

The background of the slide is a top-down view of various breads and baked goods on a wooden surface. On the left, a round wooden board holds several small, round rolls. In the top center, a wicker basket is filled with large, dark, salted pretzels. To the right, there are several long, crusty loaves of bread, some whole and some sliced. In the foreground, a wooden tray contains several long baguettes and some smaller rolls. The overall scene is warm and inviting, showcasing a variety of bakery products.

Bread and Baked Goods

Emma Clifford – Associate Director – Food and Drink

Agenda



Consumer habits



Market performance



Market forecast



Innovation trends



Where next?



Conclusion

Slide 1

Consumer Habits

Purchasing and Usage

Near universal purchasing of bread

Purchasing of bread in the past month, by type, August 2017

Any type of bread



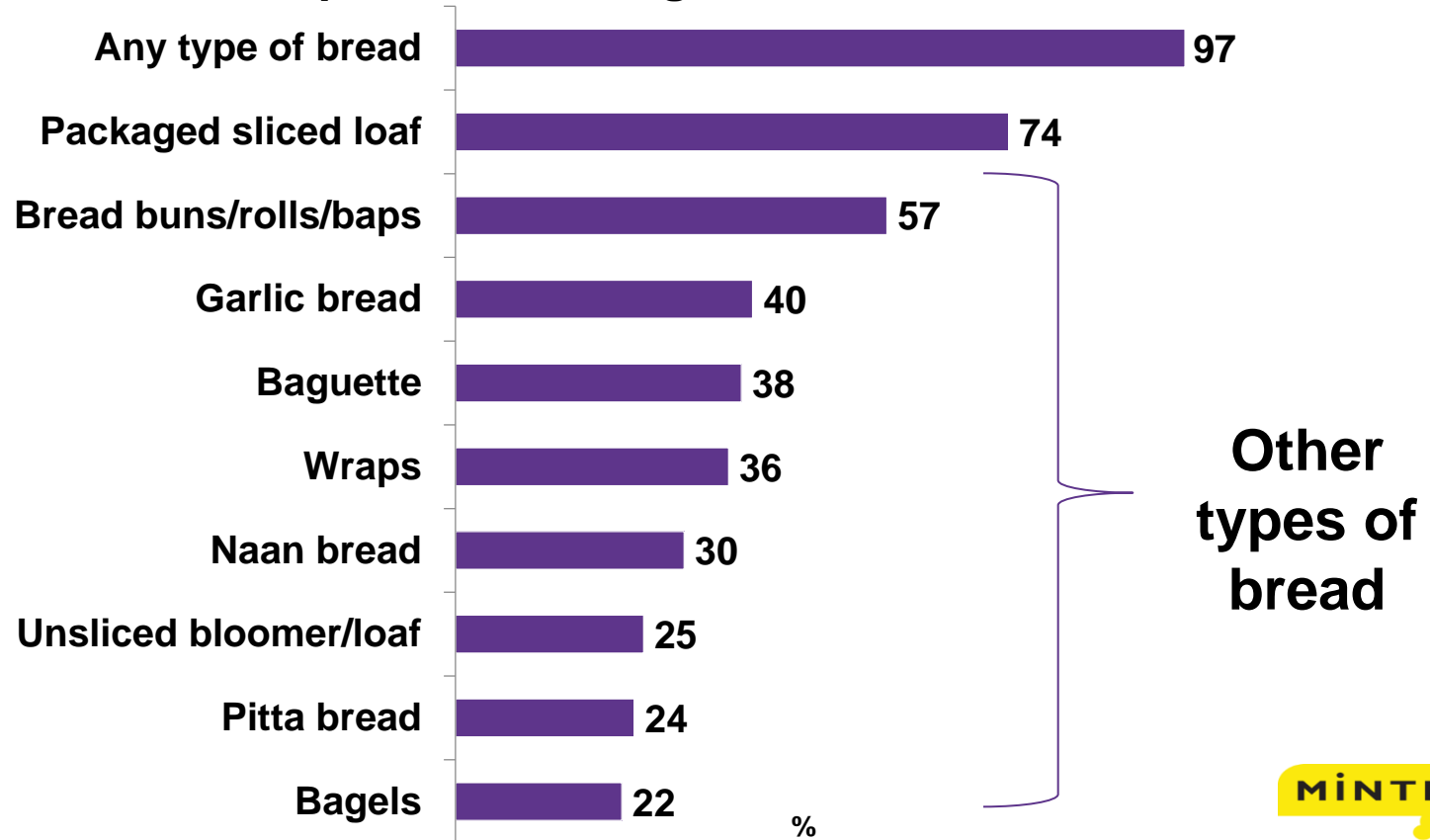
Near universal purchasing of bread

Purchasing of bread in the past month, by type, August 2017



Slide 2 Near universal purchasing of bread

Purchasing of bread in the past month, August 2017



Slide 3 Frequency of Usage

Sliced bread

43%

Every day

32%

2-6 times a week

17%

Once a week or less

Other types of bread

13%

19%

47%

Baked goods are also popular

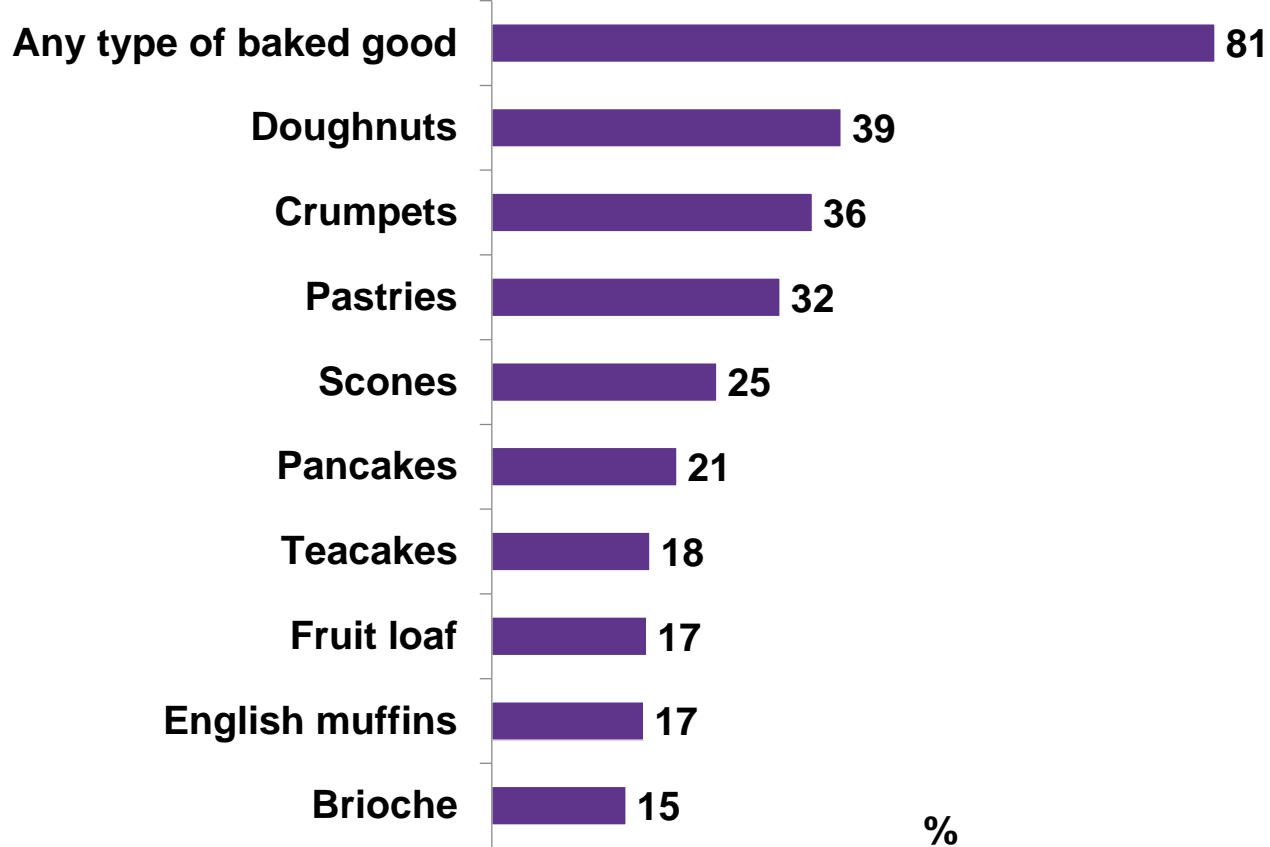
Purchasing of bread in the past month, August 2017

Any type of baked good 81

A horizontal bar chart with a purple bar representing 81%. The text 'Any type of baked good' is to the left of the bar, and the number '81' is to the right of the bar. A bracket is positioned between the text and the bar.

Slide 4 Baked goods are also popular

Purchasing of baked goods in the past month, August 2017



Slide 5 A rarer treat

Among eaters baked goods

68%

Once a week or less



Slide 6 User profile:

Sliced bread

Daily usage peaks among:

- Men
- Parents with young children
- Large households
- “Struggling/in trouble” financially
- Over-55s:
a generational divide in usage



Slide 7 User profile:

Other types of bread and baked goods

Weekly usage peaks among:

- 25-34s
- ABs
- High-earners
- People living in London



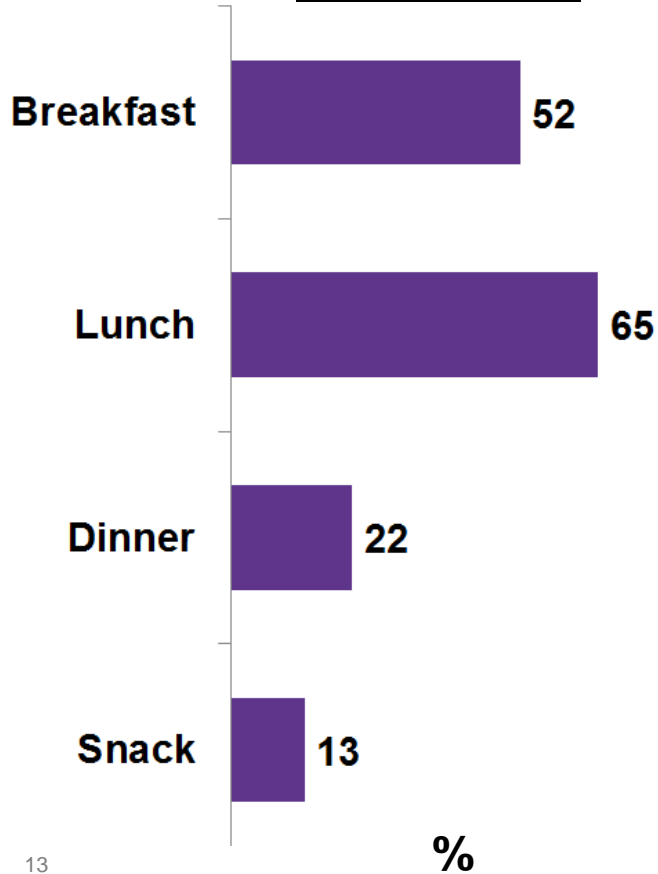
“Foodie” consumers

The “foodie” trend has boosted
interest in these products.

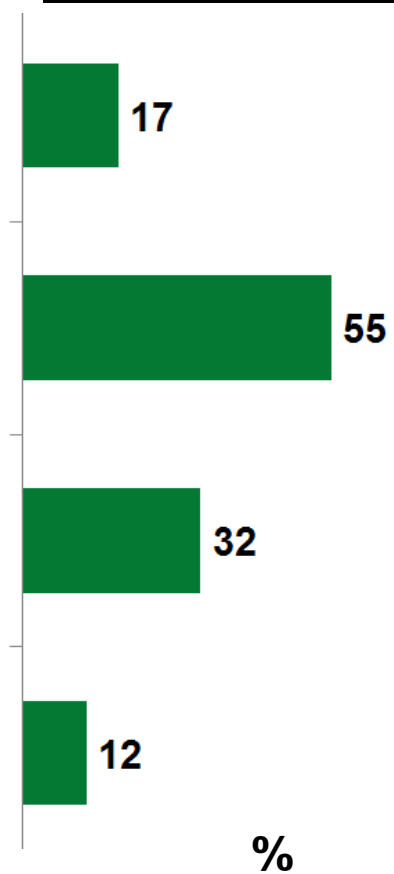


Slide 8 Usage occasions

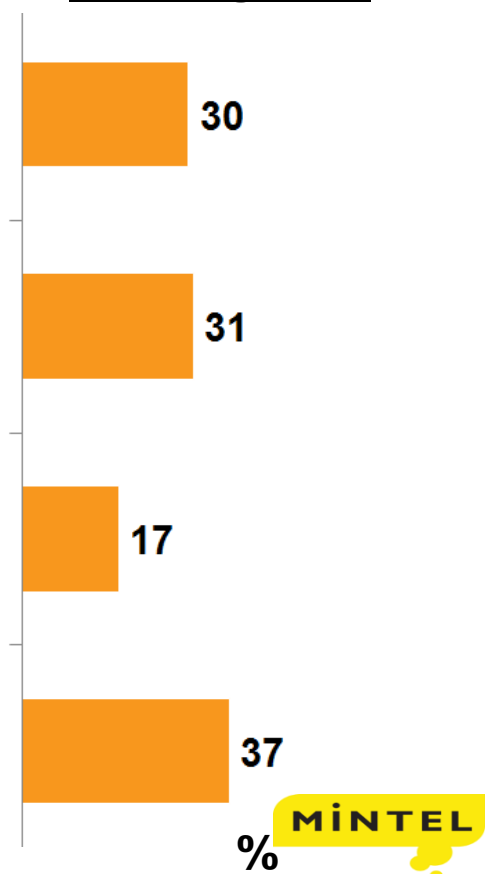
Sliced bread




Other types of bread



Baked goods





Slide 9 Market Performance

Slide 10 Total sales of bread
and baked goods in 2017

£4.1 billion → **£6.38** pp per month

1.9 billion kg

Slide 11 Long-term volume decline

Over 2012-17:

↓ 7% volume

↓ 2% value



Slide 12

Popularity of low-carb diets

Shrinking household size

Shifts toward less-processed food

Long-term volume decline

Competition from other food in retail

Competition from food-to-go

Competition from eating out

Slide 13 Sliced bread has borne the brunt

Decline in sales of sliced bread over 2012-17:

↓ 12% Volume

↓ 17% Value

Increase in value sales over 2012-17:

↑ 16% Other types of bread

↑ 13% Baked goods

Sliced bread in 2017:

↑ 1% Value sales year on year

Slide 14 Areas of value growth in 2017

Sliced white bread

↑1% year on year



Sliced bread with bits

↑11% year on year



Overtaking standard brown bread
for the first time

Slide 15 Craft bakery continues to grow

Value sales over 2012-17:

↑ 15%

Accounts for 5% of the total market





Slide 16 Market Forecast

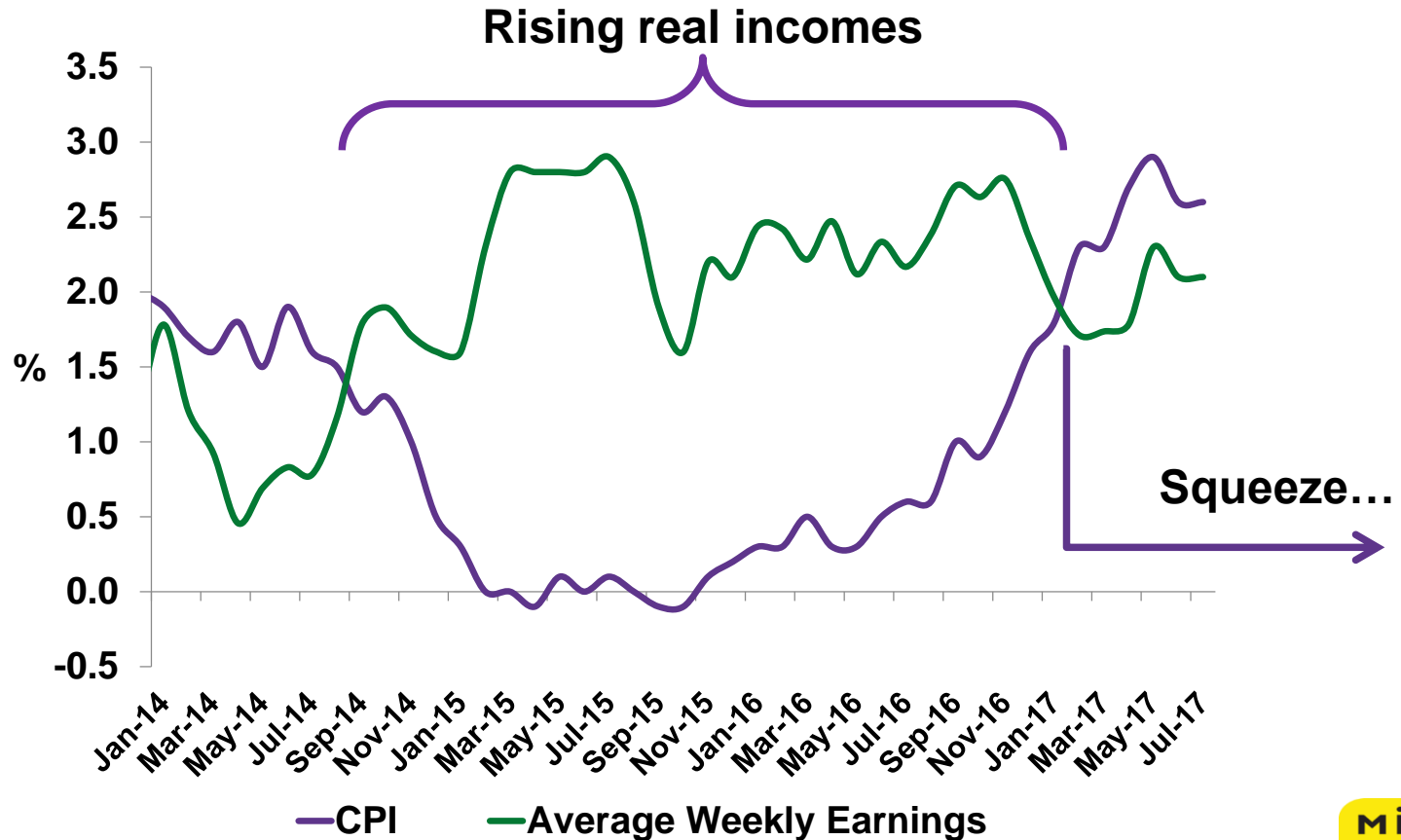


Slide 17 Volume sales expected to plateau

8% value growth over 2017-22

£4.4 billion in 2022

Slide 18 Squeezed budgets can benefit the market



Slide 19 Good value for money

70%

“Bread is a good choice to keep you full.”

66%

“Making lunch with bread or baked goods is a good way to save money.”



Slide 20 Capitalising on a “lunchbox effect”

48%

Would like more inspiration for packed lunches using bread/baked goods

57%

employed or in full-time education



Slide 21 Capitalising on the dine-in trend

68%

“A meal is more enjoyable eaten with bread that specifically suit it.”

Usage of other types of bread with dinner:

32%

of users of other types of bread



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Slide 22 Innovation Trends

1. Health lifestyles
2. Craft
3. Flavours

Slides 23

1. Healthy lifestyles

63%

Try to eat healthily most
or all of the time

↑ 7 percentage points year on year
Health-oriented NPD is vital in
keeping bread on the menu



Slide 24 High-fibre is a solid foundation

82% agree that wholemeal bread is a good source of fibre

26% think they are not getting enough fibre in their diets, a further **15%** are unsure



Slide 25 Bread taps into “positive nutrition”

Bread and baked goods UK launches:

18% contained seeds

5% contained ancient grains



Growth in “bread with bits”



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Slide 26 Healthy ingredients can also add “foodie” credentials



Asda Extra Special Ancient Grain Muffins

“blended with linseeds, sunflower and millet seeds and balanced with a touch of honey.”



Iceland Luxury Five Grain & Seed Rolls

“soft white rolls containing rye, spelt and wheat grains, sunflower seeds, brown linseed and golden linseed, and soaked in sourdough.”

Slide 27 More activity in high-protein bread

37% are interested in high-protein bread
rises to **45%** of under-35s



Warburtons Thin Seeded
Protein Bagels



Hovis Lower Carb Tasty
Wholemeal Bread is high in
fibre and protein

Slide 28 2. Craft

43%

“It is worth paying more for bread that is made by hand.”





Slide 28 Handmade elements become more commonplace

New launches with craft elements:

+33% year on year in 2016

Slide 29 Going the extra mile in detail

43% would like more information about how the bread they buy is made

Waitrose Half Ciabattas



“ expertly made using 4% Italian extra virgin olive oil, hand-shaped and stone-baked for a light, airy crumb and crisp, floury crust.”

M&S Taste Spain Flatbread



“ shaped by hand from extra virgin olive oil enriched dough, fermented for 48 hours for the perfect texture and stone-baked.”

Slide 30 3. Flavours

34% Think the selection of pre-packed bread in supermarkets is boring
Rises to **40%** of under-35s



Tesco Finest Ras El Hanout



M&S Spirit of Summer Pide Flatbread

Slide 31 New twists on seasonal baked goods



M&S Savoury Cheese Hot Cross Buns



Asda Baker's Selection Apple & Cinnamon Hot Cross Buns



M&S The Collection Italian Panettone al Prosecco

Slide 32 Roberts pushes the envelope with flavour NPD



Roberts Gin & Tonic Fun Buns



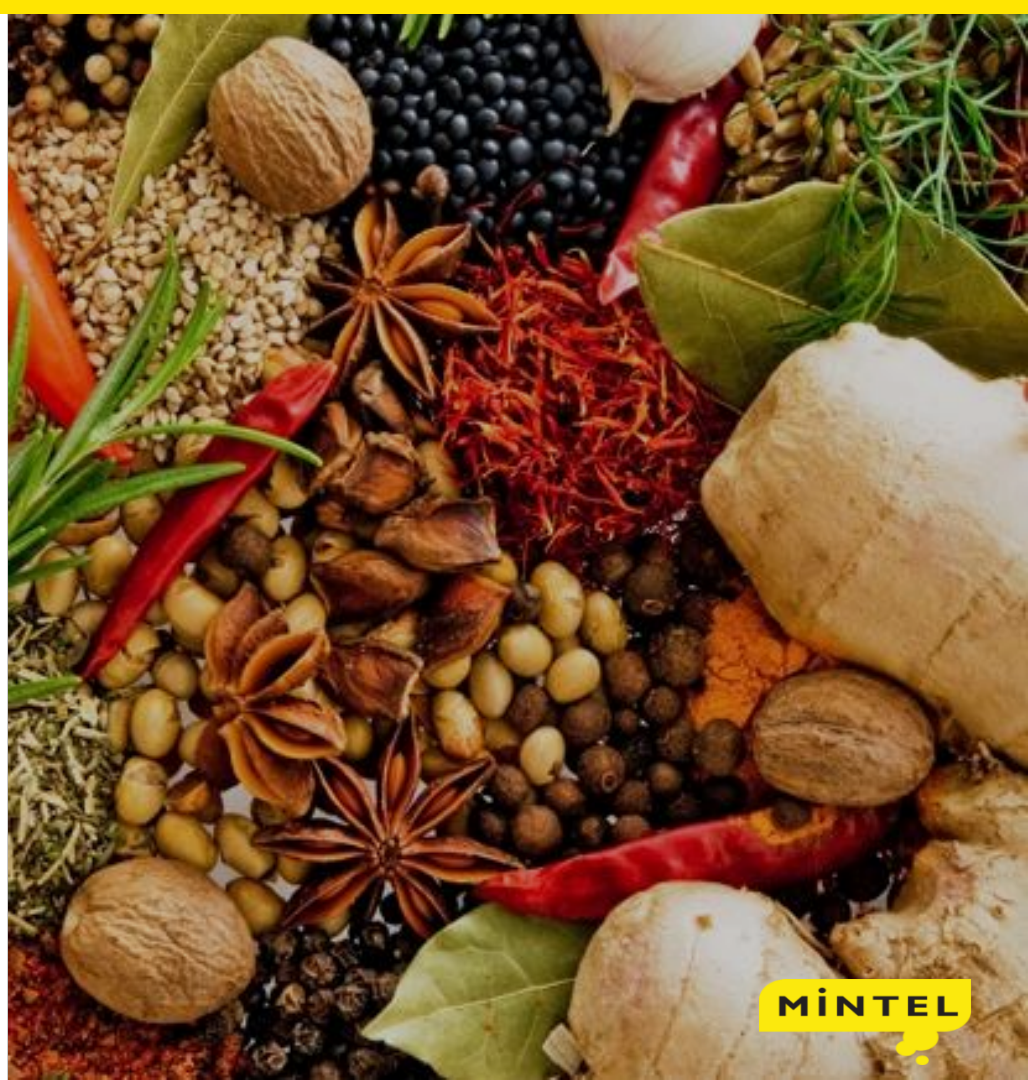
Roberts Fiery Corn Ready-to-Rolls



Where next...?

Slide 33 ...for health

- Vegetables
- Herbs and spices
- Sprouted grains



Slide 34 Limited use of vegetables in bread in the UK

22% of women would be interested in buying bread containing bright veg



M&S Beetroot and Spinach Wraps

Slide 35 Global examples of vegetables in bread



Mixed Vegetables
Bread with Cabbage
and Carrot (Russia)



Vegetable Bread
(Denmark)



Supergreens Bread with
Spinach, Nettle & Millet
(Germany)

Slide 36 Herbs and spices

31%

Would like to see more bread/baked goods with health-boosting herbs/spices



Profusion Turmeric Bread



Slide 37 US examples: sprouting grains



Silver Hills
The Big 16 Sprouted
Wholegrain Bread



Aldi SimplyNature
Knock Your Sprouts Off
Sprouted 7 Grain Bread



Trader Joe's Bagel
Josef's Wheat Bagels
with Sprouted Wheat

Slide 38 Scope to build on snacking in bread

- Poorly-suited for the out-of-home occasion
- limited availability of single-portion or individually wrapped options



Slide 39 Demand for more snack-friendly NPD

54%

Savoury rolls with baked in fillings (eg cheese) would make for a good snack

44%

Think there should be more individually wrapped bread and baked products available in supermarkets



Barilla Mulino Bianco
Mini Focaccia Bread with
Black Olives



Barilla Mulino Bianco
Mini Focaccia Bread with
Cherry Tomatoes



Cole's Middles, US

Conclusion

Key points

A squeeze on finances can create a favourable setting for the bread and baked goods market.

A need to keeping bread relevant and front of mind, targeting specific usage occasions – including snacking.

Innovation will be pivotal in the market's performance: health, craft and flavours are set to remain as key themes.

Thank you for listening

Any questions?

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