

CAKES & SWEET BAKED GOODS – GERMANY – 2024

While taste and indulgence are paramount, explore BFY to enhance more frequent snacking and embrace seasonal, local ingredients to develop a sustainability halo.



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Cakes & Sweet Baked Goods – Germany – 2024

This report looks at the following areas:

- Market drivers for cakes & sweet baked goods, including demographic changes and the impact of the economy on cakes and sweet baked goods
- Frequency of sweet bakery consumption with reference to snacking and bite-sized options
- Purchase of sweet bakery goods, including how packaging innovation can improve freshness
- Barriers to sweet bakery consumption, including the power of real fruit pieces
- Behaviours towards sweet bakery goods and the value of frozen options
- Attitudes towards sweet bakery goods and the emergence of aquafaba as a viable egg alternative
- Recent launch activity, innovations, market share, size and forecast



While taste and indulgence are paramount, explore BFY to enhance more frequent snacking and embrace seasonal, local ingredients to develop a sustainability halo.

Overview

Despite added **price pressure**, **consumers appear loyal to sweet bakery consumption**. 94% of Germans consumed sweet bakery in the three months to May 2024, remaining level with 2022 figures. However, **40% of Germans** consider sweet baked goods as less of an everyday treat than other sweet treats, **posing a threat to everyday consumption**.

Weather-induced supply chain issues are **threatening to cause price spikes in the market**, further creating pressure on frequent consumption. Chocolate, a well-established flavour within the category, may experience supply issues **thus creating a perfect moment to**

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expand sweet bakery flavours to address stagnant innovation. Such flavour innovation can centre around locally available ingredients, **adding a sustainability halo to the category whilst mitigating against potential global turbulence.**

Private labels dominate value and volume market shares. Despite signs of improving financial confidence, private labels can strengthen their position with premium-positioned products to attract those looking to entertain guests at home, as price increases within food service will continue to increase at-home consumption.

Mood boosting will retain significance in the category, with brands encouraged to facilitate more 'rule breaking' **to extend the consumption of sweet bakery goods outside of traditional celebrations.**

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Report Content



EXECUTIVE SUMMARY

- The five year outlook for cakes & sweet baked goods

Market context

- Commodity cost rises threaten price hikes...
- ...but financially stable consumers may protect sales
- Government seeks to encourage plant-based consumption whilst reducing visibility of unhealthy food to children
- Ageing population and high obesity rates may increase demand for BFY formulations
 - Graph 1: current and projected share of age groups that make up the population, 2024-50
- Forecast growth of single-households necessitates packaging innovation
 - Graph 2: households and projected household, by type of household, 2000-40

Mintel predicts

- Market size & forecast for cakes & sweet baked goods
- Retail volume sales have stagnated but opportunities exist to address this
- Further price increases expected to continue pushing value growth in the short term...
- ...while volume levels are predicted to grow to a smaller extent

Opportunities

- Leverage natural sweetness to promote more frequent and guilt-free snacking
- Offer food service experience from the comfort of home
- Enhance sustainability in the category through quality local ingredients
- Tap into the snacking trend to boost more frequent consumption
- Provide healthier on-the-go options to support morning commute usage

The competitive landscape

- Private label demonstrate a dominance in the sweet bakery category
 - Graph 3: company retail value and volume sales of cakes & sweet baked goods, 2023

MARKET DRIVERS

The German economy

- 2024 is expected to remain challenging
 - Graph 4: key economic data, in real terms, 2019-25
- The inflation rate is bouncing back to more conventional levels
- Inflation is still the key factor affecting consumers' finances...

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- ...confidence and expenditure
 - Graph 5: financial confidence index, 2022-24

The impact of the economy on cakes & sweet baked goods

- Commodity cost increases may result in price rises for manufacturers...
- ...thus impacting consumer spending
- Strong purchase levels amongst financially stable consumers may protect sales should price rises hit less financially stable consumers
 - Graph 6: purchase of cakes & sweet baked goods, by financial situation, 2024

Snacking trend

- Mood-boosting snacking likely to endure despite improving financial conditions

Health factors

- BMEL nutrition strategy may elevate interest in plant-based cakes & sweet baked goods
- Proposed advertising ban may reduce visibility of cakes & baked goods...
- ...with limited impact expected on the category
- High levels of overweight and obesity may increase demand for BFY alternatives...
- ...benefiting portion-controlled packaging and mindful eating
- Awareness of ultra-processed foods may elevate status of natural, minimally processed sweet bakery
- Scrutiny of non-sugar sweeteners casts doubt on sugar substitutes to aid weight loss

Demographic factors

- Ageing population may increase demand for BFY formulations
 - Graph 7: current and projected share of age groups that make up the population, 2024-50
- Single-household consumption rate requires attention amidst forecast growth
 - Graph 8: households and projected household, by type of household, 2000-40

Sustainability

- Increased organic farming may make organic cakes & sweet baked goods more affordable and permissible

WHAT CONSUMERS WANT AND WHY

Frequency of cake & sweet baked goods consumption

- Trended data reveals a stable picture in the sweet bakery category...
- ...indicating consumer loyalty despite price pressure
- Sweet baked goods considered less of an everyday treat impacting consumption frequency
 - Graph 9: consumption frequency of cakes & sweet baked goods in the last three months, 2024
- Increase consumption frequency with bite-sized options
- Utilise natural sweetness to encourage more frequent, permissible snacking

Purchasing of cakes and sweet baked good

- Rising food service prices may boost demand for whole cakes...
- ...whilst snacking remains central to further sweet baked good growth
- Lifestage data indicates single-person household consumption rate must be addressed
 - Graph 10: purchase of sweet bakery in the last three months, by lifestage, 2024
- Innovate packaging to increase purchase from single-person households

Reasons for not eating sweet bakery more often/at all

- Prompt more frequent consumption by promoting indulgence whilst dialling back on unhealthy ingredients
 - Graph 11: reasons for not eating cakes & sweet baked goods more often, 2024
- Encourage mood-boosting rule breaking
- Target on-the-go breakfast time with real fruit pieces
- Prioritise whole ingredients to remould ultra-processed perception

Behaviours towards cakes & sweet baked goods

- Emphasise quality and value for money to compete with speciality bakeries
 - Graph 12: behaviours towards cakes & sweet baked goods, 2024
- Provide value for money with shelf-stable frozen sweet bakery goods
- Provide further value by delivering the speciality experience at home
- Local ingredients can evoke feel good factor and emphasise quality
- Share joy through short form media to target under-34s

Attitudes towards cakes & sweet baked goods

- Novel ingredients such as aquafaba can help produce more sustainable, tasty vegan sweet bakes
 - Graph 13: attitudes towards cakes & sweet baked goods, 2024
- Utilise aquafaba as an egg alternative to give vegan bakes a sustainability halo
- Evoke calmness through nostalgia by tapping into the grandma trend to appeal to under-24s
- Private labels can offer an at-home premium experience at lower prices

LAUNCH ACTIVITY AND INNOVATION

- Retailers and discounters lead the way
 - Graph 14: cakes, pastries and sweet goods launches, by ultimate company, 2020-24
- Innovative private label launches
- REWE group offers quality and sustainability
- Branded products innovate amid economic instability, while private labels focus more on variety and packaging innovation
 - Graph 15: cakes, pastries and sweet goods launches, launch type by branded vs private label, 2020-24
- Branded innovation examples

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- Flavour innovation can move beyond chocolate for sustainability and cost reasons
 - Graph 16: cakes, pastries and sweet goods launches, by top 10 flavours, 2020-24
- Novel flavours can be used to rejuvenate a relatively stagnant category
- Crunchy, airy and light textures on trend
 - Graph 17: cakes, pastries and sweet goods launches, by top eight textures, 2021-24
- Different textures can encourage different types of consumption
- Decline in average sugar content across the category
 - Graph 18: cakes, pastries and sweet goods launches, by average sugar content, 2020-24
- Start-up NaschNatur offers natural, healthy vegan sweet bakery snacks
- Ethical claims remain important in a category which typically focuses on indulgence
 - Graph 19: cakes, pastries and sweet goods launches, by top 10 claims, 2023-24
- Seasonal launches are stagnant, offering opportunity to broaden definition
 - Graph 20: cakes, pastries and sweet goods launches with seasonal claim, 2020-24
- Seasonal product launches beyond Christmas
- Co-branded bakes allow manufacturers to extend their brand

Advertising and marketing activity

- Dr Oetker positions mini cakes as a spontaneous treat
- Coppenrath & Wiese offers cake for every occasion...
- ...whilst assisting home bakers with seasonal bakes

MARKET SHARE

- Cost of living crisis created favourable circumstances for private label
 - Graph 21: value market share for sweet bakery, 2022-23
- Stable market volume shares with minor private label gains
 - Graph 22: volume market share for sweet bakery, 2022-23
- Add a premium touch to remain ahead of the private label competition
- Improving consumer confidence offers brands a chance to innovate and provide products at a more premium price point

MARKET SIZE, SEGMENTATION AND FORECAST

- Value growth soars as volume stays flat
 - Graph 23: volume market size for sweet bakery, 2019-23
 - Graph 24: value market size for sweet bakery, 2018-23
- Sweet bakery market growth supported by price increased
- Large cakes came out on top in terms of volume growth in 2023
- Further price increases expected to continue pushing value growth in the short term...
- ...while volume levels are predicted to grow to a smaller extent

- Mid-single digit growth expected for cakes & sweet baked goods market value

APPENDIX

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

- Products covered in this Report
- Abbreviations
- Consumer research 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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