

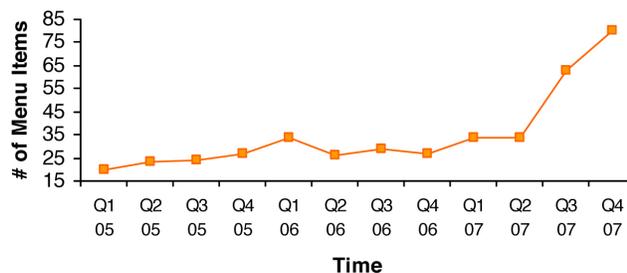
Snack Attack!

Restaurants have begun to aggressively chase after consumers' ever increasing fondness for quick and portable foods.

Restaurants hope that small portions, big flavors and low prices will lure in hungry "snackers." "Snack" is defined for the purpose of this report as inexpensive, smaller portion (snack-sized) of existing or new menu items that appeal to consumers need for a quick, satisfying bite or two. Restaurants across dining segments are aggressively competing to create the fastest and most filling snacks.

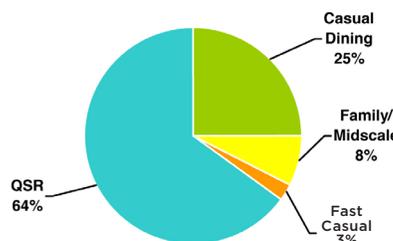
The use of the word "snack" has seen a significant increase on restaurant menus over the last few years.

Incidence of the word "Snack" on Restaurant Menus



Look who's Snacking

As may be expected Quick Service Restaurants (QSRs) represent the lion's share of snacks on the menu with a 64% share. Casual dining, fast casual and family/midscale follow 25%, 8% and 3% share respectively.



Snacks around the World

Traditional American cuisine represents the majority of snacks with a 76% share, while Mexican and Italian represent 10% and 8% share respectively. The top 3 all experienced triple digit growth versus a year ago. The remaining cuisines (Southwest/Tex-Mex, Caribbean, Southern, BBQ) account for 6% share collectively.

Snack Attack

Quick-serves, for better and worse, are seen as places to head when you're hungry for a full-on meal, but they are successfully working hard to curb that image. The majority of Snack menu items are being picked up on QSR menus. The sandwiches and vegetables are fighting it out for category position. Next come poultry, bread, and potatoes to round out the top five spots. Restaurants attempting to break into "better for you" items are most likely to be Casual or Family/Midscale. (See graph top of next page.)

Top 10 Flavors Menued with Snacks

1. Cinnamon
2. Tangy
3. Sesame Seed
4. Sweet
5. Spice
6. Garden Vegetable
7. Spicy
8. BBQ
9. Honey
10. Hickory Smoked

Top 10 Marketing Claims Menued with Snacks

1. Crispy
2. Fresh
3. Crunchy
4. Creamy
5. Premium
6. Golden
7. Homemade
8. Tender
9. Rich
10. Crisp

Top 10 Snack Vegetable Ingredients

1. Lettuce
2. Potato
3. Vegetable
4. Sweet Potato
5. Broccoli
6. Onion
7. Tomato
8. Green Bean
9. Green Pepper
10. Cabbage

Top 10 Snack Preparation Methods

1. Fried
2. Mashed
3. Strip
4. Chunk
5. French-Cut
6. Steamed
7. Shredded
8. Warm Preparation
9. Breast
10. Filled

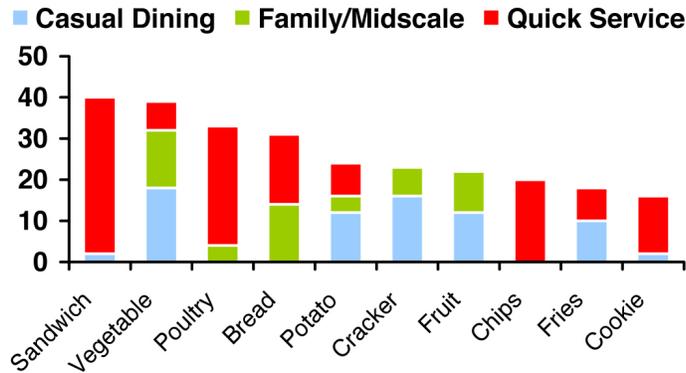


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Top 10 Menu Categories of Snacks by Restaurant Channel



The following are examples of snack menu items.

Homestyle Chicken Strips - Available as a three-piece meal or a two-piece snack, these premium chicken strips will keep you coming back for more. - *Checkers*

Loco Nachos - Loco Nachos, featuring a generous helping of tortilla chips topped with a delicious Jack cheese and poblano queso sauce for just a buck! - *El Pollo Loco*

Mexi Rolls - Snack-sized crispy, corn/flour blended tortillas filled with specially-seasoned beef and beans, and shredded cheddar cheese. - *Taco John's*

Healthy Snacking

QSRs are also developing smaller options of their healthier menu items to fit into the snack meal time, give consumer's options and fit into their lifestyles.

Fruit and Walnut Snack Pack - Smaller size of its original fruit and walnut salad with apples, grapes, walnuts and yogurt dressing - *McDonald's*

Strawberry Flavored Yogurt with Granola - Now, enjoy smooth, low-fat strawberry flavored yogurt with delicious crunchy granola. It's the perfect side or a delicious snack - *Wendy's*

Value Priced

The overall average price for "snack items" across all channels is \$2.67. As may be expected, Quick Service offers the lowest average price at \$1.98, followed by Fast Casual at \$2.53, Family Dining at \$3.87, and Casual Dining at \$5.13.



Menu Direction: Mini will be BIG!

Americans are snackers. At the moment, business is great for the snack industry. From convenience stores to vending machine operators to hot dog vendors, profits are growing in part because snacks are the feature attraction in these outlets. Mini burgers and wraps caught on late in 2007, but look for restaurants to continue adding more "mini" favorite foods. New minis will be smaller varieties of popular and unique sandwiches. Who knew that mini would be so BIG!



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