

56 Going nuts for nuts

How HFSS rules have affected sales at the top five snacking nuts brands

57 Volume increases

Our look at the top 10 dried fruit lines shows it's a good time to be selling mango and apricot



What nuts and seeds needs

Whitworths is lobbying the government to add dried fruit, nuts & seeds to 5 a day guidance but consumer education is also needed

Pola Lem

Phil Gowland gulps. “Compared to when we started this journey, I’m more aware now this is going to be a long and drawn-out process.”

The Whitworths commercial director is talking about its campaign to convince the government to include dried fruit, nuts & seeds (DFNS) as part of the 5 a day.

Dried fruit is already a recognised 5 a day contributor, but NHS guidelines say it “should be eaten at mealtimes, not as a between-meal snack, to reduce the risk of tooth decay”. Nuts and seeds, on the other hand, aren’t in the current guidance at all, despite the fact they are actually fruit.

But Gowland has high hopes. At a recent conference on DFNS hosted at The Gherkin in London by the British Nutrition Foundation, a new peer-reviewed report was presented

by leading sports nutrition scientist Dr Max Gowland outlining the dramatic nutritional benefits of DFNS to an audience of nutritionists, retailers, government and public sector representatives and other influencers (including ex-Defra ‘food tsar’ Henry Dimbleby).

So what did the report find? Where is the debate up to on DFNS and 5 a day guidance? And how important is government approval to Whitworths and the category at large?

The independent review identified a compelling nutritional case for nuts, seeds and

dried fruits, not only in terms of fibre and protein but a vast number of vitamins, minerals and micronutrients, and outlined numerous approved EFSA claims the category can make in areas such as bowel function, cholesterol reduction, male fertility, mental cognition, heart disease, diabetes, cancer prevention and fatigue.

And to brands like Whitworths, inclusion in the 5 a day definition would bring benefits of a different kind. Already, category sales are buoyant. Nuts are worth a tidy £512m in grocery, having generated an extra £57.7m in the past year on volumes up 5% [NIQ 52 w/e 24 February 2024]. Dried fruits, meanwhile, are up 11.4% in value to £268m on volumes up 3.4%.

However, DFNS are yet to become a shopping basket staple – partly because they can be pricey when compared with other, less healthy snacking options. So for ➔

“I’m more than aware now that this is going to be a long and drawn-out process”

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Top five snacking nuts brands by total volume

KP (-2.8%)	8.7 m kg
Sensations (-14.3%)	0.9 m kg
Go Nuts (+378.5%)	0.6 m kg
Marmite (+0.4%)	0.2 m kg
Graze (-43.6%)	0.2 m kg

Source: NIQ 52 w/e 24 February 2024

● Brits are going nuts for nuts – as can be seen in NIQ’s read of volume sales. They have increased 5%, or 2.8 million kilos. At the same time, value sales have soared 12.7% to £512m. ● NIQ senior analyst Jack Davies attributes the boost to HFSS laws, which have resulted in snacks high in fat, salt and sugar being axed from prominent in-store locations. “The nuts category greatly benefited from the legislation, as they are exempt and were

able to take shelf space from previously less healthy products, with a 43% increase in off-shelf distribution,” he says. ● But not every brand is on the up. The top 10 is split in terms of volumes, with only half boosting kilos sold over the past year. ● Market leader KP Nuts is in 2.8% volume decline. Second-placed Sensations is down 14.3%. But challenger Go Nuts has increased volumes 378.5% to more than 600,000 kilos, making it the third-largest

UK nuts brand by volume – albeit far behind KP’s 8.7 million kilos total. ● “Winning brands have been able to grow distribution, boosting the position of existing products and launching new flavours, which are accelerated by strong promotional activity,” Davies explains.



NIQ monitors weekly data from a national network of EPoS scanners to represent sales in grocery multiples, co-ops, multiple off-licences, independents, forecourts, convenience multiples, symbols and online grocery retailers.

“Compared to the rest of Europe, the UK has a much lower per capita consumption of nuts”

⚙ Gowland, inclusion in 5 a day guidance is crucial to helping the categories recruit more shoppers on a regular basis. Indeed, if all UK consumers changed their behaviour to follow the hoped-for guidelines, nut sales alone would double to £1bn, Whitworths estimates. That wouldn’t just benefit Whitworths, but players of all sizes across the category. As such, many are keeping a close eye on Whitworths’ push – including Danny Bull, co-founder of Dūng Snacks. “This would be a gigantic step forward for not only our brand but the industry in general,” he says. “With a concerted marketing and social push, I imagine a change like this could triple our sales almost overnight.”

Old chestnuts and mythbusting

But brands can’t rely on government endorsement alone. So points out Gowland, who remains cautious despite the “strong” year for the category. In the case of dried fruit, he highlights an “old canard”: the perceived links with tooth decay. This “baseless” belief – which the report skewers via a number of studies – is one that Whitworths hopes to challenge via its campaign. In the case of nuts, there is another unhelpful perception to tackle: that they’re fattening. In fact, the report shows, nuts and seeds aid weight management. A third misperception concerns price. “People always say to me, ‘Isn’t cost a barrier?’” says Gowland. “The beauty of these products is their portion size of 25g-30g. That’s probably the same amount of nutrients as a plate of veg... and average price per portion is 14p-25p.” The upside of these misperceptions is they can be smashed. And that presents opportunity for growth. “Compared to the rest of Europe, the UK has a much lower per capita consumption of nuts, suggesting strong scope for increased future consumption,” says KP Nuts marketing director Kevin McNair. Dried fruits and nuts also play to wider health trends, points out Ben Mckechnie, MD of snacks wholesaler Epicurium. The success of healthy treat brands like Forest Feast speaks to “this ancestral clean eating trend,” as well as keto and gut health. Plant-based and gluten-free diets have also helped to increase category sales, says ➔

Ashok Krishen, MD & CEO of nuts for B2B supplier OFI Nuts.

What's more, he believes there's scope for nuts to go beyond snacking. "Based on current trends and insights, there is a clear opportunity for other nut ingredients... an example being nut flours – which are moving from niche, free-from applications to mainstream product launches," he says. As another example, Krishen points to OFI's "versatile cashew and almond protein powders".

Surprising value

Another recent factor that has worked in favour of nuts is rising prices elsewhere in snacking. Crisp prices, for example, have shot up by over 11% [Kantar 52 w/e 21 January 2024] – making nuts a comparably more attractive option. "We've definitely experienced a boost as a result," says Düng's Bull.

Stu Macdonald, founder at premium nut and peanut butter brand ManiLife, has also witnessed a boost. "We're not clear if it's growth driven by [rising crisp prices] or more people discovering us."

Not that nuts are immune to pricing pressures themselves. Notwithstanding their value credentials, the category has experienced severe challenges in the past. When poor peanut crops drove up the cost of peanuts "by an absurd amount, well over 40%" last year, ManiLife was forced to change its spreads from 295g pots to 275g jars, while keeping rps at £3.75, recalls Macdonald.

This experience means Macdonald isn't complacent about supply chain troubles. "One of the things we're going to see as the climate becomes more erratic is these big swings based on harvests," he says.

Despite this, he's upbeat about his brand's future. There is clear opportunity in flavours. "Savoury. Sweet. The number of formats is pretty mega. There's lots of potential."

Joanna Allen, the outgoing CEO of healthy snacking brand Graze, is also optimistic. It comes back to the power of health as a business proposition, she says. "It's also about time that producers recognise that 'healthy' doesn't necessarily mean 'less profitable'. Graze has proven this 1,000 times over by offering category-leading products."

But independent observers have words of warning for these health-led brands. "Because of the competitive price points, it's harder than ever for a healthier snacking brand to remain competitive and still make sensible margins," says Thea Alexander, CEO of YF, an fmcg consultancy for SMEs.

In the coming years, nuts and seeds brands will either succeed or be weeded out, Alexander predicts. "The winners will be those that remain ruthlessly lean, focused on value drivers and nothing else."

Looks like that No 10 endorsement couldn't come too soon.



Top 10 dried fruit lines by volume change (kg)

Vine Choice Raisins (+258.4kg)	▲ 69.7%
Urban Fruit Mango (+30.5kg)	▲ 36.4%
Forest Feast Mango (+12.1kg)	▲ 24.8%
Vine Choice Sultanas (+254.9kg)	▲ 19.1%
Jordan River Natural Dates (+28.6kg)	▲ 5.9%
Whitworths Golden Apricots (+4.3kg)	▲ 3.4%
▼ 4.7%	Whitworths Stoned Dates (–15.0kg)
▼ 11.9%	Whitworths Cranberries (–19.5kg)
▼ 14.4%	Whitworths Orchard Prunes (–37.9kg)
▼ 15.1%	Whitworths Sunny Raisin (–68.9kg)

Source: NIQ 52 w/e 24 February 2024

● It's a good time to be in dried mango. It's bagged some of the fastest volume gains of the year. Urban Fruit Mango and Forest Feast Mango are up 36.4% and 24.8% respectively. ● Overall, the dried fruits category is up 3.5% in volumes to 41.2 million kilos, on value up 11.4% to £268.8m. "Healthier snacking is defying the fmcg trend as the continues to grow in volume as more shoppers enter the market and as the category expands," says NIQ senior

analyst Jack Davies. "Private label is the key driver of this as shoppers seek cheaper, but still healthier, options in the wider snacking market." ● Within the category, dried fruits have benefited "mainly from price increases, with some volume growth from larger packs", Davies notes. ● Sultanas, currants and raisins "hold back the category", but coconut, dates and other dried fruits are driving growth, he adds.

● A closer look at the numbers, however, shows a more nuanced picture. Vine Choice Raisins is the line to grow volumes fastest – up 69.7% to more than 629,000 kilos. By contrast, Whitworths Sunny Raisin has experienced the fastest decline in the top 10. It's down 15.1% to more than 386,000 kg.

NIQ

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