



SUGAR, VEGANISM AND GUTSY FLAVORS IN UK SWEET BAKERY

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CONSUMER LIFESTYLES



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Sugar, Veganism and Gutsy Flavors in UK Sweet Bakery

British consumers sure do love their cakes, pastries and biscuits. This report looks at UK consumers' primary motivations for buying these items, what role the health factor plays for them, and also at what time of day Brits prefer to indulge in these offerings, highlighting some

interesting differences between the UK other European countries. We also consider the impact of veganism on the UK's sweet bakery sector and come to the conclusion that flavor innovation is the way forward.



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HOW IMPORTANT IS HEALTH IN SWEET BAKERY?

Our latest Consumer Research Survey (2018) reveals that sweet baked goods near enough enjoy staple food status in the UK, with just over 37 percent of UK consumers purchasing these on a typical grocery trip. For comparison, in France, Germany and Italy more than half of consumers habitually toss them into their shopping cart, while in Spain, where bakery culture is less developed when compared to its neighbors, it's just under 14 percent.

What criteria do UK consumers apply when purchasing sweet bakery items? Not surprisingly, tastiness is the leading motivation, with 41 percent of UK consumers giving it as their reason for buying sweet baked goods.

One quarter admitted to buying these products “to treat or reward themselves.” These responses are just what one would expect when dealing with an indulgence category.

Health aspects were rated by just 14 percent of UK consumers as a factor they paid importance to when buying sweet baked goods. However, nearly one quarter (24 percent) declared that they had, in fact, decreased their consumption of these products, two thirds of whom gave “because it is unhealthy” as their reasoning. And so it does seem that health issue matters more than it would first appear. This highlights once again, that UK consumers perceive “healthy indulgence” to be something of an oxymoron.



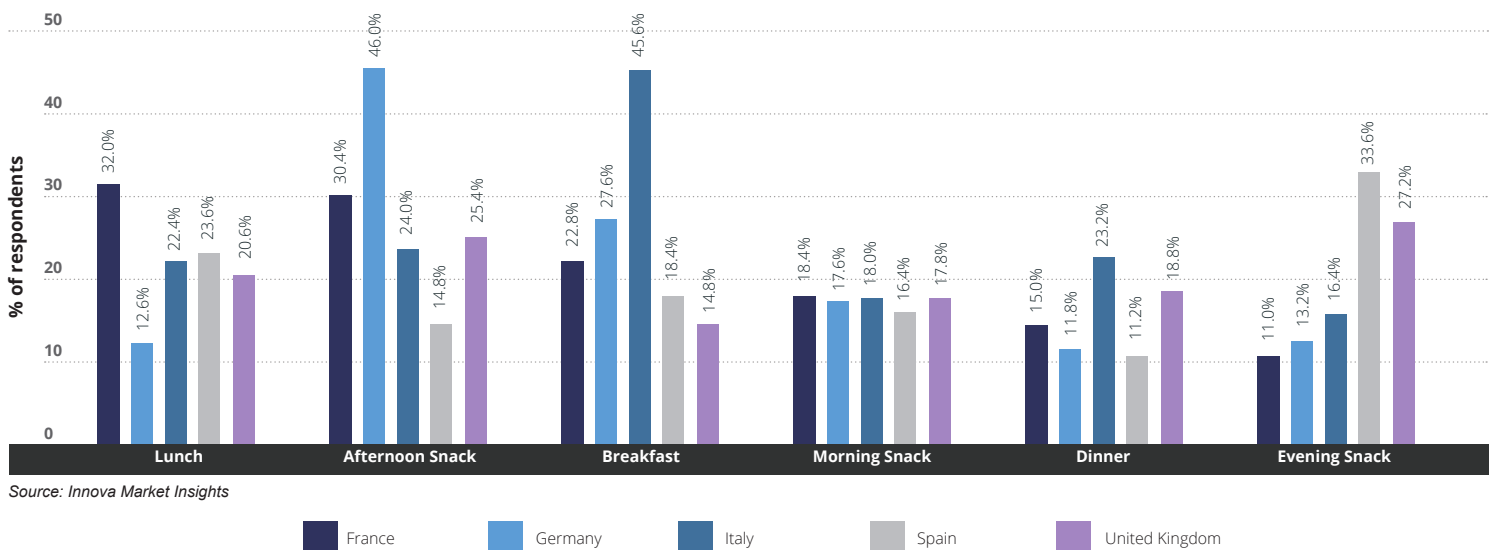
BRITS FANCY SWEET BAKERY AT ANY TIME OF DAY

Consumption occasions for sweet baked goods are heavily influenced by cultural factors, and these differ markedly across countries. In the UK, only 14 percent of consumers questioned said that they typically consumed these products for breakfast compared to 46 percent of Italian consumers. For 46 percent of German consumers, sweet bakery items make the perfect afternoon snack, which is hardly a surprise, since the afternoon coffee and cake session is somewhat of a national ritual. For a third of Spanish consumers, sweet bakery items make the perfect evening snack, which is hardly a surprise, since the afternoon coffee and cake session is somewhat of a national ritual. For a third of Spanish consumers, sweet bakery items featured on the evening snacking occasion.

Although Brits aren't super keen on sweet cakes, pastries and biscuits for breakfast, they are fairly evenly drawn to them on all other occasions, as illustrated by the chart below.



| When do you typically consume sweet baked goods? (2018)



The very fact that sweet bakery products are not pigeonholed as suitable for just one daily slot provides UK bakery brands with ample scope for creative positioning towards any consumption occasion.

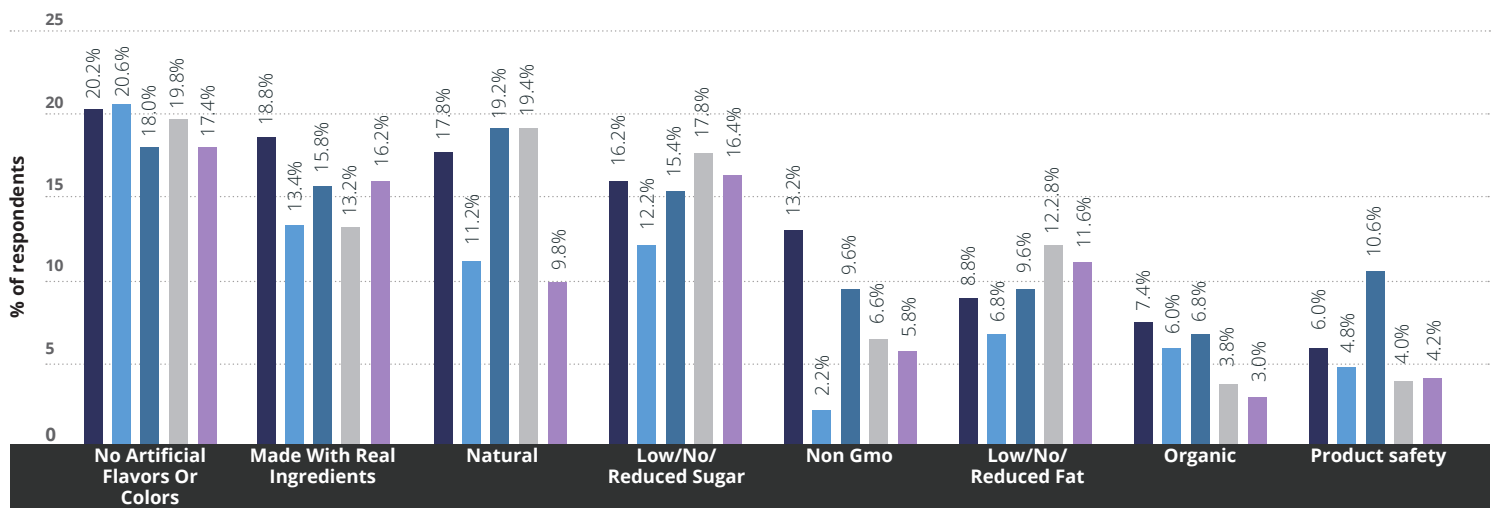
THERE ARE MANY WAYS TO TACKLE THE SUGAR ISSUE

Although health aspects do not play a central role in the indulgence categories, they are nevertheless affected by a number of macro trends that are making their mark across the packaged food and beverage sectors, such as clean label, the drive towards authentic, artisanal and natural, and also the 'war on sugar.'

Again, drawing on our Consumer Research Survey, for 17 percent of UK consumers "no artificial flavors or colors" was among the most important three factors when making a purchasing decision, followed by "low/no/reduced sugar" and "made with real ingredients." As evident from the chart below, however, some clean label related and natural claims were less crucial for British consumers than to their neighbors.



Choose up to three factors that most influence your purchasing decision when purchasing sweet baked goods? (2018)



Source: Innova Market Insights

France Germany Italy Spain United Kingdom

French and Dutch consumers paid more attention to the absence of artificial ingredients, naturalness, non GMO and organic claims.

“Vegan bakery is not about to push out the conventional. Consumers will always identify ingredients like butter, milk and eggs as the hallmarks of the “real thing” and authenticity, as industry observers will know, is a huge crowd puller. However, vegan offerings are becoming a firmly established segment and bakery brands, whether in packaged food or foodservice, will be expected to cater for the growing number of vegan consumers.”

The ‘war on sugar’ has caused ripples across sweet bakery, despite its indulgence status. Our data shows that new product launches in sweet bakery products featuring low sugar, no added sugar or sugar free claims more than tripled in the years 2017 and 2018 when compared to 2016.

New launch activity in this segment is frequent, and also diverse from a strategic positioning point of view. September, for example, saw the introduction of Siro Sugar Free Oaty Biscuits and Siro Chocolate Chip Cookies (by Spanish Baker Cerealto) as well as additions to the Free Ist line of sugar free cookies, including Coconut and Choc Striped Peanut Cookies. Both brands use maltitol as a sweetener.

Free Ist, whose packaging is altogether much trendier than its competitor’s, uses the words “with sweetener” prominently front-of-pack as part of the product name. This is quite a brave move in a market environment, where consumers are increasingly skeptical towards anything “artificial.” The Better Cookie launched in June by Healthspan, by contrast, which also uses maltitol, chooses to opt for a more “natural” image than the other two, helped along by an up-to-date packaging design that features “wholesome” green-colored elements. Wheyhey, whose Chocolate Coconut Brownies debuted in July, prefers to highlight the fact that its products are “naturally low in sugar” on its packaging instead. The sweetening agents used in this product are sugar and concentrated grape juice.



Source: Innova Market Insights

IS ALL BAKERY GOING TO BE VEGAN SOON?

Vegan bakeries and patisseries are mushrooming in London. Last March, donut specialist Crosstown opened its Vegan Crosstown outlet in Marylebone showcasing its range of vegan sourdough donuts, featuring flavors like Tropical Compote, Coconut Custard & Lime and Beetroot Blood Orange. July witnessed the inauguration of Café Forty One, “London’s only vegan French patisserie,” according to the company, whose raison d’être it is to provide a “contemporary alternative” to traditional French pastries and other sweet bakery items, including Classic French Strawberry Tart and Chocolate & Praline Millefeuille. But it’s not just a London affair: In September 2018, Pret A Manger opened its first Veggie Pret outside of the capital, in Manchester, a location chosen by popular request on social media platforms. Needless to say, Veggie Pret also caters for vegans.

The veganism trend is nothing short of buoyant in the UK. According to the (UK) Vegan Society, although strict vegans only account for 1.16 percent of the population, equating to around 600,00 vegans, their number has actually quadrupled since 2014. Furthermore, one of the

organization’s surveys conducted in March 2017 had shown that 11 percent of Britons had at least attempted to adhere to a vegan diet,¹ revealing it as a fairly widespread aspirational goal.

Our data shows that vegan product launches in the UK across the entire bakery sector first started to rise markedly in the year 2014, peaking in 2017, when nearly three times as many baked goods featuring a vegan claim appeared on the market compared to 2013.

UK supermarkets are, of course, fully on board. Tesco’s dedicated private label vegan range, Wicked Kitchen, which comprises a wide range of convenience foods, has doubled in size since it was first launched in January 2018. In October, the line underwent further expansion that included the addition of sweet bakery offerings like Charred Pineapple Dream Cake and Red Velvet Brownie.

Also in October, Aryzta Food Solutions, a company that supplies the catering sector, added two new loaf cakes to its vegan range: Lemon, Chia Seed & Pistachio and Chocolate Cookie.



Vegan meringues topped with exotic fruits



Vegan chocolate cake



Vegan meringue kisses



Vegan Victoria sponge

Source: Tesco, Innova Market Insights

Tesco, just like all other UK supermarkets, do not just offer packaged vegan offerings but provide consumers with plenty of inspirations on how to create vegan versions of their favorite desserts using ingredients available in-store.

Consumers' motivations for choosing vegan offerings may come from an ample spectrum rooted in personal health, animal welfare and environmental sustainability considerations, and these areas have historically provided the initial push for many start-ups in the vegan arena.

The reason of vegan bakery's roaring mainstream success, however, goes way beyond any health, ethical or environmental concerns. The organoleptic experience that some of these products are capable of providing rivals - and even exceeds! - that of standard counterparts, resulting in scores of non-vegans getting hooked on them. Many end up indulging regularly, despite their being vegan, rather than because of it. The positive experience of unexpectedly liking a vegan cake or cookie also makes people more open to trying other vegan offerings, resulting in something resembling a snowball effect.

Vegan indulgence is now a firm part of the sweet bakery offering in the UK, also helped along by the simple fact that indulgence products are frequently intended for sharing with others, e.g. among friends and in the office, and the probability of there being a vegan in one's circle is high. According to a Vegan Society survey, half of all Brits know someone who is vegan, and an even larger percentage (56 percent) adopt certain vegan buying behaviors when out shopping,² for a multitude of reasons. By not providing vegan choices, brands are not merely missing out on a handful of vegan customers' business, but potentially on a much bigger consumer spend courtesy of vegans' friends, family and co-workers keen on including them in a sharing experience. Being inclusive of minorities has risen to become a key factor in terms of product differentiation.



“In terms of flavor innovation, the combination of hot and sweet has proven a success in many packaged food categories, including confectionery, where the chocolate & chili combo is becoming ever more popular. We are starting to see this also appearing in sweet baked goods, e.g. dark chocolate and chili cake, and these offerings will proliferate in the near future. Sweet, hot and nutty is another variation on the theme with much potential. Besides, it is a flavor combination, which UK consumers are already familiar with from savory offerings in Thai cuisine.”

FLAVOR AND FUSION: A ROUTE TO NOVELTY

There is a big trend towards artisanal & craft products which is evident across the entire food and beverage market. This, in turn, is boosting demand for more sophisticated adult flavors and it has also spawned some innovative fusion products.



Salted caramel, for instance, far from being a short-lived fad, is popping up everywhere. In October 2018, high-end supermarket Marks & Spencer launched an own-brand Salted Caramel Choux Wreath under its Dessert Menu range. The same month saw the arrival of Aunt Bessie's Melt in the Middle Pudding Salted Caramel flavor. Aunt Bessie's Salted Caramel Roly Poly has already been part of the line-up for a while, showing that there is no contradiction in a traditional brand like Aunt Bessie's adopting a flavor combination, which, until a few years ago was still regarded as somewhat unusual.



Source: Innova Market Insights

The new reality is that salted caramel is well accepted in the mainstream by now; the combo of sweet and salty is no longer perceived as “weird.” And there is no reason why a kick of salt wouldn’t also go well with other “brown” flavors, like toffee, butterscotch, chocolate, nut flavors and even vanilla. Even better if the salt could be attributed a specific provenance, like Himalayan or Cornish sea salt.

Our Consumer Research Survey (2018) showed that British consumers are fairly susceptible to more variety and novelty on offer, and also to promotions: When questioning those 13 percent of consumers, who had indicated that they had increased their consumption of sweet baked goods, 30 percent gave those two reasons for buying more of these products. So, Brits are keen to try something new, and if it's part of a promotion, all the more tempting. This means that brands needn't be scared to try out new flavors, as long as they make their novelties easily accessible to consumers.

A line-up of adventurous and sophisticated flavor creations was presented to the UK market in July 2018 by Dean's Shortbread with a range of shortbread rounds featuring Strawberry & Pink Peppercorns; Gin, Lime & Juniper, Whisky Marmalade; and Sour Cherry & Dark Chocolate.



Deans Strawberry And Pink Peppercorn Shortbread Rounds



Deans Gin Lime And Juniper Shortbread Rounds

Source: Innova Market Insights

Last August witnessed the arrival of an innovative fusion product: Yorkshire Pud with Rhubarb & Ginger Crumble by the Real Yorkshire Pudding Co. Yorkshire pudding is traditionally a savory pastry served with gravy as an accompaniment to roasted meat and vegetables. The concept of a sweet version, however, may well end up winning over British shoppers, who are drawn to both novelty and tradition.



Source: Innova Market Insights



What's Next?

- UK consumers are very flexible in terms of when they consume sweet bakery products during the course of the day, and this gives brands plenty of scope for targeting their products at various snacking occasions. The first step is to identify the currently preferred consumption occasion of their product, and then broadening their audience by working on their marketing or investing in NPD to adapt their products accordingly. Steamed puddings, for instance, which are traditionally served as a dessert, could be “healthified” a little and promoted as a breakfast food.
- Vegan bakery is not about to push out the conventional. Consumers will always identify ingredients like butter, milk and eggs as the hallmarks of the “real thing” and authenticity, as industry observers will know, is a huge crowd puller. However, vegan offerings are becoming a firmly established segment and bakery brands, whether in packaged food or foodservice, will be expected to cater for the growing number of vegan consumers.
- In terms of flavor innovation, the combination of hot and sweet has proven a success in many packaged food categories, including confectionery, where the chocolate & chili combo is becoming ever more popular. We are starting to see this also appearing in sweet baked goods, e.g. dark chocolate and chili cake, and these offerings will proliferate in the near future. Sweet, hot and nutty is another variation on the theme with much potential. Besides, it is a flavor combination, which UK consumers are already familiar with from savory offerings in Thai cuisine (i.e. ‘satay’, a sweet and hot peanut sauce) and this could easily be extrapolated to indulgence bakery.

SOURCES

1. Statistics. The Vegan Society (2018) <https://www.vegansociety.com/news/media/statistics>
2. Ibid.

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