

CAKES & SWEET BAKED GOODS – GERMANY – 2022

The category benefits from its affordable treat associations, insulating it from major cutbacks in turbulent times. NPD in smaller sizes/formats can push the category in an always-affordable direction.



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Cakes & Sweet Baked Goods – Germany – 2022

This report looks at the following areas:

- Market drivers for cakes and sweet baked goods, including the health vs indulgence dilemma and the impact of inflation
- Consumption frequency, with sweet baked goods and slices of whole cakes eaten most frequently
- Attributes cake consumers consider important for making cakes healthier, with 'lower in sugar' having strongest appeal
- Interest in product concepts, including format and size innovation
- Behaviours related to eating cakes, cake bars and sweet baked goods, including opportunities linked to in-store bakeries and direct-to-home delivery
- Trends in launch activity and opportunities for further innovation



The category benefits from its affordable treat associations, insulating it from major cutbacks in turbulent times. NPD in smaller sizes/formats can push the category in an always-affordable direction.

Overview

Reformulation to make cakes healthier that compromises on taste risks consumer backlash. **83% of sweet bakery consumers** say that a **recipe change that negatively impacts the taste would make them stop buying their favourite one**. Brands are therefore better off **launching additional variants, rather than reformulating core products**.

Cakes and sweet baked goods are in a strong position to **act as mood boosters during times of uncertainty**. Indeed, **64% of sweet bakery consumers** eat these products to boost their

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mood. Packaged cake brands can benefit from benchmarking against pricier foodservice options (eg cake from bakeries), **highlighting features typically associated with fresh products from bakeries/cafés (eg handmade, freshly baked)**.

While being healthy is a comparatively low priority for cake consumers, **BFY innovation warrants attention**, given the interest in healthier variants among a sizeable minority of consumers. **Lower sugar and no artificial ingredients** are the top factors cake consumers find most appealing to make cakes healthier.

Category players will find success with different sizes and formats **that cater for different household sizes, those with smaller appetites or** looking for 'permissible treat-size products'. It can push the category in an always-affordable direction for an indulgent treat, even when incomes are squeezed.

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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five-year outlook for cakes and sweet baked goods

Market context

- Over nine in 10 Germans eat cake, cake bars and sweet baked goods
 - Graph 1: frequency of eating cakes and sweet baked goods in the last three months, 2022
- Squeezed incomes and rising inflation challenge the sweet bakery category
 - Graph 2: average annual wheat price in US\$, 2017-22
- Sweet bakery faces the health vs indulgence dilemma
 - Graph 3: frequency of eating/drinking healthily, 2021

Mintel predicts

- Cakes and sweet baked goods volume sales predicted to decline
- Market size & forecast
- Inflation will be the main driver of value growth over 2022-27...
- ...while volumes are projected to decrease by 2%

Opportunities

- Cake consumers eat with their eyes – so stand out with indulgent, decadent ingredients and toppings
- Innovate more around different formats and sizes
- Approach BFY innovation mindfully
- Step up NPD in vegan/plant-based cakes

The competitive landscape

- Coppenrath & Wiese remains the leading brand in the sweet bakery market
 - Graph 4: company retail market share of cake and sweet baked goods, by value and volume, 2021
- Private label has a strong foothold in the sweet bakery category
- Quick download resources

MARKET DRIVERS

The German economy

- Strong post-COVID-19 bounceback followed by a period of slower growth
 - Graph 5: key economic data, in real terms, 2019-23

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- Economic slowdown fueled by conflict in Ukraine
- Inflation is the key concern in 2022 for consumers, brands and the economy...
- ...impacting financial wellbeing and consumer expenditure
- Squeezed incomes and rising inflation challenge the sweet bakery category
 - Graph 6: average annual wheat price in US\$*, 2017-22
- Sweet bakery faces the health vs indulgence dilemma
 - Graph 7: frequency of eating/drinking healthily, 2021
- Nutri-Score to ensure more nutritional transparency
- Snacking trend bodes well for NPD in snack-size formats

WHAT CONSUMERS WANT AND WHY

Usage of cakes and sweet baked goods

- Over nine in 10 Germans eat cakes, cake bars and sweet baked goods
 - Graph 8: frequency of eating cakes and sweet baked goods in the last three months, 2022
- Younger cohorts are a key target group for sweet baked goods
 - Graph 9: frequency of eating cakes and sweet baked goods, once a week or more, by age, 2022

Qualities influencing product choice

- Visual appeal is the biggest driver of choice in all sweet bakery products
 - Graph 10: qualities making people choose one product over another in cakes, cake bars and sweet baked goods, 2022
- Cake consumers 'eat with their eyes'
- Stand out with indulgent, decadent ingredients and toppings
- The sharing occasion warrants attention
- Appetite for unusual flavours in sweet bakery products points out need for flavour innovation
- Healthier versions of cakes/sweet baked goods sway a sizeable minority...
- ...warranting BFY innovation; however, not at the cost of taste and indulgence

Healthy attributes with most appeal

- BFY innovation should focus on sugar reduction and natural ingredients
 - Graph 11: most appealing attributes to make cakes, cake bars and sweet baked goods healthier, 2022
- Lower in sugar has strongest appeal
- REWE sets an example for a transparent approach to sugar reduction
- Cleaning up ingredient lists will win favour with German cake consumers
- Capitalise on nuts' health halo to boost cakes' BFY credentials

Interest in product concepts

- High interest in different sizes and sustainably sourced ingredients
- Format and size innovation warrants attention

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- Smaller sizes can help brands to tap into the 'less but better' mindset
- Committing to sustainable practices will pay off in the long run
- Embrace category blurring to create new hybrid formats...
- ...and to excite consumers with new texture and flavour combinations
- Innovation in vegan/plant-based cakes will particularly resonate with younger cohorts
 - Graph 12: agreement that there should be more cakes, cake bars or sweet baked goods that are vegan/plant-based, by age, 2022
- Market leader Copenrath & Wiese launches vegan range
- Pair the right attributes to resonate with a wider audience
- Gü brings it all together in one: size, format, dietary needs and original taste

Behaviours related to eating cakes, cake bars and sweet baked goods

- Taste is more important than healthiness
 - Graph 13: behaviours related to eating cakes, cake bars and sweet baked goods, 2022
- When reformulating, communicate improvements clearly and tangibly
- Strong interest in cakes freshly baked in a supermarket's in-store bakery
- Cakes' and sweet baked goods' mood boosting credentials bode well in recessionary times
- Strong interest in direct-to-home delivery, especially among the younger cohort
 - Graph 14: interest in cakes/sweet baked goods delivered directly to home, by age, 2022
- Cross-category inspiration: robots deliver pizzas

LAUNCH ACTIVITY AND INNOVATION

- NPD in sugar reduction remains limited
 - Graph 15: average sugar content in NPD in cakes, pastries and sweet goods, 2019-22
- Discounters and retailers lead cake NPD
 - Graph 16: NPD of cakes, pastries and sweet goods, by ultimate company, 2020-22
- Discounters innovate with smaller formats
- Continued innovation is needed to reduce packaging waste
- Frozen NPD is strong in the first half of 2022
 - Graph 17: NPD of cakes, pastries and sweet goods, by storage, 2019-22
- More room for flavour innovation
 - Graph 18: NPD in cakes, pastries and sweet goods, by top five flavour component subgroups, 2018-22
- Leading brands explore less-conventional flavours
- Well-known brands use their popular brand image and extend their brand
- International inspiration: popular co-branding opportunities targeting families
- The Nutri-Score is being rapidly adopted in the German cake market
- Ethical claims continue to climb
 - Graph 19: NPD in cakes, pastries and sweet goods, top five claims, 2019-22

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- UK inspiration: ethical credentials communicated tangibly
- 'Sustainable' and 'no additives/preservatives' are fastest-growing claims
 - Graph 20: cakes, pastries and sweet goods launches, by selected fastest-growing claims, 2017 vs 2021
- Different ways to boost cakes' natural credentials

Advertising and marketing activity

- Dr. Oetker targets the snacking/sharing occasion with bite-size cake formats
- Coppenrath & Wiese brings Sunday moments to weekdays...
- ...and encourages customisation of its ready-to-eat cakes in video tutorials
- Brammibals vegan doughnut chain puts sustainability centre stage

MARKET SHARE

- Private label has a strong foothold in the sweet bakery category

Retail market share of cakes, cake bars and sweet baked goods, by value, 2019-21

- Coppenrath & Wiese has market leadership

Retail market share of cakes, cake bars and sweet baked goods, by volume, 2019-21

- Private label has a strong foothold with over half of volume sales

MARKET SEGMENTATION, SIZE AND FORECAST

Retail value sales of cake, cake bars and sweet baked goods, by segment, 2019-21

- All segments grow; small cakes see strongest boost
- Sweet bakery sales benefitted from its role as comfort food and mood booster in times of crisis
- Cakes and sweet baked goods volume sales predicted to decline over the next five years
- Inflation will be the main driver of value growth (+7%) over 2022-27...
- ...while volumes are projected to decrease by 2%

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- TURF analysis methodology
- A note on language

Appendix – market size and central forecast methodology

- Forecast methodology

- Forecast methodology – fan chart
- Market size – value
- Market size – volume
- Market forecast and prediction intervals – value
- Market forecast and prediction intervals – volume

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