Savouring sweet growth from treats

Demand in this category has shifted from the traditional family-shared dessert to single-serve and bite-sized sweets.

By Donna Bennett.

Frozen fruit and sweets have a grocery value of $220.4 million, encompassing three segments: frozen fruit ($90.3 million value), hot desserts ($72.2 million) and cold desserts ($57.8 million).

McCain, Patties and private label are the top shareholders and Sara Lee, McCain Seasons, Nanna's and Creative Gourmet the major brands. San Remo is a relatively new player with the Balfours brand.

Frozen pastry is valued at $66.1 million, with puff being the most popular segment (72.9 per cent value), led by Goodman Fielder (Pampas) with a 61.2 per cent share.

(Above sources: *Retail World 47th Annual Report – December 2013*).

Patties Foods Ltd has reported that the category is fairly flat year on year, with puddings and snack segments attracting the greatest growth.

Trends and predictions

"In a category that primarily provides larger-format sweets, there is a trend toward sweet treats and snacking," Nanna's Brand Manager Hannah Audas said.

This tendency caters for smaller households and time-poor shoppers looking for convenient sweet treats with portion control. It also suggests an increase in fragmented eating occasions.

"This includes products that are single-serve, instant-eat and generally bite-size, which is evident from the most recent category launches with Nanna's Donuts and by private label brands," Ms Audas said.

She said sweet-treat products satisfied two primary usage occasions – one was entertaining, with bite-size pieces convenient and affordable; the other was snacking, with the benefits of single-serve and instant-eat (quick heat and eat, or thaw and eat).

"The category will continue to provide Australian consumers with a variety of delicious sweet offers that provide good value and convenience and cater to a variety of needs and usage occasions," Ms Audas told *Retail World*.

She said the category overtraded within certain demographic profiles, so an opportunity existed to maximise category sales by enhancing stock weight in specific locations.

Nanna's makeover

Nanna's claims to be Australia's leading brand of frozen fruit pies and crumbles, which are baked in country Victoria using home-style recipes promoted as being 'just like your nanna used to make'.

Nanna's says it provides Australians with great quality, convenient, delicious treats that are perfect for a treat for one or

	Dollars (000s)	Dollars (000s) growth % YA
Total sweets	122,495	-0.1
Total sweets – fruit pies	34,079	-2.9
Total sweets – cheesecake/Bavarian	31,266	-6.2
Total sweets – Danish/strudel	12,238	-8.7
Total sweets – puddings	12,234	27.0
Total sweets – snack	11,221	50.7
Total sweets – crumble	7,139	-5.2
Total sweets – tarts	6,984	8.0
Total sweets – cakes	6,140	-25.1
Other	1,195	-18.3

	Dollars (000s)	Dollars (000s) growth % YA
Total Sara Lee sweets	55,884.0	-6.2
Total private label	26,428.9	19.5
Total Nanna's sweets	25,458.1	-1.3
Total Pampas sweets	3,137.2	-4.6
Total Weight Watchers sweets	2,944.3	-24.4
Total Borgs sweets	2,008.4	-15.0
Total Balfours (reg) sweets	1,973.0	NA
Total Marie Callender's sweets	1,490.3	NA
Total Aunt Betty's sweets	1,216.6	NA
Total Creative Gourmet sweets	1,174.0	-16.0
Total Bella sweets	311.1	479.4
Total Coppenrath sweets	141.1	-94.6
Total Van Diermen sweets	128.7	23.0
Total Balfours bake-at-home sweets	75.9	NA
Total Little Chefs sweets	75.9	NA
Other	58.7	-94.9

National Australian Grocery Scan (excl ALDI) MAT to 22/6/14 (source: Aztec Australia, provided by Patties Foods Ltd).

to share with the entire family.

The Nanna's brand is refreshing its image, with new packaging being introduced from this month across the entire range of frozen fruit pies, crumbles, waffles and donuts.

As part of the packaging refresh, the Family Apple Pie will have a new woven lattice top, promising even more apple. The Snack Fruit Pie range will also have the new woven lattice top, reflecting the home-style look synonymous with Nanna's.

"The packaging is a fresh new look and expresses Nanna's personality," Ms Audas said. ◆

Refined palates driving indulgence and premiumisation

Retail World interviews Retail Safari General Manager Retail Activation, Lynne McKay.

What supermarket shopper trends are you noticing in desserts?

Based on our experience, research and observations, the profile of the Australian shopper is evolving, with many shoppers choosing to save rather than spend.

Australian shoppers' new purchase behaviours include spending less on each grocery trip, but visiting the store more frequently or visiting more stores during their shopping trips (resulting in more top-up shops, hence the main grocery shop has become smaller).

Shoppers have also become accustomed to waiting for supermarket specials, promotions and discounts and are purchasing more private label products.

Trips to the supermarket are more planned (to save time and money) and although the majority of shoppers still prefer getting their groceries in-store, there are time-poor consumers who appreciate the convenience that online shopping allows them. Certainly, shopping across different channels has increased.

Regarding frozen desserts and pastries in particular, shoppers are much more knowledgeable and are checking ingredients, and switching to healthier options such as all-natural, functional, low-fat and low-calorie products.

The growing number of time-poor consumers has resulted in an increase in the frequency of snacking. They're choosing smaller and multi-pack products as well as meal solutions that won't have them cooking (or eating desserts) until midnight.

How can manufacturers (and retailers) take advantage of these trends?

As the typical frozen dessert and pastries shopper is the female head of the household with kids between the ages of six and 17 years, who usually works outside the home, health, wellness, convenience and value are key considerations in the food purchase decision-making process.

Manufacturers should look to ensure these are key factors when producing their marketing within this category. For instance, grocery mums are less likely to purchase items that have high sugar content or are difficult to prepare or monitor when cooking.

Of course, the all-important test comes down to the taste – the product needs to reflect what it states: 'real raspberries' need to taste like real raspberries; 'apple pies like Grandma used to make' will come with a certain expectation that needs to be met. Sugar content in ice-cream is important.

Variety of choice and new, innovative, healthier flavours and textures can easily encourage shoppers to switch if they have been disappointed with a recent purchase within the category. Frozen berries and pastries, for instance, are also competing with gourmet yoghurts, ice-cream, puddings, etc.

Packaging should reflect what the product is really like, along with an impactful promotional marketing campaign at store level including a sampling taste experience.

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Retailers could assist shoppers in the decision-making process by brand-blocking to lessen clutter and confusion, as well as supporting in-store initiatives by manufacturers (ensuring plenty of stock for in-store tastings, maintaining positioning of POS and displays, etc).

Shoppers love items being easy to find within a comfortable environment. Typically, the freezer is not somewhere people want to stay too long, so arrange products to make them easily visible (including pricing) and within easy reach wherever possible. The same principle would apply for the dairy case.

Shoppers also love suggestions surrounding recipes, usage occasions and versatility of products. This could be incorporated into the taste experience of sampling, or advertised in-store.

Do you have any predictions for the category?

The overall frozen dessert market – hot and cold – is performing well, with both value and volume market shares increasing from 2012 to 2013.

Time-poor mums want convenient snack and dessert solutions.

Australian consumers being increasingly health-conscious and having a more refined palate will also drive indulgence and premiumisation. They will be more inclined to eat fewer but better quality products, resulting in increased demand for more gourmet variations of products (also including frozen yoghurt in their repertoire).

The ice-cream category continues to experience steady growth due to an increase in exotic flavours available, allowing consumption of gourmet ice-cream at home, with rising numbers of ice-cream cakes served at children's birthday parties. The category growth is also due to the revival of frozen yoghurt, and the availability of more individual-sized packaging options, but the same concerns about sugar content and ingredients remain.

Emphasis on health, nutrition and convenience will remain one of the most important drivers in this category.

About Retail Safari

Retail Safari provides a complementary suite of retail marketing services that connect the consumer with a brand in environments where the ability to influence is at its strongest. The integrated channel structure activates brands along the purchase journey, triggering the impulse to buy at critical points both in-store and out-of-store.

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