KANTAR WORLDPANEL

THE BAKER

NEWSLETTER – November 2016

WELCOME

Welcome to The Baker. We hope our articles inspire discussions and ideas in your own market off the back of wider category trends.

In this edition, we have looked into the impact of one of the nation's most loved television programmes, The Great British Bake Off; the rise of health and what this means for bakery and equally, why we see growth in sugary bakery choices.

We look forward to hearing your opinion on the topics and as always, any feedback you have, we'd love to hear.

Many thanks,

The Kantar Worldpanel Bakery Team

AGENDA

Can GBBO bring in a rise in dough for Home Baking?

It's no secret that the UK bakers are hanging up their pinnies, as the home baking market has declined by 5.1% in the last year, losing a whopping £37M in value. Concerns about health and the rise of cheap, convenient alternatives have resulted in shoppers turning their back on their once beloved mixing bowls. At such an all-time low, can the multi-award winning Great British Bake Off act as a saving grace and boost sales?

Last year, 14 million viewers tuned in to the final of The Great British Bake Off, unable to resist Mary's charm and Paul's steely glare, making it one of the most watched shows in the UK. In the 12 weeks that Bake Off ran, Home Baking saw an uplift in sales of 3.3% versus the previous 12 weeks, with over 600,000 new shoppers entering the category. Cake coverings and Baking Fruits were key drivers of growth as shoppers worked to create their very own show-stoppers at home. With 1 in 10 Home Baking Occasions having guests present compared to a 2% average, it's clear the UK loves to show off its baking skills.

With the return of GBBO this year, retailers are keen to drive occasions and put some life back into the home baking category. Morrisons has gone as far as to appoint a Bake Officer who monitors buying trends prompted by the show and makes sure the shelves are fully stocked to cater for Bake Off fanatics. So far, it seems to be paying off. Home Baking has seen a 6% uplift in the first 4 weeks since the show started, worth £2.6M. Morrisons has enjoyed the second biggest growth of the Big 4 in the category at 4.9%, second only to Asda. However, Aldi storms ahead of everyone, driving nearly £1M of extra spend in the latest 4 weeks as their Bake Off-inspired, price-friendly cookware range has clearly driven footfall into the home baking aisle.

However, the "Mary Berry Effect" doesn't last. Whilst home baking tends to continue to grow through the Christmas period, once January hits and the diets begin, interest begins to wane and sales plummet back down to pre-Bake Off levels. Recently, significant changes to the show in the coming years have been announced so it will be interesting to see whether these have an impact on this key trading period for Home Baking. But with change comes new prospects, and the introduction of ad-breaks in such a popular programme may provide key advertising opportunities for Home Baking brands and retailers.

Will Paul Hollywood and the show's format be enough for the category to capitalise on next year? The proof will be in the pudding.

Chloe Ashe
Client Executive

What's **Hot** in **Health?**

Some categories are under more pressure than others. Think of the recent soft drink sugar tax for example, but with more people choosing health as a reason for consumption, it is a good idea for retailers and manufacturers to get on board. However, this isn't health as in diet; this is health as in wholesome, natural and balanced, which is affecting bakery staples.

So, what does this mean for bakery? There is a long-standing debate about 'dreaded' carbs, but in reality, health means different things to different people and there is no 'one size fits all'. 'Lighter/not filling' is the fastest growing health choice for bakery consumption, up 24%, and this need has been met through mini and thin versions of our bakery staples. Yet this trend has not necessarily proved sustainable; after an unbeatable few years, sandwich thins have slipped into double digit decline, partly driven by a decrease in promotions. Which begs the question, is price still paramount to health?

Aside from portion control, ingredients have been removed to claim products are less processed, and added to claim increased nutritional benefits. It is no longer unusual to see Quinoa crop up outside of the grains aisle! Wrapped bread is in its 3rd consecutive year of decline, losing almost 900k shoppers since 2012, and whilst white, brown and wholemeal varieties suffer, the only optimism comes from loaves featuring 'bits and inclusions', up +5%.

Although not new news, Gluten Free bakery continues to grow at +19.6% since last year, driven by new shoppers (315k to be precise), and people buying more often. This has been one small saving grace for the struggling wrapped bread sector and we do see Gluten Free bakery options continually expanding. Those suffering from intolerances or choosing the Gluten Free lifestyle can now comfortably take their pick from a range of indulgent cakes, Ciabatta breads, bagels, pancakes…the list goes on.

Moving on, it is the buzzword of the minute, and now items which were once confined to specialist stores and websites have hit the mainstream. What is the word? Protein of course! Protein enriched products have been cropping up in the cereal aisle, the yoghurt fixture and now bakery, and although still niche, this will be one to keep an eye on. If the success of Arla's Protein Yoghurt launch is anything to go by, tripling in value in the latest year, those bakery brands playing in this area are on for a win.

Regardless of what health really means, brands as a whole are becoming more lifestyle-focused through increased online content and health industry hook-ups. Shoppers are becoming increasingly influenced by what they see on Instagram and less tempted by dieting.

Kathryn Brown, Client Manager

With sugar being caned in the media, are shopper tastes becoming more refined?

In the past year we have seen Total Bakery sales decline by -0.8%, equating to £48m worth of losses. This has largely been driven by price deflation, and shoppers buying less each time they go into store. We also know that health is a key focus – a Kantar Worldpanel Nutrition survey recently found that 92% of consumers are trying to manage or reduce the amount of sugars in the foods they buy.

Given shoppers' increasing concerns around health, it seems surprising that there is still strong growth to be found among more sugary choices, with sales of Pain au Chocolat, Croissants, Crepes, Waffles and Brioche growing at a combined +9.7% on last year (an extra £32m of sales). 16.3m households are now buying into these products (940k more than the year before), and shoppers are also buying more frequently. So what drives shoppers to choose these less healthy alternatives?

As we might expect, breakfast is key for these products, as this is when two thirds of consumption occasions take place. A further 13% of occasions are at lunch, with snacking accounting for an extra 13%. When shoppers were asked what motivated them to choose these products, the most common response was that they enjoy the taste, followed by being easy to prepare – so enjoyment and convenience are the key drivers of consumption. It appears that when it comes to health, shoppers' concerns are not necessarily reflected in their purchasing behaviour!

Compared to Bakery as a whole, Treat options also attract a very different shopper. Families account for 44% of spend on these products, far more than the 28% they make up in the total category. These shoppers are typically also younger and more affluent than usual – two thirds of spend comes from shoppers aged under 45, compared to the bakery average of around half.

However, despite the strong performance of these bakery sectors, noise around health only looks set to continue – the Government has already enforced a 20% tax on sugary drinks, and other categories could soon follow. With this in mind, there appears to be a clear opportunity to offer families a healthier alternative, particularly at breakfast. For manufacturers, the challenge is to make sure that products appeal to shoppers' key motivators of convenience and enjoyment, while also falling in line with health and sugar concerns.

Matthew McGarry, Client Executive

MEET THE *AUTHORS*

Chloe Ashe
Client Executive

Joined Kantar: September 2015

Favourite Bakery Product: Maple Pecan Danish

Chloe joined Kantar after graduating from the University of Kent with a degree in International Business. Outside of her role, Chloe enjoys exploring London and perfecting her show stoppers in the kitchen.

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Kathryn Brown
Client Manager

Joined Kantar: May 2014

Favourite Bakery Product: Anything I can combine with eggs and avocado

Kathryn graduated from Nottingham Trent University in 2011 with a degree in Fashion Marketing and Branding. Before joining Kantar she worked in a marketing role at Thorntons. Outside of work she enjoys staying active by running, climbing and escaping to the countryside.

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Matthew McGarry
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Joined Kantar: 2014

Favourite Bakery Product: Pain au Chocolat

Matt joined Kantar after graduating from the University of Exeter, with a degree in Business and Management. He now works on a variety of chilled, frozen and bakery sectors. Outside of work he enjoys watching and playing sports, especially football and cricket.

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