Snacks	1,813	1,910	2,030	5.8
RTE Popcorn/Caramel Corn	1,144	1,360	1,605	18.5
Pretzels	1,278	1,265	1,255	-0.9
Corn Snacks (not including tortilla chips)	997	1,025	1,065	3.4
Pork Rinds	245	290	345	18.7
Total	\$22,200	\$23,000	\$23,950	3.9%

Source: Packaged Facts

On occasions where consumers wish to indulge, they can select from a rich array of caramel-coated, chocolate-drizzled and dessert-inspired flavors, savory and spicy options – even mix-ins like fruit, nuts and candy. Adventurous and gourmet flavors are even earning a place at the table at weddings and other special events – a search on Etsy for “popcorn bags” yields nearly 7,000 results.

According to John Owen, senior food & drink analyst at Mintel, “The popcorn segment, and ready-to-eat in particular, is likely to continue benefiting from a generally healthy image, as well as its suitability as a medium for a wide range of flavors and toppings.”⁶

What’s next for popcorn?

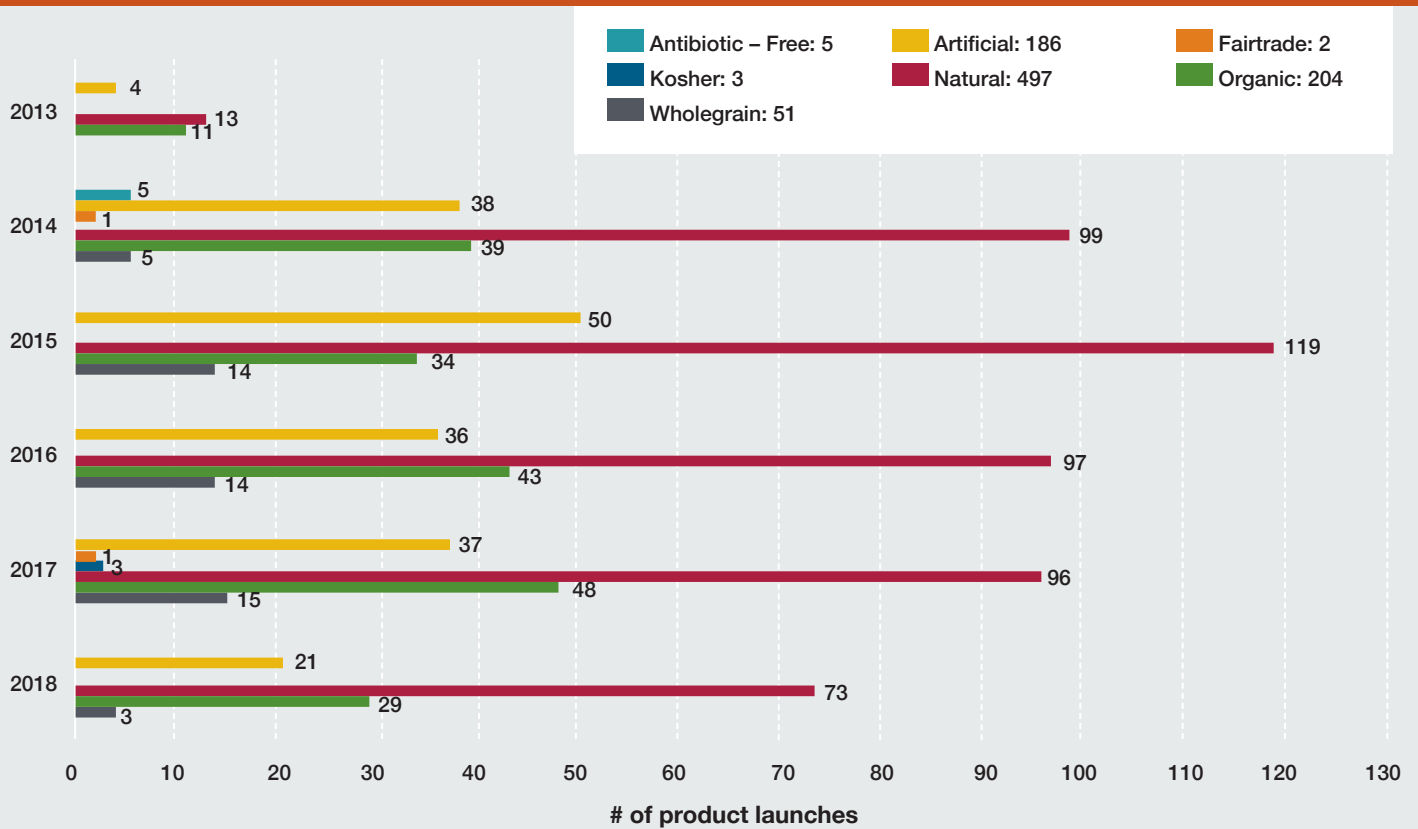
Retail popcorn sales (both R-T-E and microwave) are expected to climb steadily over the next several years, from a current retail value of \$3.2 billion in 2018 to a forecasted

\$4.0 billion by 2023.⁷ Continued growth will be sustained by manufacturers’ ability to innovate in the areas of healthy, feel-good snacking and boundary-pushing flavors.

From a formulation standpoint, popcorn’s health halo may be further enhanced by options with reduced fat, sodium or (in sweetened varieties) sugar. “Clean label” influences prompt the use of simple, authentic ingredients and transparency, including organic and non-GMO* ingredients and no preservatives or artificial colors/flavors. The upcoming changes to the Nutrition Facts label, which will emphasize calories, serving sizes and added sugars, could give popcorn an additional edge over other salty snacks.

Flavor innovation will likely continue to push boundaries in the direction of exotic and sophisticated flavors, creative mashups, as well as popcorn’s ability to appeal to both savory and sweet cravings.

Label-Friendly Ingredient Claims Lead Popcorn Launches (2013-2018)⁸



Source: Innova Market Insights

The oil you choose matters

On average, oil used in popping corn makes up over a quarter of the total ingredients – so the quality of your finished product is directly related to the oil you choose.

Cargill's extensive portfolio of edible oils and deep product formulation expertise help ensure that the oil you use delivers the taste profile, functional benefits and stability your specific application demands.

- **Liquid oils for R-T-E formulation and microwave blends** – High Oleic Sunflower, Mid Oleic Sunflower, High Oleic Canola, Canola with antioxidants, Coconut and customized blends (including non-GMO* and organic options)
- **Solid oils for microwave formulation** – Palm, Palm with Antioxidants, Palm Oil Blends, Fully Hydrogenated Soybean and Cottonseed, plus customized blends

Cargill's stringent quality assurance practices, industry expertise and proven capabilities help ensure consistent quality and the highest level of food safety. Our trusted farmer relationships and extensive global supply chain help you secure reliable supply, together with the ability to consistently deliver high-quality oils that support your brand and satisfy your consumers' needs.

"Oil plays a significant role in popcorn and other snack foods, so the quality of your oil and the reliability of your supply are critical," emphasized Jana Mauck, Senior Marketing Manager at Cargill. "We're committed to being your partner for oil solutions that drive better snacks and supporting you in bringing new concepts to market or revitalizing existing products."



Count on Cargill to deliver the most reliable, scalable supply of snack oils – including high-stability and non-GMO* – to help support your brand and satisfy consumer needs.

SOURCES:

¹ Avey, Tori. "Popcorn: a Pop History." PBS Food, *The History Kitchen*. October 29, 2013.

² Cargill proprietary consumer research. "Transparency and Simplicity: the New Normal in Product Development." November 2017.

³ Peckenpaugh, Douglas. "State of the Industry 2018 Overview: The Snackification of America." *Snack Food & Wholesale Bakery*, July 24, 2018.

⁴ Schouten, Rebekah. "The Forces Fueling the Healthy Snack Segment." *Food Business News*. July 20, 2016.

⁵ Packaged Facts. "Salty Snacks: U.S. Market Trends and Opportunities." June 2018.

⁶ Schouten, Rebekah. "Ready-to-Eat Popcorn on the Rise Thanks to 'Dynamic Flavors.'" *Food Business News*, August 31, 2018.

⁷ Euromonitor Passport. "Popcorn in U.S.A." September 2018.

⁸ Innova. "Popcorn Trends Analysis." April 2018.

* There is no single definition of "non-GMO" in the USA. Contact Cargill for source and processing information.

Claims: *The labeling, substantiation and decision making of all claims for your products is your responsibility. We recommend you consult regulatory and legal advisors familiar with all applicable laws, rules and regulations prior to making labeling and claims decisions.*