This report looks at the following areas:

- Health-related concerns influencing category innovation
- Canada’s aging population represents a possible challenge to growth
- Confectionery positioned as a ‘functional’ option
- Candy’s not just for kids according to Canadians
- Canadians equate chocolate with emotional well-being
- Canadians are willing to pay more for better quality chocolate

"Canadians show a love for chocolate and non-chocolate candy. There is also a portion that cite interest in options that are innovative when it comes to flavour, format and functionality. While established brands don’t want to undermine the equity they’ve established with their consumers, feedback shows that there is opportunity to capitalize on prospective ‘white space’ opportunities."

- Joel Gregoire, Associate Director - Food & Drink
Table of Contents

OVERVIEW
• What you need to know
• Definition
• Consumer feedback
• Market size definition

EXECUTIVE SUMMARY
• The issues
  • Health-related concerns influencing category innovation
    Figure 1: Top areas of interest around chocolate and non-chocolate confectionery, November 2018
  • Canada’s aging population represents a possible challenge to growth
    Figure 2: Chocolate and non-chocolate candy usage, November 2018
• The opportunities
  • Confectionery positioned as a ‘functional’ option
    Figure 3: Interest in health-boosting ingredients, women 18–34-years-old vs overall, November 2018
  • Candy’s not just for kids according to Canadians
    Figure 4: Interest in adult-focused flavours, by age, November 2018
  • Canadians equate chocolate with emotional well-being
    Figure 5: Attitudes around chocolate supporting emotional well-being, by gender, November 2018
  • Canadians are willing to pay more for better quality chocolate
    Figure 6: Willingness to pay more for higher quality chocolate, by age, November 2018
• What it means

THE MARKET – WHAT YOU NEED TO KNOW
• Chocolate value sales predicted to grow at a healthy clip
• Chocolate tablets shows upward momentum
• Sugar confection expected to grow at a tepid pace

MARKET SIZE AND FORECAST
• Chocolate value sales predicted to grow at a healthy clip
  Figure 7: Canada retail value sales and fan chart forecast of chocolate confectionery market, at current prices, 2013–23
• Figure 8: Canada retail value sales and forecast of chocolate confectionery market, at current prices, 2013–23
MARKET BREAKDOWN

- **Sugar confection expected to grow at a tepid pace**
  Figure 9: Canada retail volume sales and fan chart forecast of retail chocolate confectionery market, 2013-23

- **Sugar confectionery’s growth broadly extends across segments**
  Figure 10: Canada volume sales and fan chart forecast of retail sugar & gum confectionery market, at current prices, 2013-23
  Figure 11: Total Canada volume sales and forecast of retail sugar & gum confectionery market, at current prices, 2013-23
  Figure 12: Canada retail value sales of sugar confectionery vs gum confectionery, 2017

- **Chocolate tablets segment shows upward momentum**
  Figure 13: Retail value sales of chocolate confectionery, by segment, 2015-17
  Figure 14: Retail volume sales of chocolate confectionery, by segment, 2015-17

- **Distinct differences in value versus volume sales by chocolate company**
  Figure 15: Retail value sales of sugar confectionery, by segment, 2016-17
  Figure 16: Retail volume sales of sugar confectionery, by segment, 2016-17

- **Sugar confectionery market concentrated in three companies**
  Figure 17: Percent share of retail value and volume sales of chocolate confectionery, by company, 2017
  Figure 18: Percent share of retail value and volume sales of sugar confectionery, by company, 2017

MARKET FACTORS

- **Canadians strive to eat healthy most of the time**
  Figure 19: Healthy eating, November 2016

- **...but flexibility may be contributing to the high obesity rates**
  Figure 20: Body mass index, self-reported rate of being overweight or obese among Canadian adults, by gender, 2010-14

- **Canada’s aging population may be a headwind for confections**
  Figure 21: Population aged 65 years and over in Canada, historical and projected (% of total), 1971-2061
Canadians are more time-pressed

KEY PLAYERS – WHAT YOU NEED TO KNOW

- Confections’ edge being softened by ‘better-for-you’ innovation
- Alcoholic flavours can address demand for adult flavours

WHAT’S WORKING?

- Tablets’ growth a reflection of changing category dynamics
  Figure 22: Share of retail value sales of chocolate confectionery, by segment, 2017

CHALLENGES

- Concerns around sugar a watch-out for the industry

WHAT’S NEXT?

- Alcoholic flavours a means to offer adult experiences
  Figure 23: Raaka Bourbon Cask Aged Unroasted Dark Chocolate (USA), December 2018
  Figure 24: Raaka Cabernet Sauvignon Unroasted Dark Chocolate Bar (USA), December 2018
  Figure 25: Ghirardelli Chocolate Squares Dark Chocolate Bourbon Caramel (USA), June 2018
  Figure 26: Lolli & Pops Strawberry Champaign Chocolate Bar (USA), April 2018
  Figure 27: Sugarfina Bourbon Bears (USA), November 2018
  Figure 28: Project 7 Sparkling Mimosa Gourmet Gummies (USA), September 2018

- Confections’ indulgent edge softened by examples of ‘better-for-you’ positioning
  Figure 29: EatingEVOLVED Original Keto Cups (USA), November 2018
  Figure 30: Theo Coconut Turmeric Chocolate Clusters (USA), March 2017
  Figure 31: Zazubean Hottie Chili & Cinnamon Dark Chocolate with Yerba Matte (Canada), January 2016
  Figure 32: Natierra Himalania Organic Dark Chocolate Covered Chia Seeds (Canada), January 2016
  Figure 33: Biena Foods Dark Chocolate Chick Peas (USA), July 2018

- Chocolate in emerging snack-kit category
  Figure 34: Kraft Trios Snackfulls Extra Sharp White Cheddar Cheese, Dried Cranberries & Semisweet Chocolate (USA), July 2018
THE CONSUMER – WHAT YOU NEED TO KNOW

• Nearly all Canadians eat chocolate and candy
• Confections and TV are the most ideal match for Canadians
• Confection made with natural sugars are of interest to Canadians
• Flavour and brand are the top considerations for consumers
• Consumers look to chocolate for its emotional benefits
• Candy is not just for kids

CHOCOLATE AND CANDY USAGE

• Nearly all Canadians eat chocolate and candy
  Figure 36: Consumption of chocolate and non-chocolate confectionery in the past three months, November 2018
  Figure 37: Motts Fruitsations + Veggie Assorted Fruit Flavoured Snacks (Canada), August 2017
  Figure 38: Welch’s Jelly Beans (US), March 2018

• Younger adults are more likely to eat confections, meaning opportunity exists to close-the-gap with older consumers.
  Figure 39: Consumption of chocolate and non-chocolate confectionery in the past three months, by age, November 2018
  Figure 40: Consumption of chocolate and non-chocolate confectionery (select) in the past three months, by parental status, November 2018
  Figure 41: Consumption of chocolate and non-chocolate confectionery (select) in the past three months, Quebec vs overall population, November 2018

• Most Canadians eat chocolate and candy on a weekly basis
  Figure 43: Frequency chocolate or non-chocolate confectionery consumption, November 2018

• Opportunity for candy to drive more frequent usage versus chocolate
  Figure 44: Frequency chocolate and non-chocolate confectionery consumption, November 2018
  Figure 45: Frequency non-chocolate confectionery, by parental status, November 2018
Figure 46: Oreo Dippers, October 2017

CHOICE FACTORS

• Flavour and brand are the top considerations for consumers
  Figure 47: Important factors when choosing chocolate or candy, November 2018
  Figure 48: Important factors when choosing chocolate and candy, November 2018

• Making confections “easy to find” is more important for younger consumers
  Figure 49: Importance of “easy to find” when choosing chocolate or candy, November 2018

• Ethically-sourced ingredients hold relatively limited appeal
  Figure 50: Importance of “ethically sourced” when choosing chocolate or candy, women 35-44 vs overall, November 2018

• Ingredients are the most impactful way to communicate health
  Figure 51: Importance of “health-related factors” when choosing chocolate or candy, under-44s vs over-45s, November 2018

OCCASIONS

• Confections and TV are the most ideal match for Canadians
  Figure 52: When chocolate or candy is eaten, November 2018
  Figure 53: M&M’S® Movies, April 2017
  Figure 54: Chocolate eaten “while watching TV” or “As a snack in the evening”, under-44s vs over-45s, November 2018

• The afternoon is a ‘battleground’ occasion for confectioners
  Figure 55: Chocolate or candy as an afternoon snack, by age and population segment, November 2018
  Figure 56: Chocolate or candy is eaten “just after meals” or “when studying/working”, Chinese Canadians vs overall population, November 2018

• Canadians are more likely to enjoy confections on their own
  Figure 57: Chocolate or candy eaten “while alone” or “with other people”, by age, November 2018

INNOVATION OPPORTUNITIES

• Confection made with natural sugars of interest to Canadians
  Figure 58: Areas of interest, November 2018
  Figure 59: Interest in “made with natural sugars” and “health boosting ingredients”, moms vs Overall, November 2018
• Less is more with smaller portions equating to permissibility
  Figure 60: Interest in “smaller portions, but richer flavours”, November 2018
• Younger consumers show greater interest in ‘exploration’
  Figure 61: Interest in flavours innovation, by age, November 2018
• Demand for vegan confections requires context
  Figure 62: Interest in vegan option, women 18-34 vs overall, November 2018
  Figure 63: Endangered Species Chocolate Dark Chocolate with Raspberries (Canada), November 2018
  Figure 64: Free2b Sun Cups Minis Candy Filled with Creamy Sunflower Seed Butter (Canada), May 2018
  Figure 65: Theobroma Chocolat Organic 60% Cacao with Orange Chunks (Canada), March 2018

ATTITUDES TOWARD CONFECTIONERY
• Consumers look to chocolate for its emotional benefits
  Figure 66: Attitudes toward chocolate, women vs men, November 2018
  Figure 67: Stirs the Soul Honey Lavender Conscious Raw Chocolate (USA), January 2017
  Figure 68: Prana Organic Chocolate Matcha Magic Dark Chocolate Bark with Roasted Sesame, Crispy Rice & Matcha (USA), September 2018
  Figure 69: Two Moms in The Raw Soul Sprout (USA), January 2017
• Candy is not just for kids
  Figure 70: Attitudes toward candy, November 2018
  Figure 71: PUR Mints Mojito Sugar Free Mints, (Canada), December 2018
  Figure 72: Truly Ginger Crystalized Ginger Mints Mojito Sugar Free Mints, (Canada), December 2018
  Figure 73: Neva La Neige Vanilla Flavored European Gourmet Marshmallows (USA), December 2018

APPENDIX – DATA SOURCES AND ABBREVIATIONS
• Data sources
• Consumer survey data
• Consumer qualitative research
• Abbreviations and terms
About Mintel

Mintel is the expert in what consumers want and why. As the world’s leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster.

Our purpose is to help businesses and people grow. To find out how we do that, visit mintel.com.

© 2022 Mintel Group Ltd. All Rights Reserved. Confidential to Mintel.