DESSERTS – GERMANY – 2023

Desserts' mood-boosting quality trumps short-term health concerns, but small packs and plant-based desserts will allow users to enjoy indulgence in moderation.

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MINTEL

Desserts - Germany - 2023

This report looks at the following areas:

- Market drivers for desserts, including how world crises impact snacking behaviours
- Food and drinks typically consumed after the main course, with desserts dominating this occasion
- Usage frequency of desserts, as over one third of Germans consume chilled desserts on a weekly basis
- Purchase location of desserts, including how supermarkets can push back against the rise of discounters
- Purchase factors for desserts and how manufacturers can look to 'space' for flavour/texture innovation
- Behaviours related to desserts, covering the untapped potential to tailor seasonal desserts to changing German demographics
- Attitudes towards desserts, including the vital role of indulgence in the continued success of the category
- Recent launch activity, innovations, market share, size and forecast

> Desserts' mood-boosting quality trumps short-term health concerns, but small packs and plant-based desserts will allow users to enjoy indulgence in moderation.

Overview

87% of Germans eat desserts (inc. toppings) with 47% of Germans consuming a repertoire of 5-6 desserts, **indicating the dessert category is driven by novelty and experimentation**. 16-24s display the greatest commitment to trying different desserts, with **76% of this cohort consuming 5-6 different dessert types.**

Despite potential concerns over desserts' high sugar content, coupled with already high obesity levels, **indulgence remains a key driver for dessert consumption**. 40% of Germans who eat and buy desserts regard eating less of a standard dessert product as more appealing than eating more of an equivalent 'light' product.

The 'lipstick effect' of a dessert offers support to Germans as **an affordable, mood-boosting treat** during times of economic and societal instability. As a trade off between health and indulgence, smaller pack sizes will play an increasingly important role, with the Nutri-Score labelling system **helping consumers to moderate their indulgence**.

The proposed BMEL nutrition strategy, which advocates an increased uptake of plant-based eating, **may catalyse improvements to the treat factor of plant-based dessert**. There is untapped potential in this space, as 30% of Germans who buy/eat desserts disagree that plant-based desserts are as much of a treat as dairy-based ones.

Report Content

EXECUTIVE SUMMARY

- The five year outlook for desserts

Market context

- Increased Nutri-Score usage may assist consumers looking to balance health and indulgence
  - Graph 1: food and dessert launches, by Nutri-Score inclusion, 2020-23
- The need for affordable pick-me-ups is set to protect retail sales against the draw of foodservice
- Proposed government initiatives may drive demand for plant-based desserts
- Incremental price shifts are unlikely to have a significant impact on retail volume sales
  - Graph 2: dessert consumption, by financial situation, 2023

Mintel predicts

- 2020-21 boom phase is over, but need for indulgent mood boosting offers hope to manufacturers
- Retail volume sales of desserts expected to flatten out
- Retail value sales of desserts will experience only incremental growth
- Market size & forecast

Opportunities

- Shift the narrative of unhealthy desserts by dialling up the fibre content
- Make desserts less sweet and thus more palatable to drive everyday consumption
- Leverage outer space for outside-of-the-box texture inspiration
- Capture attention with DIY short form follow along videos
- Acknowledge Germany's shifting demographic and tailor products accordingly
- Use the novelty of plant-based desserts to introduce sustainability into the dessert category

The competitive landscape

- Own-label desserts gain retail volume and value shares in a time of economic difficulty
  - Graph 3: company retail value and volume sales of desserts, 2022

MARKET DRIVERS

The German economy

- Economic recovery to follow the slowdown in 2023
  - Graph 4: key economic data, in real terms, 2019-25
- The inflation rate is slowly bouncing back to more conventional levels
- Inflation is still the key factor affecting consumers' finances...

- ...confidence and expenditure

  - Graph 5: financial confidence index, 2022 - 23

Market drivers for desserts

- Obesity crisis may dampen sales of highly sugared desserts

  - Graph 6: overweight and obesity rate, by BMI and age group, by % of population, 2014 and 2019

- Germany's ageing population may present issues for dessert makers, amidst lower usage levels

  - Graph 7: consumption of desserts, by age demographic, 2023

  - Graph 8: current and projected share of age groups that make up the population, 2023-50

- High sugar content of desserts may continue to act as a speed bump to growth, especially amongst the elderly

  - Graph 9: dessert launches, by average sugars per 100g, 2013-23

- Scrutiny of NSS casts doubt on sugar substitutes to aid weight loss
- Persistent world crises may invoke desire for mood-lifting snacks, boosting dessert sales
- Post-COVID hermit behaviours may fortify at-home dessert consumption
- Dessert brands may be protected from raw material price rises by relatively inelastic demand

  - Graph 10: dessert consumption, by financial situation, 2023

- Energy price decline may reduce production costs and storage of desserts
- Proposed ban on advertising to children may hamper visibilty of desserts
- Shift towards sustainable nutrition may see increase in plant-based dessert launches
- Proposed BMEL 2023 nutrition strategy may catalyse improvements to the treat factor of plant-based desserts

  - Graph 11: responded 'indulgent'' to 'attributes looked for in a dessert for different occasions', 2023

- Nutri-Score may prompt German buyers to look for smaller, indulgent desserts

  - Graph 12: food and dessert launches, by Nutri-Score inclusion, 2020-23

WHAT CONSUMERS WANT AND WHY

Food and drinks typically consumed after the main course

- Desserts rank fourth on consumers' post-main meal food choice, behind fruit, ice cream and yogurt

  - Graph 13: types of food/drink typically consumed after the main course of a meal, 2023

- Use fruit content to meet planned advertising regulations and address the fibre 'crisis'
- ...and secure long-term growth of the desserts category
- Embrace category blurring in desserts and build on the feel-good factor of ice cream

Usage frequency of desserts

- Over one third of Germans consume chilled desserts on a weekly basis

  - Graph 14: consumption frequency of desserts, 2023

- Chilled desserts are Germans' favoured dessert format, providing a convenient middle-ground between frozen and non-chilled

  - Graph 15: consumption of desserts, by type, 2023

- Dessert repertoires peak with 16-24s and decline with age
  - Graph 16: repertoire of desserts eaten, by age, 2023
- 16-24s eat the most desserts, with usage high amongst under-44s generally
  - Graph 17: dessert consumption, by type and age, 2023
- Desserts can benefit from the 'lipstick effect', with usage high across all financial situations
  - Graph 18: consumption of desserts, by financial situation, 2023
- Less-sweet desserts can help drive everyday usage from a more reluctant 45+ cohort
- Leave sugar reduction in the hands of the consumer

Purchase location of desserts/dessert toppings

- Desserts predominantly bought in traditional retail locations
  - Graph 19: purchase location of desserts/dessert toppings, 2023
- Supermarkets can introduce meal deals that include desserts to impose dominance over discounters
- Place 'better for you' desserts in the snack aisle to tap into 'snackification'

Purchase factors for desserts

- Indulgence factor is vital across all dessert-eating occasions
  - Graph 20: purchase factors for desserts, by consumption occasion, 2023
- Target special occasions with desserts containing different textures
  - Graph 21: desirable properties of desserts, by 'combination of different textures', 2023
- Parfait desserts create diversifictaion opportunities for sweet category players
- Look to 'space' for new texture inspiration
- Take inspiration from the UK chilled dessert market on how to deliver affordable premium…
- …and use TikTok, Instagram reels as well as YouTube shorts to help spread dessert innovations like wildfire

Behaviours related to desserts

- Strong potential for seasonal desserts to pique interest through novelty and scarcity
  - Graph 22: behaviours related to dessert consumption, 2023
- Create DIY kits to celebrate seasonal occasions to rekindle relationships
- Leverage UEFA Euro 2024 as a seasonal event to boost dessert usage
- Reconsider 'traditional' celebrations to reflect diverse nature of modern German society
- Tacit approval of unhealthy ingredients means old favourites must stay

Attitudes towards desserts

- Indulgence remains a key priority amongst dessert users/buyers
  - Graph 23: attitudes towards desserts, 2023
- Leverage childhood happiness with old classics to drive dessert usage
- Use clear packaging to enhance the natural feel of desserts
- Use single-serve dessert packs to encourage permissible indulgence in growing number of single households
  - Graph 24: dessert consumption, by lifestages, 2023

- Introduce sustainability to the dessert category with plant-based desserts
- Use novel taste experiences to increase the treat factor of plant-based desserts
- Dial up the indulgent feel of plant-based desserts with precision fermentation

LAUNCH ACTIVITY AND INNOVATION

- Private label and discounters may appeal in times of economic strife
  - Graph 25: dessert launch share, by company, 2021-23
- Over a third of dessert launches are private labels
  - Graph 26: dessert launches, by branded vs private label, 2023
- Private labels leverage familiarity through new varieties, whilst brands have more scope to launch new products
  - Graph 27: dessert launches, by private label vs branded, by launch type, 2022-23
- Dr. Oetker zones in on taste with its BFY approach to desserts
- Lidl innovates in the premium space with tertiary label chef select
- Ehrmann claims to offer 'more than a dessert'
- Molkerei Alois Müller ratifies taste credentials with 'highly gifted' taste testers
- Ethical claims appear to be slowing down in the dessert category
  - Graph 28: dessert launches by top 10 claims, 2021-23
- Vegan/plant-based launches are limited, yet growing
  - Graph 29: dessert launches, by vegan and plant-based claim, 2020-23
- Plant-based/vegan desserts can do more to emphasise indulgence
- Chilled dessert launches give way to shelf-stable desserts
  - Graph 30: dessert launches, by sub category, 2021-23
- Versatile, shelf-stable desserts are appearing on the German market
- Private labels lead the way on premium claims
- Relatively low 'no added sugar' claim indicates indulgent status of desserts
  - Graph 31: dessert launches, by sugar related claims, 2020-23
- Manufacturers opt against sugar and fat reduction, confirming desserts' indulgent status
  - Graph 32: dessert launches, by average fat content per 100g, 2013-23
  - Graph 33: dessert launches, by average sugar content per 100g, 2013-23
- Brands fuse health claims to build an emerging functional, yet indulgent category…
- …however, high protein claims are plateauing, creating room for modified 'BFY' claims
  - Graph 34: dessert launches by high/added protein claim, 2020-23
- Indications of shift away from chocolate as a key flavour, with Germans seeking out less-sweet flavours
  - Graph 35: dessert launches, by flavour component (incl blend), 2021-23
  - Graph 36: desired features of a dessert, 'not too sweet', by consumption occasion, 2023
- Unflavoured/plain flavour claims may help build healthier halo
- Surge in launch activity for 'pulpy' desserts down to an increased focus on fruit purees/sauce

- Graph 37: dessert launches, by top five textures, 2020-23

- Fruit purees may help desserts reclaim the post-main course consumption occasion, with an indulgent touch

ADVERTISING AND MARKETING ACTIVITY

- Dr. Oetker showcases the variety of flavours on offer in its range
- Coppenrath & Wiese is the ideal partner for festivities
- Müller focuses on the taste of its vegan range
- Euro 2024 offers opportunity to revamp old classic

MARKET SHARE

- Market share for desserts
- Own label desserts gain strong value share…
- …owing largely to strong growth of own label volume share

MARKET SIZE, SEGMENTATION AND FORECAST

- Inflation ensures retail value sales growth despite a retail volume sales regression
- Increase in retail value sales across the board owing to hike in cost of raw materials
- Retail volume sales of desserts take a hit as consumers dial back on unhealthy eating
- Potential crash of consumption volumes ameliorated by post-COVID 'hermit' eating behaviours
- Retail volume sales of desserts expected to flatten out
- Retail value sales of desserts will experience only incremental growth

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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