

by A. Elizabeth Sloan

## Healthy Market Opportunities for Sweet Snacks

Despite all the talk about avoiding sugar, the sweet bakery business is on a roll. Sweet snacking is also on the rise for the first time in 10 years, according to the NPD Group's *2017 Eating Patterns in America*.

In 2016, sales of indulgent snacks grew 2.5% while sales of healthy snacks fell 2.1%, per IRI's *2017 State of the Snack Food Industry* report. Nearly half (48%) of snacks consumed were sweet; 31% were savory. Most important, two-thirds of consumers say sweets are more of a treat than a salty snack.

In the packaged bakery aisle, pie sales jumped 8.2% to \$443 million, IRI reports; sales of cakes climbed 4.4% to \$1.5 billion; snack cakes, +4.0% to \$3.4 billion; and cookies, +1.8% to \$8.2 billion in mass outlets for the year ended (Y/E) March 19, 2017, per *Snack Food & Wholesale Bakery's* June 2017 "State of the Bakery" report.

All packaged sweet goods categories also posted positive growth. The pastry/Danish/coffee cake category grew 3.4% to \$2 billion; sales of doughnuts were up 3% to \$2 billion; and muffins, +8.5% to \$978 million.

Cakes, bread, cookies, doughnuts, and pies are the best sellers in the in-store fresh bakery. Celebration cakes posted the largest gains in absolute dollar sales; specialty desserts had the highest year-on-year growth, +22.8 for Y/E Feb. 25, 2017, per *Progressive Grocer's* "2017 Retail Bakery Review."

While frozen dessert sales are down slightly, bite-size frozen sweet treats are posting strong gains. New frozen *Cinnamon Toast Crunch Bites* from General Mills micro-wave in 30 seconds.

With revenues of \$2 billion in 2016, General Mills remains the leader in cake mix sales. *Duncan Hines Perfect Size for 1* micro-wavable mug cakes are ready in one minute.

Ready-to-decorate prebaked cakes and baking kits are other emerging trends. Watch for gourmet baking mixes for classic

European favorites like biscotti or strudel.

With nearly half of foodies baking for fun and 32% of adults overall doing so, more upscale baking ingredients, including flours, will be in high demand, according to a 2015 Packaged Facts report, *Foodies in the U.S.*

*Helping consumers override the guilt associated with eating more indulgent treats has proven to be a successful sales strategy in the category.*

The world is full of dessert lovers. According to Technomic's *2017 Dessert Consumer Trend Report*, 57% of consumers eat dessert after a meal at least once a week. Doughnuts are the fastest-growing dessert on restaurant menus, with sales up 66% over the past four years, followed by cinnamon rolls, up 45%, and muffins, up 36%, according to market statistics from Datassential.

Watch for lesser-known U.S. regional desserts like biscochitos cookies from New Mexico, Alabama Lane cake, and Minnesota's famous seven-layer bars to find niches in the marketplace. Latin polvorones, French macaroons, Japanese tea cookies, French lace cookies, profiteroles, and classic madeleines are among the trending ethnic cookie trends. Decadent single-serve soufflés, tartlets, nut breads, panna cotta, and English bread and butter pudding are classic indulgent favorites regaining steam in the marketplace. Given current market trends, ethnic handheld sweet treats and street foods may represent another interesting sales opportunity.

Savory desserts rank 19th overall among the hot culinary trends for 2017, per the National's Restaurant Assoc.'s *What's Hot 2017 Culinary Forecast*. Doughnuts with non-traditional fillings, smoked dessert ingredients, and bite-size/mini desserts round out the top trends in baked sweets. Sweet treats branded with the name of a restaurant, pastry chef, or even a famous

hotel are other product concepts worthy of consideration.

Because more consumers are opting for early morning snacking, according to industry data, upgrading breakfast pastries is a very big idea. Moreover, sweet bakery flavors have

spawned a restaurant/frozen food indulgent breakfast trend (e.g., International House of Pancakes' *Sticky Bun Waffles*, *Cupcake Pancakes*, and *Cheesecake Pancakes*).

Kid-specific baked treats remain an underdeveloped segment in the bakery industry and particularly for fast food restaurants.

For cookies, thin is in. IRI reports that sales of *Nabisco Oreo Thins* jumped 80% to \$127 million for Y/E March 17, 2017. Frozen *Pillsbury Churro Bites* come with a packet of cinnamon sugar so consumers can self-sweeten to taste. Sales of natural/organic frozen desserts jumped 22.8% for Y/E July 16, 2017, per Nielsen. Annie's Homegrown enjoyed great success with its new refrigerated *Organic Bake & Share Cookie Dough*.

Marketers should consider creating a healthy halo by calling out the high antioxidant levels of chocolate or by adding a fruity or superfruit filling. IRI reports that dollar sales of fruit tarts grew 7% for Y/E Feb. 6, 2017. In order to leverage consumer interest in savory products, marketers might turn to chia or turmeric. Sweetening products with raisins or other dried fruits and using new healthful flours are other approaches to formulation with real potential. **FT**



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