



Biscuits in the United States

Industry Profile

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EXECUTIVE SUMMARY

Market Value

The United States biscuits market grew by 1.4% in 2003 to reach a value of \$11.8 billion.

Market Value Forecast

In 2008, the market is forecast to have a value of \$12.9 billion, an increase of 9.0% since 2003.

Market Volume

The market grew by 0.8% in 2003 to reach a volume of 2.1 billion Kg.

Market Volume Forecast

In 2008, the market is forecast to have a volume of 2.2 billion Kg, an increase of 5.9% since 2003.

Market Segmentation I

The largest category in the US biscuits market is the sweet biscuits category, which accounts for a 54.4% share of the market.

Market Segmentation II

In terms of value, the US represents 29.2% of the global biscuits market.

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CHAPTER 1 MARKET OVERVIEW

1.1 Market Definition

The biscuits market consists of the sale of savory and sweet biscuits through all distribution channels. Market values are calculated at retail selling price (RSP) and include any applicable taxes. Any currency conversions used in the creation of this report have been calculated using constant 2003 annual average exchange rates.

1.2 Research Highlights

The US biscuits market reached a value of \$11.8 billion in 2003, having grown with a compound annual growth rate (CAGR) of 1.5% in the 1999-2003 period.

Kraft Foods (which is 84% owned by Altria Group) has become one of the largest players in the US biscuits market since its acquisition of Nabisco in December 2000.

The leading revenue source for the US biscuits market in 2003 was the sweet biscuits sector, which accounted for 54% of the market's value.

1.3 Market Analysis

The biscuits market on a global level is suffering from general market maturity, with the US market suffering particularly from this trend. Indeed, although it remains a massive market, it has been experiencing and is set to continue experiencing the slowest growth rates of all the major markets covered in our study.

The US biscuits market reached a value of \$11.8 billion in 2003, having grown with a compound annual growth rate (CAGR) of 1.5% in the 1999-2003 period. This growth was somewhat weaker than that of the global market itself, leading to the US market's share decreasing by 1.7 percentage points between 1999 and 2003, accounting for 29.2% of the global market by the end of this period.

The leading revenue source for the US biscuits market in 2003 was the sweet biscuits sector, which accounted for 54% of the market's value. In value terms, this sector was worth \$6.41 billion in 2003, an increase of 6.3% since 1999, making this sector also the fastest growing. The savory biscuits sector generated the second largest revenues in 2003, reaching a value of \$5.38 billion, equivalent to 46% of the market's value.

During the next five years, the market is expected to experience slightly stronger growth rates. By 2008, the market is forecast to have reached a value of \$12.85 billion, which equates to a CAGR of 1.7% in the 2003-2008 period, lower than the global market's CAGR of 2.9%.

CHAPTER 2 MARKET VALUE

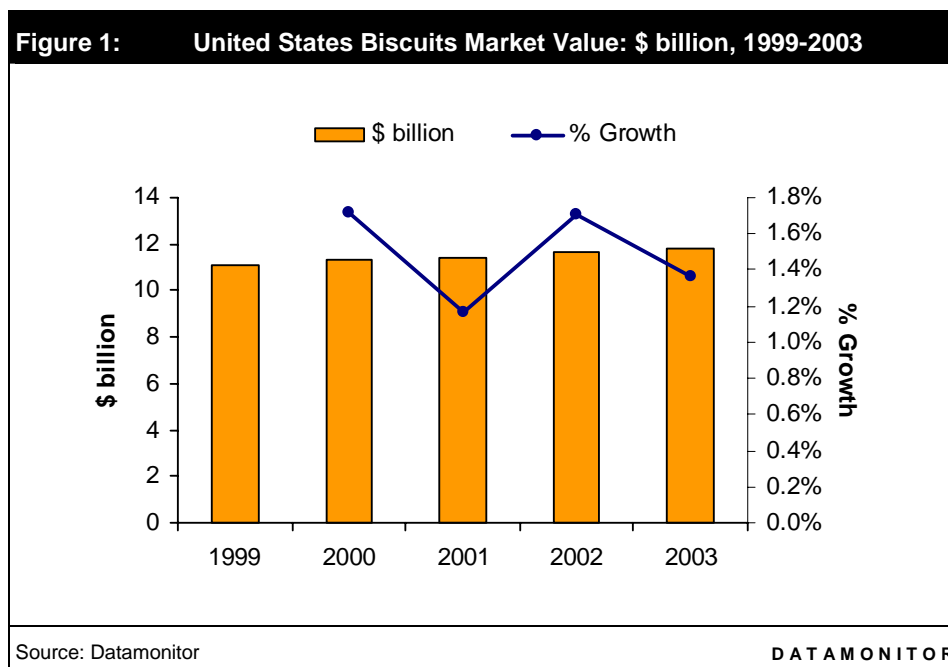
The United States biscuits market grew by 1.4% in 2003 to reach a value of \$11.8 billion.

The compound annual growth rate of the market in the period 1999-2003 was 1.5%.

The strongest growth was in 2000 when the market grew by 1.7%.

Table 1: United States Biscuits Market Value: \$ billion, 1999-2003		
Year	\$ billion	% Growth
1999	11.1	
2000	11.3	1.70%
2001	11.4	1.20%
2002	11.6	1.70%
2003	11.8	1.40%
CAGR, 1999-2003:		1.5%

Source: Datamonitor DATAMONITOR



CHAPTER 3 MARKET VOLUME

The United States biscuits market grew by 0.8% in 2003 to reach a volume of 2.1 billion Kg.

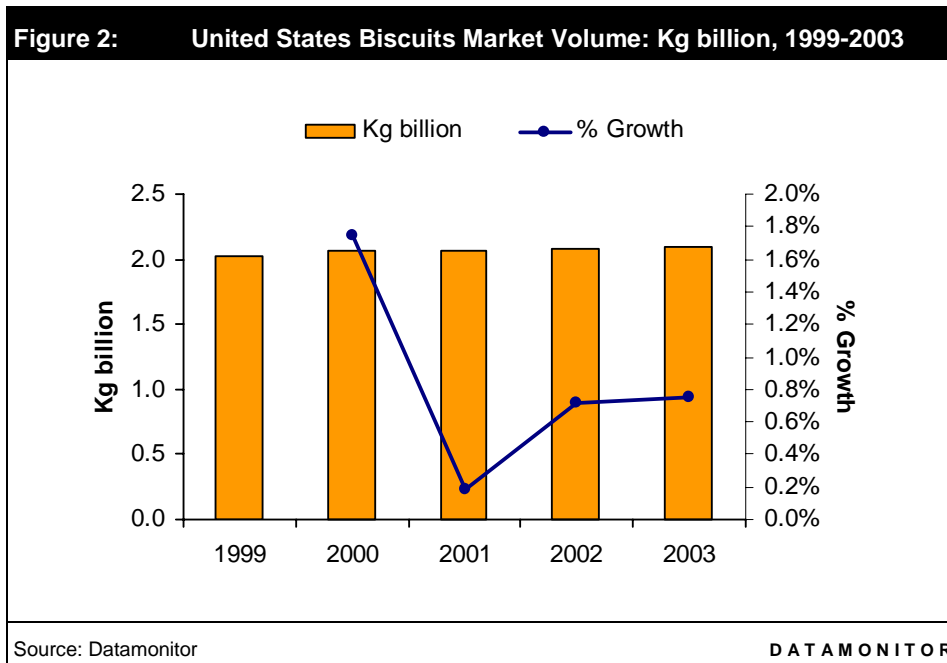
The compound annual growth rate of the market volume in the period 1999-2003 was 0.8%.

The strongest growth was in 2000 when the market grew by 1.7%.

Table 2: United States Biscuits Market Volume: Kg billion, 1999-2003

Year	Kg billion	% Growth
1999	2.0	
2000	2.1	1.70%
2001	2.1	0.20%
2002	2.1	0.70%
2003	2.1	0.80%
CAGR, 1999-2003:		0.8%

Source: Datamonitor DATAMONITOR



CHAPTER 4 MARKET SEGMENTATION I

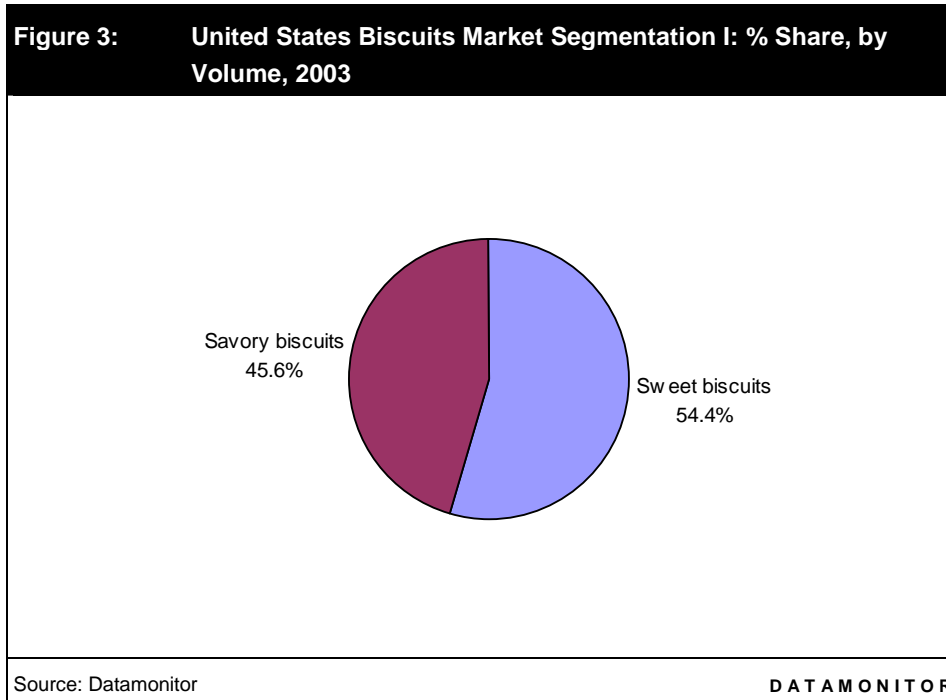
The largest category in the US biscuits market is the sweet biscuits category, which accounts for a 54.4% share of the market.

Savory biscuits generate the remaining 45.6% of the market's value.

Table 3: United States Biscuits Market Segmentation I: % Share, by Volume, 2003

Category	% Share
Sweet biscuits	54.40%
Savory biscuits	45.60%
Total	100.0%

Source: Datamonitor DATAMONITOR



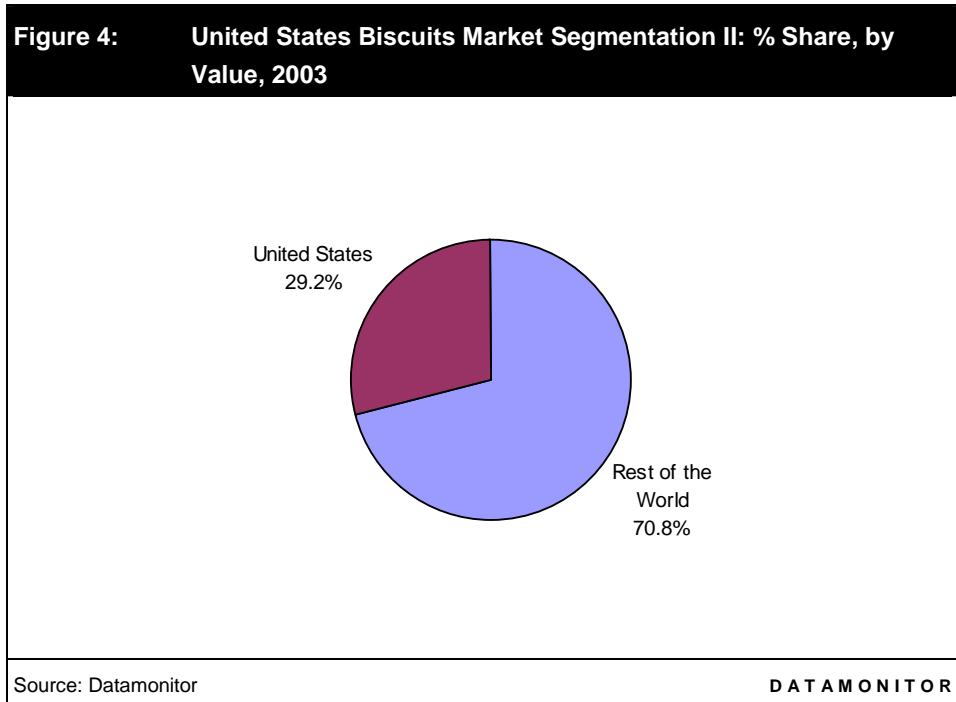
CHAPTER 5 MARKET SEGMENTATION II

In terms of value, the US represents 29.2% of the global biscuits market.

Table 4: United States Biscuits Market Segmentation II: % Share, by Value, 2003

Regional	% Share
Rest of the World	70.80%
United States	29.20%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 6 COMPETITIVE LANDSCAPE

Kraft Foods (which is 84% owned by Altria Group) has become one of the largest players in the US biscuits market since its acquisition of Nabisco in December 2000. The acquisition caused a 28% increase of Kraft revenues, giving it a leading global position in snack foods. Nabisco, was formerly the largest manufacturer and marketer of cookies and crackers in the US. Under Kraft, the company manufactures cookie brands such as Oreo, Chips Ahoy!, Newtons and Snackwell's. In addition, it produces biscuit cracker brands including Ritz, Premium, Triscuit, Wheat Thins and Nabisco Honey Maid Grahams. Nabisco accounts for roughly 49% of the US sweet biscuit market and approximately 52% of the savory biscuits market.

Keebler Foods Company, founded in 1853, is one of the largest cookie and cracker manufacturers in the US. Since March 2001, the company has been a wholly owned subsidiary of cereal giant Kellogg. Keebler has continued to post strong results throughout the 1999-2003 period and is well-positioned to maintain its strength in the US biscuits market.

McKee Foods is another leading player in the US biscuits market, producing snack foods including Little Debbie, the US's leading brand of snack cake, named for and featuring the face of a granddaughter of the company's founders. The company has distribution facilities in four locations: Collegedale, Tennessee; Gentry, Arkansas; Stuarts Draft, Vancouver; and Kingman, Arizona. McKee Foods' Technical Service and Research and Development department uses its food science facilities to help create new products. Some of the products developed recently include Donut Sticks and Marshmallow Crispy Bars. The R&D Center helps the company release around 10 new products a year.

CHAPTER 7 LEADING COMPANIES

7.1 Altria Group, Inc.

Altria Group, formerly Philip Morris Companies, is the largest US producer of food, drinks and tobacco products. The company has a number of wholly and majority owned subsidiaries active in the production of various consumer products. The company is headquartered in New York and operates in nearly 200 countries worldwide. Altria's business is divided into six distinct categories: domestic tobacco, international tobacco, North American food, international food, beer and financial services.

For the fiscal year ended December 2003, the company generated revenues of \$81.8 billion, a one-year sales growth of 1.8%.

7.2 Kellogg Company

Kellogg specializes in the production of ready-to-eat cereal and grain-based snack/convenience foods, including toaster pastries, frozen waffles and cereal bars. Kellogg's products are manufactured in 19 countries on six continents. With around 31% of the market, some of its marketing concepts, including the iconic Tony the Tiger, and Snap, Crackle and Pop, are among the most recognized characters in advertising. The company is headquartered in Battle Creek, Michigan.

For the fiscal year ended December 2003, the company generated revenues of \$8.8 billion, representing a one-year sales growth of 6.1%. Net sales for the year were \$787.1 million.

7.3 McKee Foods Corporation

McKee Foods specializes in the manufacture of convenience snacks such as cookies and cakes. In fiscal 2003, the company generated revenues of \$978 million, an increase of 0.8% over the previous year. The company operates as a private entity.

The company's Little Debbie snack cake, is the US's leading brand of snack cake. The company also produces over 20 different snacks and granola cereals under the name Sunbelt. It has manufacturing facilities in Gentry, Arkansas; Stuarts Draft, Vancouver; Collegedale and Apison, Tennessee. McKee Foods is headquartered in Collegedale, Tennessee.

CHAPTER 8 MARKET FORECASTS

8.1 Market Value Forecast

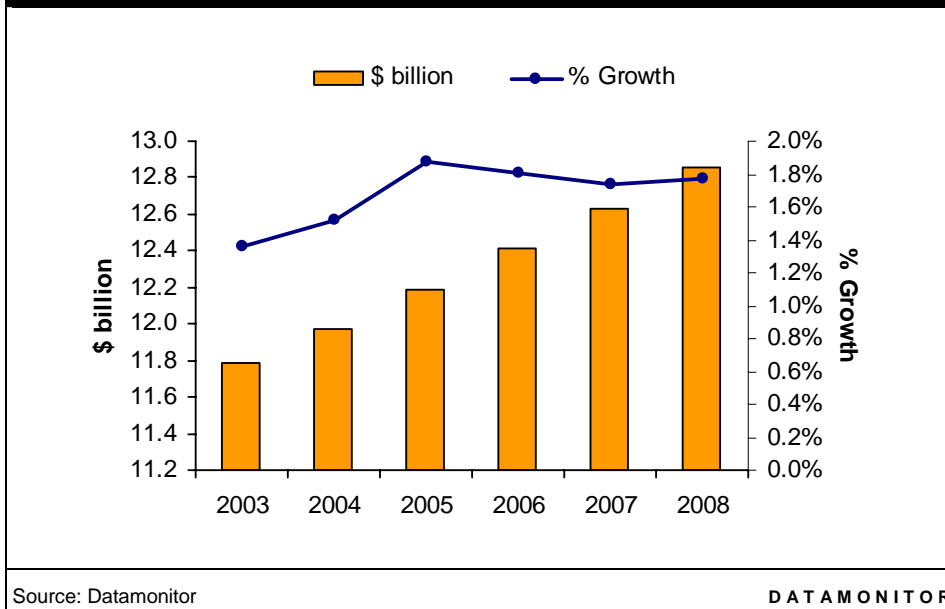
In 2008, the United States biscuits market is forecast to have a value of \$12.9 billion, an increase of 9.0% since 2003. The compound annual growth rate of the market in the period 2003-2008 is predicted to be 1.7%. The strongest growth is predicted for 2005 when the market is forecast to grow by 1.9%.

Table 5: United States Biscuits Market Value Forecast: \$ billion, 2003-2008

Year	\$ billion	% Growth
2003	11.8	1.40%
2004	12.0	1.50%
2005	12.2	1.90%
2006	12.4	1.80%
2007	12.6	1.70%
2008	12.9	1.80%
CAGR, 2003-2008:		1.7%

Source: Datamonitor DATAMONITOR

Figure 5: United States Biscuits Market Value Forecast: \$ billion, 2003-2008



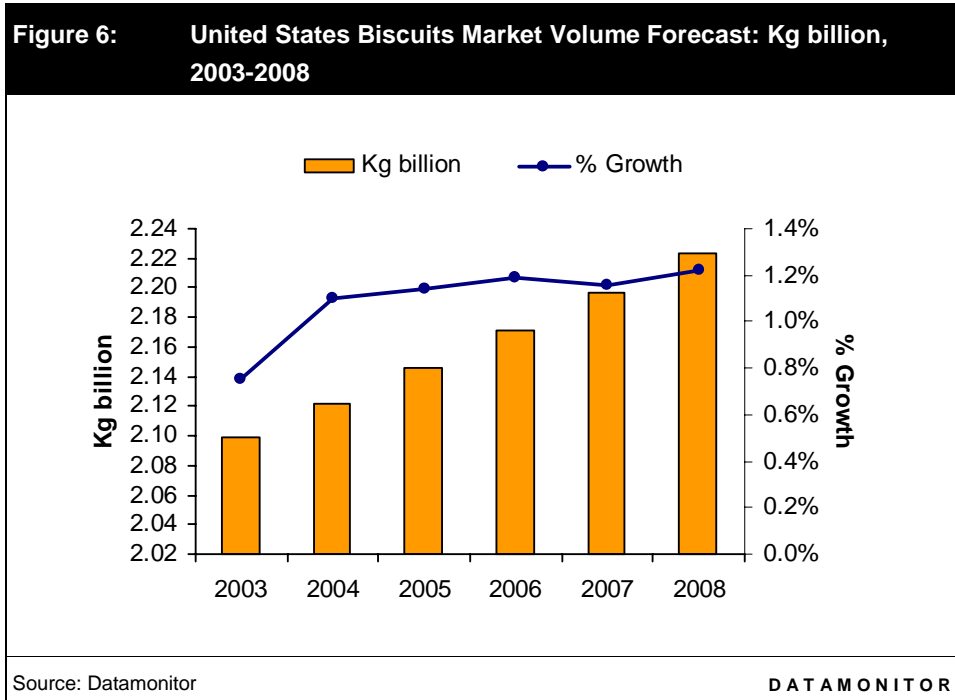
8.2 Market Volume Forecast

In 2008, the United States biscuits market is forecast to have a volume of 2.2 billion Kg, an increase of 5.9% since 2003. The compound annual growth rate of the market volume in the period 2003-2008 is predicted to be 1.2%. The strongest growth is predicted for 2008 when the market is forecast to grow by 1.2%.

Table 6: United States Biscuits Market Volume Forecast: Kg billion, 2003-2008

Year	Kg billion	% Growth
2003	2.1	0.80%
2004	2.1	1.10%
2005	2.1	1.10%
2006	2.2	1.20%
2007	2.2	1.20%
2008	2.2	1.20%
CAGR, 2003-2008:		1.2%

Source: Datamonitor DATAMONITOR



CHAPTER 9 DEMOGRAPHICS

Table 7: United States Size of Population (million) , 1999-2003		
Year	Population (million)	% Growth
1999	279.3	
2000	282.3	1.10%
2001	285.0	1.00%
2002	287.7	0.90%
2003	290.3	0.90%

Source: Datamonitor DATAMONITOR

Table 8: United States GDP (1995=100), 1999-2003		
Year	1995=100	% Growth
1999	117.9	
2000	122.2	3.70%
2001	122.8	0.50%
2002	125.5	2.20%
2003	129.5	3.20%

Source: Datamonitor DATAMONITOR

Table 9: United States Inflation, 1999-2003		
Year	Inflation Rate (%)	% Growth
1999	2.7	
2000	3.4	26.20%
2001	1.6	-54.20%
2002	2.4	53.20%
2003	1.9	-20.90%

Source: Datamonitor DATAMONITOR

CHAPTER 10 FURTHER READING

10.1 Sources

This report is based on a combination of primary Datamonitor research, including online, face-to-face and telephone interviews with consumer and industry players, and secondary research using various sources (including trade associations, news providers and others).

Industry Associations

Global Snack Food Association
1711 King Street, Suite One
Alexandria, VA 22314
Tel: 1 703 836 4500
Fax: 1 703 836 8262
<http://www.sfa.org/who/insight.html>

10.2 Related Datamonitor Research

Datamonitor Industry Profiles

Biscuits in Europe (\$200)
Biscuits in the UK (\$200)
Biscuits in Asia-Pacific (\$200)
Biscuits in Japan (\$200)
Biscuits in France (\$200)
Biscuits in Germany (\$200)
Global Biscuits (\$200)