

Bakery Houses (Responding to COVID-19) - China - May 2020

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This report looks at the following areas:

- How the bakery industry will react to the COVID-19 slowdown
- What changes in consumer behaviour may arise from COVID-19
- The future of bakery houses rolling out staple meal choices
- New business strategies sparked by the trend of "snacking on everything"
- What recipe and product innovations may dominate the market

The bakery house market has been growing at double digits in the past five years. As with most foodservice sectors, the bakery house category was significantly impacted by the COVID-19 lockdown. As a result, sales shrunk greatly in the first quarter of the year. However, the market is projected to rebound steadily in the next five years, with an annual growth rate of between 7% and 8%.

Over the years, bakery houses have shifted from just providing bread and cakes to adding drinks to their menu and catering to consumers' social needs. This means bakery houses have become another competitor in the foodservice sector alongside coffee houses, tea shops and other similar business operators. In order to stand out in a crowded foodservice arena, many bakery houses are reviewing their ranges and developing more innovative bread and cake products, and many operator brands are driving distribution in lower-tier cities.



"In the period prior to COVID-19, the focus of many bakery house operators was to encourage trade up by premiumising their ranges, largely through flavour innovation. A key trend was in blurring sweet and savoury ingredients, with a focus on adding a range of herbs."

– Wen Yu, Research Analyst

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