ABSTRACT

The snack market in Portugal exhibits a peculiar example of the consumption of low-calorie, economical foods in a modern, first-world country. To provide a introspective look in the workings of the Portuguese snack market, this report will paint a picture of Portuguese society, from demographic factors to economic status, and then delve into a statistical analysis regarding the snack-related corporate sector, presenting as a case study the company “Vieira de Castro & Filhos LDA”.

INTRODUCTION

The Oxford Dictionary of English defines a snack as “a small meal or amount of food, usually eaten in a hurry”. As a matter of fact, this good was born to address the worker’s lifestyle, one accelerating in pace to such an extent that full meals became too time-consuming to consider.   
This report is aimed at building onto this preliminary notion, elaborating on the role of snacks in Portuguese society. The field of study is outlined by the categories of fruit snacks (e.g. dried fruit, processed fruit snacks), snack bars (e.g. cereal bars, protein/energy bars, fruit and nut bars, other snack bars) and sweet biscuits (e.g. chocolate coated biscuits, cookies, filled biscuits, plain biscuits, wafers). The methods employed in handling relevant data are intended to guarantee an objective point of view, offering values and representations in function of single, quantifiable variables. Nonetheless, complications arose in the application of this impartial philosophy, namely unavailability of data and discordant figures between sources, and they were dealt with in the most optimal manner, fully disclosed in sections relative to said problematic topics.   
Following an overview of societal factors that offer context to otherwise isolated economic events, a further section pertains to exploring the operations of an economic agent in the Portuguese snack market, Vieira de Castro & Filhos LDA. Conclusions drawn are general considerations on the present structure of the market, the role of any kind of externality in the achievement of said structure, and potential future developments and directions it could follow.

To give backing to potential conclusions, the task preliminary to actual market analysis is painting the picture of Portuguese society, through a thorough scan of indicative socio-demographic factors.

SOCIO-DEMO 🡪 POPULATION

The primary element to consider is population. Data from the past 200 years shows an exponential demographic increase in the 20th century, which can be attributed to a series of causes, namely a general betterment of living conditions in Europe following the industrial revolutions. Moreso, this development can also be reasonably linked to the period of general peace that followed the Second World War, as contexts offering stability and security favour demographic growth.   
Such a tendency is mirrored by population density. Analysing this statistic in the same time span, a parallel trend can be observed. Most notably, they match even in sudden deviations, as can be seen the second half of the 1960s, where the tendency becomes rapidly negative (i.e. mass emigration following the rise of the Estado Novo dictatorship).

GENERAL HEALTH

A natural succession to population in a socio-demographic analysis is an introspection of said population’s age composition and health. Furthermore, considering the nature of the market of study and its tight relation to primary human needs, an overview of Portuguese general health is compulsory to gain a more complete understanding.   
The first and possibly most important value to take into account is life expectancy. It dramatically increases following the end of the Second World War, as to be expected, suffering small dips as part of a fluctuating growth. The most important takeaway from the relevant data is the presence of gradual yet quasi-constant increase, reducing in volatility with time. As the country developed into a modern state with welfare-focused institutions, living conditions improved, contributing to the rise of life expectancy.   
Additionally, focusing more on strictly health-related estimates, two other datasets represented show respectively the average daily caloric supply available and the percentage of adults suffering from obesity in Portugal. The former presents a sharp divergence from an otherwise growing trend between the late 1970s and 1980s, which can be addressed as a byproduct of a series of economic and social factors, such as the inflationary crisis of the 1970s and growing waves of immigration from ex-African colonies. On the other hand the latter presents a quasi-linear growth, fact indicative of a growing food overconsumption in Portugal.

WEALTH DISTRIBUTION

The final topic to discuss when creating a general picture of Portugal is its wealth distribution. Having already been mentioned when discussing previous trends, a country’s “economy per capita” is understandably ever-present in all societal sectors, more so in the functioning of a market, including the one of study.   
In order to address how Portugal stands economic-wise, GDP per capita is a decent indicator of average wealth per individual, despite not actually taking into account wealth distribution. It was used to gain a general grasp of an inhabitant’s possible wealth, with the intention to suffice to this lack of specificity with other, more encompassing indicators. A growing trend can be observed, any sudden deviation from which occurs in concomitance with global economic crises, like the 2008 banking crisis and the 2020 Covid19 pandemic. Parallelly to the other representations, it signifies an average betterment of living conditions, as an average individual has more attainable wealth.  
As anticipated, to compensate the superficiality of GDP per capita when it comes to many social factors contributing to addressing living standards, the notion of HDI was used. It formally expresses the aforementioned trend of growth through a summary indicator, without any significant deviation in trend. By putting the two side by side, one can conclude that an increase in GDP, so a purely monetary variation, was somewhat distributed through society, evidence of which is an increase in the relative HDI score.  
Finally, an important yet very recent statistic was included presenting the percentage of population below a fixed “poverty line”, or the ratio of individuals with a “monetary income (per equivalent adult) below EUR 7,095 euros (EUR 591 per month)”. Connecting it to the two previously mentioned statistics, it can be concluded that the tally of economically disadvantaged in Portuguese society is reducing.

SOCIO INTERPRETATION

Having now established a general set of statements regarding the demographic, sanitary and economic spheres in Portugal, a brief interpretation section is mandated.   
In regards to purely demographic data, Portugal exhibits an exponential demographic increase in the 20th century, both in terms of inhabitants and inhabitant density. Other than being indicative of a general betterment of living conditions, these rampant changes, most notably in the latter, exemplify great structural changes with the nation’s society. Retaining a greater population implies a number of effects in many social sectors, particularly in relevance to a market scenario. Intuitively, a larger demographic quota generates greater food demand. This fact melded with a contemporarily growing secondary sectors, with the emergence of mass production in the food industry. Paired with incessantly growing lifestyle rhythms, the development and flourishing of snacks was a natural succession of an ongoing process.   
An additional perspective is also offered by the evolution of Portuguese general health throughout the same time span. The country industrialised and snack consumption became more common, with the gradual establishment of a series of suppliers. Data reflects a growing life expectancy and daily caloric supply for most of the period of study, suggesting a better living conditions and greater food availability. Excluding the blowbacks of major historical events characterising outliers in the graphs, the growing Portuguese population experienced a rapid urbanisation and industrialisation, which amped the pace of their lifestyle and potentially shifted their preferences towards high-calorie, fast-to-eat meals, such as snacks. Such a hypothesis is backed by increasing obesity rates, a fact that can be tied to the relatively unhealthy nutrition associated with most snack categories.  
Including wealth distribution to complete this spectrum, a tendentially growing GDP per capita and human development index indicate a sustainable development in an economic sense. Outside of global crises (i.e. COVID19, 2008 banking crisis) representing outliers on the graphs, the data reflects an average increase in attainable wealth for the average individual. Nevertheless, the changes observed aren’t substantial in absolute value. One supposition to be made is that, with the gradual modernisation of Portuguese society and the flourishing of its secondary sector, the average Portuguese found themselves rapidly changing routine to match industrial rhythms. The additional yet not significant economic inflow from a regular salary, paired with the need to accelerate their lifestyle, would likely have favoured the rise in prominence of the snack as an aliment category.

Conclusions from this initial, socio-demographic section won’t be drawn prematurely, but it is fair to say that all following statements will rest upon a significant, contextualising foundation. What follows is a more in-depth look at the Portuguese economy, with a focus on more general indicators that provide information beyond sole wealth distribution.

GENERAL ECO OVERVIEW

As previously stated, an in-depth exposition of Portugal’s current economic status is key in understanding how this country’s markets operate, both within national borders and in international relations.

The starting point of this section is real GDP and its growth rate. Per definition, this notion quantifies the output of a nation unrelated to price variation, so the aggregate value added by the corporate sector through production, in a set time span.   
Referring to the graph provided, a general upward trend can be observed, reflecting an overall robust economic growth through time. Nonetheless, different phases stand out in function of a varying growth rate, notably one of rapid expansion in the late 20th century and one of stabilisation in the current era. Some hypotheses that justify this variation in speed of growth may be rapid industrialisation, expansion of the tertiary sector and integration into the EU, which all in their own way influenced the economic management of the country. Additionally, periods of stagnation and contraction stand out in concomitance with other previously mentioned global externalities like the COVID19 pandemic.

A second focal point to cover when trying to understand Portugal’s economic situation is the rate of unemployment. GDP growth and employment go hand in hand, as job creation is fuelled by the former, despite being a factor in its development.   
Looking into the unemployment rate, or the percentage of the labour force remaining unemployed after a set time, a stable trend emerges, settling between 5% and 10%, up until the 2008-2014 financial market crisis. In this instance, it soared to 16%, only to then settle back in the previous range and later suffer a similar change during the global pandemic. Most recently, current estimates show a rapid rebound of labour participation in 2022 indicating a recovery period, symbol of a growing confidence in the Portuguese job market. Increases in this period can be associated to mismatches between labour demand and supply, either founded on skill requirements or on regional disparities.

The final indicator to take into account is inflation. Despite representing GDP in constant prices and drawing conclusions unrelated to said characteristic’s variation, it remains essential to consider particularly due to its non-linear relationship with unemployment. To truly assess Portugal’s economic standing and relate it to general wellbeing, an analysis on said grounds is unavoidable.   
Inflation, being the growth rate of the consumer price index, is indicative of the variation in price of consumption goods. Referring to the visualisation offered, an outlier stands out in concomitance with the 1970s stagflation event, which raised inflation and unemployment rates globally. Outside this volatile period though, the trend was generally stable, settling between 2% and 3%, due to the application of stabilising economic policies, namely in the Eurozone territory. Another period worth to mention is between 2020 and 2022, where conditions such as the pandemic and geopolitical tensions (particularly due to the Russo-Ukrainian conflict) caused general supply chain disruptions and price fluctuations due to scarcity.

Real GDP, unemployment and inflation rates, and their respective growth are important indicators to consider when evaluating a country’s economic position. Some conclusions that can be drawn from the present data reveal Portugal as a well-established, modern country, with the resources and social infrastructure required to sustain fluid markets. Together with the socio-demographic factors analysed earlier, the current picture presents a nation with structural characteristics that favour the development of a snack market, topic of discussion that will follow.

SUPPLY  
The analysis of the supply side of a market hinges on various, diverse factors that influence in their own proportion the extent of occurring transactions. In order to present the most general picture possible, the indicators considered address factors starkly distinct in nature, that all find foundation in the notion of average price, the quotient of market revenues and production volumes. The goal of this section is to offer hypotheses regarding variations to average price, drafted from a comprehensive overview of said factors’ marginal change within the same year. An important premise to state is that represented data regards more generally the food manufacturing sector as a whole rather than the snack market subset.   
A characteristic standing out in the Portuguese market is an expansive supply throughout the period of study, only deviating from this trend between 2016 and 2018. As observed in the relative graph, the average price of the good of study never goes beyond a minimum of €5,80 and a maximum of €6,80, with all yearly values settling between these two.   
The initial contraction of demand seen until 2012 coincides with a fall in active enterprises and in-sector employment, and could hypothetically be tied to the banking crisis occurring within the same time frame, link strengthened by the drop in labour cost, investment success rate and gross operating surplus. Important to note is the reduction in labour cost parallel to that in employment and gross operating surplus, indicating an increase in price in other production factors, namely raw materials. Despite increasing production costs, the sharp decrease in competition allowed for an adjustment process ending on a lower price yet higher supply.  
A period of supply and demand expansion, proven by stable prices and increasing quantities, was followed up in 2016 by a sudden contraction of supply. The observed increase in average price allows to hypothesize a stable demand through this time. On the other hand, its counterpart experiences a variation difficult to justify, with measured volumes essentially returning to the prior year’s value. In terms of the aforementioned factors, the cost of labour had been growing since 2013, but not to such an extent that would confidently tie the two events together, especially considering its unvaried trend in later years, together with that of employment. The successive logical assumption would be analysing the cost of raw materials but, as proven by an increasing gross operating surplus, again creating a link between the two seems far-fetched. Moreso, an almost unvaried number of active enterprises and market concentration in the top ten companies, leaves no evident conclusion to be made. Nonetheless, comparing such data to the global scale shows that such a contraction is isolated to Portugal, and as such is most likely do to variations in national economic policy, possibly following new food manufacturing regulations. A factor pushing for this conclusion would be an observed local minimum in the investment success rate, demonstrating a diminishing confidence in local food manufacturing.   
Despite the sudden shift in trend mentioned earlier, Portuguese supply returns to its expanding trend up, maintaining it throughout the COVID19 pandemic until 2022, when a sudden price drop occurs. A purely hypothetical claim would be addressing it as a reaction to the end of national lockdowns and a shift in preference towards foods outside of retail sale. A more data-backed interpretation would consider the rise in active enterprise and in gross operating surplus and justify it as a general increase in the competitiveness of the food manufacturing sector, as proven by a decrease in average share value (in terms of % of market value). Other ties could be made linking the decrement in the cost of production factors to it, but due to a lack of data following 2022, they cannot be made with full confidence.   
Other defining characteristics that stood out in the analysis process and were deemed relevant regard the unvarying trend of market concentration, settling towards 30% for the first ten companies and around 23% for the first four. Other than communicating a stable leadership of the food manufacture sector, it is indicative of a tendentially oligarchic market, at least from a competition standpoint.

DEMAND

Portugal’s snack market has grown steadily from €1,617M in 2010 to a projected €2,210M by 2024. The market of study can be divided into four main categories: Confectionery, Ice Cream, Savory Snacks and Fruit Snacks, Snack Bars and Sweet Biscuits.

Since 2010, Confectionery has increased by €109M, maintaining the largest share at 28.1% in 2024 (down slightly from 31.6% in 2010). Ice Cream has also seen a robust growth of €190M, while Savory Snacks has experienced the most significant proportional change from its 2010 value at +59,6% (+€181M), which helped it increase its share from 18.8% in 2010 to 21.9% by 2024. Fruit Snacks, Snack Bars and Sweet Biscuits represented 25.1% of the market in 2015, with a slight decline projected to 23.5% by 2024.

The majority of the Fruit Snacks, Snack Bars and Sweet Biscuits share is driven by the sweet biscuits subcategory, which has shown an overall positive growth, increasing from €334M in 2010 to a projected €370M by 2024. Plain biscuits are the primary driver, rising from €155M to €183M. In comparison, fruit snacks and snack bars contribute much less. Fruit snacks are growing steadily, from €24M in 2010 to €92M by 2024, while snack bars show modest growth, from €48M in 2010 to €57M by 2024. Nevertheless, they still remain smaller segments within the market. Overall, the data shows constant growth among the 4 subcategories and a more homogeneous distribution of market share between them compared to 15 years ago.

The demand for Fruit Snacks, Snack Bars and Sweet Biscuits, or Sweet Snacks for short, has shown consistent growth over time, despite gradual price increases within the category, indicating inelastic demand. Consumers appear to view Sweet Snacks as essential or habitual, showing minimal sensitivity to price changes. Additionally, demand for Sweet Snacks is unaffected by price declines in other categories, emphasizing weak substitution effects. This suggests that Sweet Snacks fulfil unique consumer needs, possibly due to their convenience, perceived health benefits, or versatility, making them less interchangeable with other snacks. A brief dip in demand around 2017-18 was likely caused by temporary factors, but the rapid recovery in subsequent years reaffirms the robustness of Sweet Snacks’ appeal. The combination of inelastic demand and weak substitution effects highlights strong consumer loyalty, positioning Sweet Snacks as a stable and promising market segment for investment and development.

The strong relationship between income and snack consumption in Portugal is evident through the correlation analysis. With a correlation coefficient of 0.82 (CI: 0.53-0.94) between GDP per capita and snack consumption from 2010 to 2023, the data confirms that snacks are normal goods, with consumption rising as income increases. This trend reflects evolving consumer behaviours in Portugal, where snacking has become increasingly integrated into daily life as living standards have improved. The resilience of snack consumption became particularly apparent during the 2020 COVID-19 crisis, during which GDP per capita dropped sharply to 2016 levels, and snack consumption maintained its upward trajectory. This divergence during lockdowns suggests that snacking habits have become deeply embedded in Portuguese consumer behaviour, with people turning to these products for comfort and convenience while spending more time at home, regardless of temporary income fluctuations.

In recent years, Portugal has seen a notable increase in the number of vegetarians, reflecting a significant shift in dietary preferences. This trend indicates a growing interest in plant-based diets among the population. A survey from 2017 revealed that vegetarianism had increased by over 400% over the previous decade. The popularity of veganism is also on the rise, with a significant portion comprised of young people aged 25 to 30, with a higher prevalence among women. An increasing number of individuals now identify as ”flexitarians”, as they do not strictly adhere to vegetarian or vegan diets but actively seek to reduce their meat consumption.

The growing demand for plant-based products is supported by public policy initiatives, including legislation mandating that public canteens provide vegan options. With the aid of public institutions, it has also been influenced by rising awareness of environmental issues and animal welfare concerns. Despite the changes in dietary habits, the percentage of vegetarians and vegans remains relatively low compared to omnivores in Portugal. However, it is crucial for companies in the food sector to develop new plant-based products that meet this gradually growing shift in consumer preferences.

COMPANY

Vieira de Castro remains a family-owned business, focusing on local markets while emphasizing its distinction from larger multinational corporations. It operates with a singular subsidiary in Jordan and avoids the aggressive expansion strategies of global competitors.

Portugal’s snack market in 2024 is characterized by a growing polarization between health- conscious products and indulgent treats. Vieira de Castro, though deeply rooted in tradition, has stepped into areas of innovation with the project CLabel+ (“clean label”) to promote ongoing growth, by introducing the Bem-estar (“Wellness”) category, providing a vast choice of products, from no-sugar, to lactose-free and fibre-rich, addressing different consumer needs. The broader market sees consumers balancing indulgence with affordability, reflecting the company’s strategy of offering premium, affordable snacks under €7.50. Additionally, the trend towards eco-friendly and sustainable practices is strong, which Vieira de Castro follows by introducing more environmentally friendly packaging. In a market where consumers are cautious with spending, the snack sector, including biscuits, almonds, and chocolates, key product categories for Vieira, continues to perform well. Its sweet biscuits segment, in particular, has seen positive growth in both volume and value, reflecting Vieira’s strength in this product category. In addition, almonds, part of the savoury snacks category, are continuously innovated, with a focus on sustainability, premium positioning, and new flavours. In general, Vieira de Castro aims at a continuous innovation of their product line, in order to stay competitive and not miss out on key market trends, which, this year, were: • Health and Wellness: Consumers are increasingly seeking healthier snacks, such as sugar-free or gluten-free options. • Indulgence: Indulgent treats, like chocolate biscuits, are still in demand despite the economic pressure. • Sustainability: Green packaging and eco-friendly initiatives are critical in product development.

Vieira de Castro offers a diverse selection, from biscuits to coated almonds. The products answer an indulgent need, and are available at low, transparent prices, all contributing to the health trend in the Portuguese market. Their product line is divided in two different sub-categories: • Confectionery products that can be eaten right on the go (e.g. sweets, savoury and sweet crackers, biscuits, and chocolate-coated almonds ) • Products of the ”Chef” line, intended for culinary applications (as mix-ins and toppings for yogurt, as the sole fruit ingredient when baking cake/brownie mixes or other baked goods).

As noted from the company’s presence on LinkedIn, Vieira de Castro targets a broad consumer base that spans various age groups and socioeconomic segments. This wide ranging appeal matches the broader snack market trend where consumers, despite inflation, seek affordable indulgence, complemented by the rise in private label brands and health- conscious options.

The company sells its products both online and in supermarkets, following broader trends in Portugal where supermarkets and local grocers dominate snack sales. As snacks’ retail through e-commerce remains limited, Vieira de Castro maintains a strong presence in physical stores, a key channel for impulse buys and everyday indulgences. Internationally, the Company operates through a subsidiary in Jordan, without significant changes in the product line, while it works through other resellers in countries like Brazil and the US.

Viera de Castro, particularly dominant in the Fruit Snacks, Snack Bars and Sweet Biscuits, and Confectionery sectors, faces direct competition from both local and international brands. Some of the company’s most formidable competitors include well-known brands such as Mondelez (with products like Oreo, Milka), Ferrero (with Kinder and Ferrero Rocher), and Nestlé (with Kit Kat). These brands not only boast a significant market presence but also have the advantage of strong brand recognition, vast distribution networks, and robust marketing efforts. Moreover, a number of Portuguese companies, such as Imperial and Lusiteca, produce similar products in the sweet biscuits and confectionery space, offering stiff competition on a local level. Viera de Castro holds 1.0% of the Portuguese snack market. While this market share is modest in comparison to the international giants, the company is well-positioned within the sweet biscuits and snack bars categories, going head-to-head with Mondelez’s sub-brands. Viera de Castro’s products are known for their quality and Portuguese heritage, which resonate well with local consumers. A more suitable comparison could be drawn with respect to its main Portuguese competitors, holding similar or minor share values: • Imperial Produtos Alimentares SA: Making up for 1.0% of the market, and up to 3.5% in the Confectionery section, compared to Vieira de Castro’s 1%. • Lusiteca: which registered a steady decline (from 1.2% in 2015 to 0.7% in 2024), also predominantly present in Confectionery (2.6% in 2024), although registering a considerable decline over the last 10 years. Both of them are mostly active in the Confectionery department.

CONCLUSION

Portugal’s socio-economic evolution provides a strong foundation for businesses in the food sector. Rising life expectancy, economic resilience, and improved purchasing power, especially following recoveries from the 2008 financial crisis and the COVID-19 pandemic, have created fertile ground for both essential and indulgent products. The sweet snack market has grown steadily, fuelled by demand among working-age adults who value convenience, indulgence, and healthier options. While traditional products like biscuits retain their appeal, there is a notable shift toward alternatives such as low-calorie, sugar-free, and plant-based snacks, reflecting broader global dietary trends. Vieira de Castro has successfully maintained a balance between its traditional offerings and emerging consumer demands, bolstered by a strong reputation and loyal customer base. However, to sustain growth in an increasingly competitive market, the company must adapt further. Expanding its range of entirely plant-based products is a strategic necessity to meet the rising demand for vegan options, driven by health and environmental concerns. Developing innovations such as gluten-free, high-protein, or reduced-sugar snacks could also attract health-conscious consumers while maintaining the brand’s focus on quality and flavour. Sustainability represents another key area for improvement. With growing consumer awareness of environmental issues, investments in eco-friendly packaging and transparent sustainability initiatives could strengthen Vieira de Castro’s market position and align with industry trends. In conclusion, Portugal’s stable economy and shifting consumer preferences offer significant growth potential for Vieira de Castro. By embracing innovation, sustainability, and market diversification, the company is well-positioned to thrive in a dynamic sweet snack sector.