

Bread and Baked Goods - UK - January 2011

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What is this report about?

When Mintel last examined the market for Bread and Baked Goods in February 2009, rising wheat prices and the economic downturn were proving challenging for the category. Since then, penetration of bread has remained high at over 95%; however, frequency of bread consumption has continued to decrease.

Rising commodity price increases have continued to put pressure on production costs, and the main plant bakery brands have experienced challenging times.

What have we found out?

- Freshness is the top consideration for consumers buying bread, with 78% citing it above type and price. These attitudes suggest the potential for retailers to make freshness a central part of their proposition, deploying strategies that signal their products' freshness the moment the customer walks in the door.
- With price featuring as only the third consideration for consumers, and with a substantial 38% explicitly expressing a willingness to pay more for a premium variety of loaf, there is scope for brands to achieve differentiation with an ethical stance.
- Bread and baked goods face increasing competition from breakfast cereals for the all important breakfast occasion. This is one of the key reasons that while penetration of bread has remained high at over 95%, frequency of consumption is still in decline.
- The increased innovation in healthier bread ranges has provided consumers with more choice, dampening the demand for white bread. While white bread remains the largest segment brown bread has seen faster growth and presents greater opportunities for premiumisation.
- Own-label lost market share in 2010 as it failed to keep pace with the rest of the market even though just under half of all consumers claim they can taste the difference between branded and own-label bread ranges, with just over a half buying the same brand of bread for day-to-day use.
- The demand for more natural products has been driven by a number of factors, including concerns about food safety and consumers' greater scrutiny of food labels.

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