

FACTSHEET No. 3

THE BRITISH BAKERY MARKET

1. INTRODUCTION
2. BAKERY MARKET OVERVIEW (INCLUDING IN-STORE BAKERY)
3. WRAPPED BREAD
4. WRAPPED BAKERY SNACKS
5. WRAPPED BREADS OF THE WORLD
6. WRAPPED ROLLS

1. Introduction

The Bakery Market breaks down into 4 main categories:

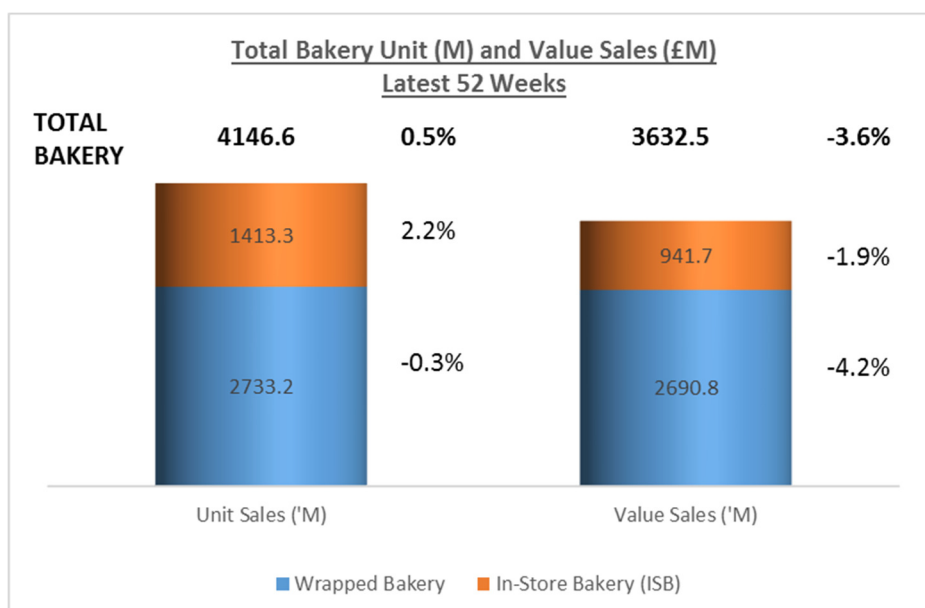
1. Bread
2. Bakery Snacks
3. Breads of the World
4. Rolls

Standard, industry-wide definitions have been used in this factsheet to include both products that are plant manufactured (wrapped) and those that are baked by in-store bakers (ISB).

The factsheet starts with an overview of the total Bakery market, which includes an overview of In-Store Bakery, and then explores each of the 4 main categories from a “wrapped” perspective.

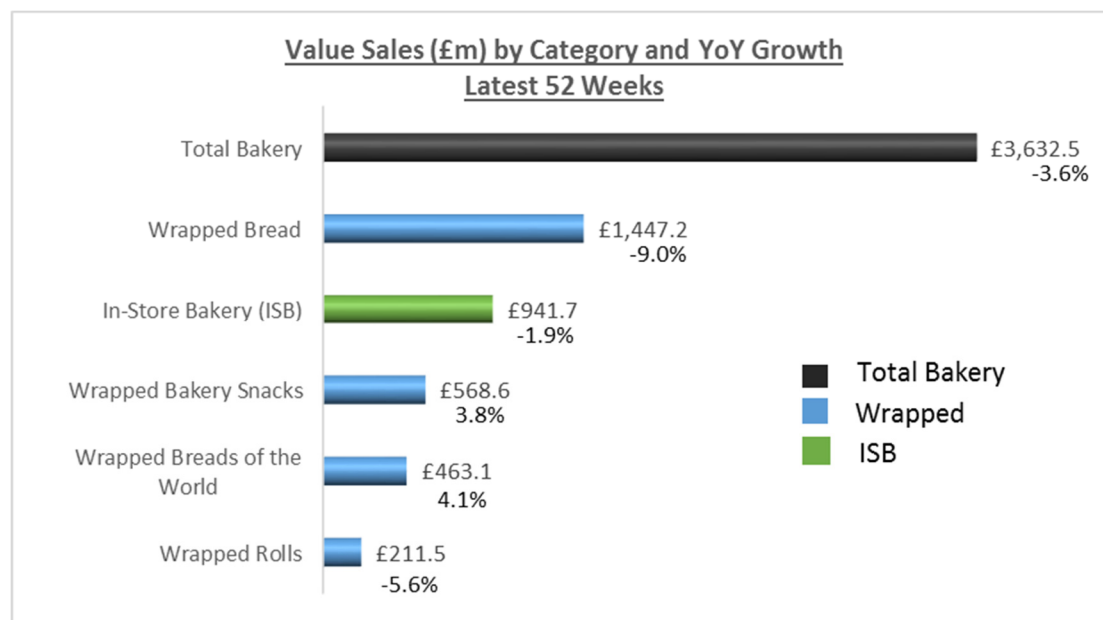
2. Bakery Market Overview

The UK Bakery Market is worth £3.6 billion a year, equivalent to 4.1 billion units.



Wrapped Bakery accounts for around three quarters of Total Bakery value sales and around two thirds of unit sales.

The chart below shows how the categories within Total Bakery are split, with Wrapped Bread being the largest sector. However, Wrapped Bread is in value decline and is driving the decline of the Total Bakery Market. The only sectors in value growth are Wrapped Breads of the World and Bakery Snacks.



Market Trends

Over the last year, the value of the Total Bakery Market has been impacted significantly by the drop in value sales of Wrapped Bread, which accounts for 40% of total value sales. During the recent price wars between the supermarkets, Wrapped Bread has been one of the everyday food items that has been affected.

Consumer Trends

The main consumption trends within Bakery continue to be focussed around concerns over healthy eating, the need for convenience and the desire for variety.

More recently, evidence has shown a strong uptake of free school lunches for 4-7 year olds as a result of the “Free School Lunches” programme launched in 2013. In total 1,640,530 children, equivalent to 85% of all infants, are now enjoying a school meal at lunchtime which has driven decline in Bakery at the lunchbox occasion (Source: Gov.UK, Press Release “New data shows 1.3 million more infants eating free school meals”, 18.12.14).

3. Wrapped Bread

Wrapped Bread is purchased by 96.7% of households in the UK and the average household purchases 60.3 loaves and spends on average £54.41 per year on Bread (source: Kantar WorldPanel, Penetration, Average Weight of Purchase in Packs and Spend, 52w/e 30.01.16).

Market Supply

Due to the short shelf life, the majority of the bread sold in the UK is produced here. The 3 main manufacturers (Allied Bakeries, Hovis & Warburtons) account for nearly three-quarters of the Wrapped Sliced Bread sold.

Consumer Trends

Although there will always be a place for Wrapped Bread, it continues to be impacted by concerns over healthy eating and the desire for “healthier alternatives” which contain fewer carbohydrates and calories.

4. Wrapped Bakery Snacks

Bakery Snacks is the third largest category within Bakery, accounting for 15.7% of the total market.

Wrapped Bakery Snacks is one of the two categories within Total Bakery that is in value growth, albeit moderate. Of the top ten sectors within the category, Pain au Chocolat has seen the greatest value growth in percentage terms, however, when looking at actual growth, it's Brioche that is driving this and it is also a relatively high percentage growth of 13.7%. The sector is mainly made up of Private Label and Brioche Pasquier and both are seeing high levels of growth.

Many sectors within Bakery Snacks continue to be seasonal, for example, Hot Cross Buns at Easter and Pancakes/Crepes on Shrove Tuesday. Bakery Snacks also tend to be eaten throughout the day, however, the Breakfast Occasion does feature quite strongly, particularly for sectors such as Croissants, Pain au Chocolate, Brioche and Waffles (source: Kantar WorldPanel, Consumption Panel, 52 w/e 06.12.15).

Consumer Trends

In comparison to Total Bakery, this category over-indexes in terms of being consumed for enjoyment reasons, particularly in terms of fancied a change, for a treat or reward and enjoying the taste (source: Kantar WorldPanel, Consumption Panel, 52 w/e 06.12.15).

5. Wrapped Breads of the World

Wrapped Breads of the World is the fourth largest category within Bakery, accounting for 12.7% of the total Bakery Market.

Category Size and Growth

Although only the fourth largest category within Total Bakery, it is the category which is seeing the most growth. This is being driven predominantly by Sandwich Alternatives, with the majority of the growth coming from Sandwich Thins. The growth of Sandwich Thins is mainly as a result of an increased number of households purchasing them, currently at 33.9% of households compared to 27.6% a year ago. There has also been an increased frequency of purchase of Thins compared to a year ago, up from an average of 8.9 times a year to 9.4 times a year (source: Kantar WorldPanel, Penetration and Frequency, 52w/e 31.01.16).

Consumer Trends

In line with Total Bakery, Wrapped Breads of the World is mainly consumed for enjoyment reasons or practical reasons and only a small amount for health reasons, which is broadly in line with Total Bakery. The main difference can be seen within Sandwich Alternatives, specifically Sandwich Thins, which over-indexes versus Total Bakery on health reasons such as “lower in fat/salt/sugar” and “calorie or portion control” (source: Kantar WorldPanel, Consumption Panel, 52 w/e 06.12.15).

6. Wrapped Rolls

Wrapped Rolls are the smallest category within Total Bakery, accounting for 5.8%.

Wrapped Rolls are purchased by 72.2% of the population but are in both unit and value decline, this is driven predominantly by Half and Half, Seeds and Grains, and White Rolls. In terms of purchase behaviour, the decline is being driven mainly by households purchasing them less often, falling from 12.3 to 11.8 times per year. The decline is also driven by shoppers are mainly switching out of Wrapped Rolls into other sectors, with the majority switching into Sandwich Alternatives (source: Kantar WorldPanel, Penetration and Frequency, 52w/e 31.01.16). Despite this there has been growth for Fast Food Rolls, particularly brioche burger buns. It may also be worth taking into account the weather when talking about rolls and noting that 2015 was a much poorer summer than 2014.

Purchase levels of Wrapped Rolls peak during warmer months, particularly during sporting events such as the Olympics, World Cup/Euros and Royal wedding/jubilee/birth celebrations.

Private Label is the key player within the category, accounting for a 39.7% value share.

Consumer Trends

The majority of Wrapped Rolls are consumed at the lunchtime occasion, mainly in-home and are mainly consumed for practical reasons such as “it complements the meal” and being “filling”, which over-index versus Total Bakery (source: Kantar WorldPanel, Consumption Panel, 52 w/e 06.12.15).