

Food trends to help your retail business grow

A market report from
Queensland Bakery



Queensland
Bakery Co.

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A collage of various baked goods including muffins, cookies, bread, and pastries. The background features a wooden table with a glass display case containing muffins, a stack of cookies, a loaf of bread, and a tray of pastries. The text is overlaid on a semi-transparent orange rectangle.

**Queensland Bakery Co
manufactures and supplies
ambient, frozen and bake off
sweet baked treats for retail,
out of home, food service and
wholesale customers. We keep
a careful eye on the market,
trends and your customers,
to help you stay ahead of the
competition.**

Catering for our ever-changing world

Take-home retail grocery sales increased by 7.6 per cent in the last three months of 2022, according to Kantar figures. Year-on-year growth in December was even higher at 9.4 per cent, the fastest rate recorded since February 2021, with sales reaching a new record at £12.8 billion.ⁱ

While the world may seem a challenging place for businesses right now, the opportunity to create pockets of joy in consumers' lives is greater than ever. While purse strings are being tightened for many, sweet treats deliver a dopamine hit without the price tag of a meal out or a major purchase.

Consumers will continue to turn to sweet treats, in good times and bad, for a little reward or some much-needed comfort. So, whether you're serving up an on-the-go snack that taps into the latest food trends, or providing a touch of luxury to enjoy at home, getting the flavours and formats right for your business and customers are key to success. And our latest report shares some of the trends, behaviours and opportunities you'll want to be tapping into.



Three cultural
trends **that**
could be
affecting your
business

1 The evolving world of work

While many workers have reduced their office days post-pandemic (or haven't gone back to the office at all), there are still opportunities to be found in the new 9 to 5, both in urban hubs and the heart of suburbia. Location, format and range are all seeing significant shifts, with big brands like Iceland Foods and Poundland launching new convenience store formats this year, prioritising suburban locations in Yorkshire and the North East. Marks & Spencer is targeting more than 150 UK locations as part of a major push to expand its smaller format food stores in local areas beyond major cities^{iv}, in recognition that the way consumers live their lives is irrecoverably changed post-pandemic.

And while the frequency of purchase for food to go may be decreasing, consumers are looking to treat themselves when they do buy food on the go, whether that's with combinations they can't replicate or little touches of luxury with ingredients they don't keep in the cupboard at home.

84%

of workers forced to work from home during the pandemic would prefer to continue with hybrid working.ⁱⁱ

22%

of online shoppers have reverted to in-store shopping post-Covid.ⁱⁱⁱ

THE GOOD NEWS:

As many Brits have adopted a flexible working lifestyle, the need for snacks on the go is growing, with research from Kantar suggesting individually wrapped cakes are growing at +8.2 per cent following their flat performance in 2020. Small cakes like muffins and mini loaf cakes, the biggest segment in the category, are also seeing growth of +5.7 per cent.



“While workers may not be back to the office five days a week, hybrid workers wanting to treat themselves on an office working day, and home workers looking for an easy buy-ahead lunch option to buy in advance are an important market for food to go and out of home. There’s still money to be made from the 9 to 5 crowd if you pitch your product mix and offer right for the new world of work”

Nathan Fowler

Managing Director at Queensland Bakery

2 The cost of living crisis

As consumers start to feel the pinch of rising energy prices and see price hikes across all their everyday essentials, you might think that a coffee and cake with friends or a weekend brunch treat would be the first thing to go.

But while 46 per cent of consumers say they will cut spending on treats this year^{vii}, it seems balance is still important to consumers with a little disposable income still to spend. The British Retail Consortium expects the growth rate of retail sales to pick up in the second half of 2023^{viii}, as consumers tired from the hangover of Covid and the gloom of the new economic crisis find small ways to live for the moment.

That's not to say the challenges for retailers and food to go won't be significant. But focusing on how you create moments of joy in challenging times could be key to your continued success.

Own-label ranges are at record levels of popularity, holding

51.6%

of the market compared with branded products.^v

Aldi's sales rose by

18.7%

in Q3 of 2022, reaching a 9.3 per cent market share and making it Britain's fourth largest supermarket for the first time. Lidl grew sales by

20.9%

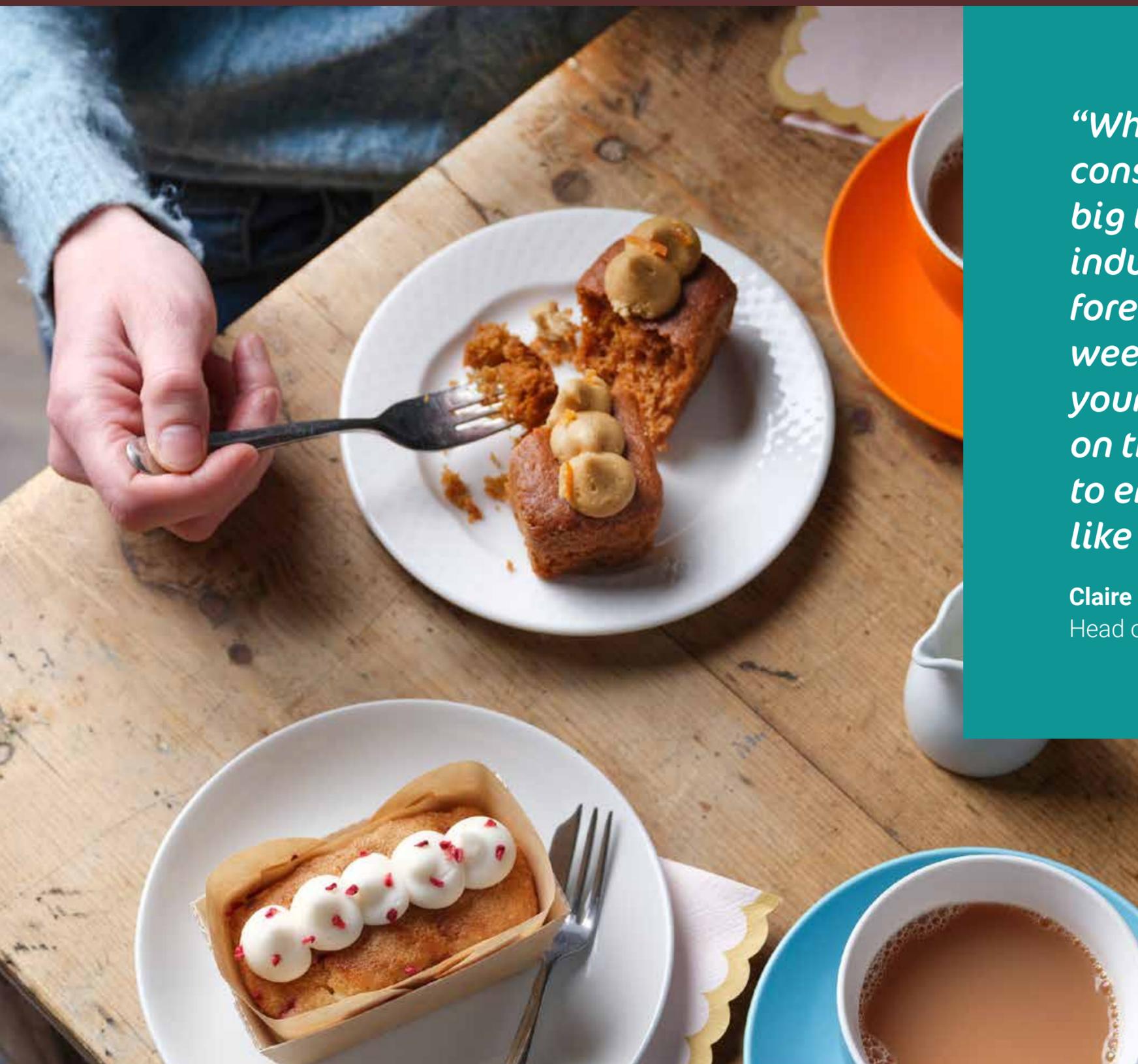
cent and its market share has increased to 7.1 per cent.^{vi}

THE GOOD NEWS:

While the cost of living crisis may be making many consumers think twice about a big splurge like a meal in a restaurant, more affordable options like an extra treat in their shopping basket on the weekly shop or food to go are still on the menu^{ix}. Consumers want to cut their costs, but don't want to remove all the pockets of joy from their lives.

“When times are tough, consumers rethink the big ticket purchases and indulgences. But if you’re foregoing a new car, TV or weekend away, treating yourself to a sweet treat on the go or a little luxury to enjoy at home seems like a small price to pay.”

Claire Palmer
Head of Marketing



3 A little of what you fancy

In the past, a healthy lifestyle was more about what you didn't have than what you did. And while clean eating trends and weight loss are still a concern for many consumers, a growing trend for mindful eating – and treating – means cakes and treats are no longer off the menu.

Small indulgences and snacks with added nutritional benefits like fruit, seeds and protein sources, or treats that cater to a dietary need, like plant-based, gluten free or reduced sugar, give health conscious consumers the ability to treat themselves without losing out on the indulgence they're craving.

And because 79 per cent of consumers believe that supporting their mental wellbeing has a positive effect on their overall wellness^{xi}, it really is the case that 'a little of what you fancy does you good'.

73%

of shoppers are looking for healthier cake options

6 OUT OF 10

consumers say everyday moments of happiness are how they treat themselves^x

THE GOOD NEWS:

While food labelling and marketing changes can seem like another hurdle for food businesses to get over, a growing awareness of nutrition amongst the average consumer can be a positive if you get your recipe and labelling right. According to the British Nutrition Foundation, 64 per cent of consumers say they check nutritional information labels^{xii}, with 41 per cent paying particular attention when buying a new food item, to help them get the balance they want in their diets.



“Balance is the key to health and many consumers are becoming more open to treating themselves as part of their holistic health regime. That may mean choosing smaller portions of an indulgent treat, choosing cakes and pastries with added natural ingredients, or aligning the treats they buy to a particular way of eating, like plant-based or gluten free. And while it’s challenging to meet all of the needs of today’s health-conscious consumer, understanding your customer can really help focus your product choice to maximise sales.”

Brett Fowler
Sales Director

HEALTH IN FOCUS:

Why HFSS regulations don't have to impact your success

New restrictions on products high in fat, sugar and salt (HFSS) could lead to some of the most significant changes to UK food and drink retailers in years, limiting the placement and promotion of HFSS products.

Each product is rated by a 'Nutrient Profile Score' with negative points for calorie density, saturated fat, sugar and sodium, and positive points for protein, fibre, fruit, vegetables and nuts. Foods that score four or more and drinks that score one or more are classed as HFSS products.

So while traditional cakes, bakes and treats might not fare well in retail spaces, the consumer trend for 'a little of what you fancy' could actually serve businesses well.

At Queensland Bakery, we recognise that consumers will always still crave indulgent treats. We offer individually wrapped bars and snacks and we're looking into creating portion-controlled products at less than 100 calories a serving to promote responsible treating. We're also exploring how we can reduce sugar, fat and salt from our treats by utilising alternative ingredients but without compromising on taste.



Five on trend flavours and formats to super-charge your sales

While classics like a great chocolate brownie or the perfectly chewy cookie will always be on the menu, on-trend flavours and formats are key to keeping your customers coming back for more.

Whether you need ready to slice sweet treats to pass off as your own or pre-wrapped treats ready to grab and go, adding newness to your offer is always good for business.



#1. Retro favourites with a modern twist

Nostalgia has been a key food trend for some time now, with luxury modern twists on old school classics driving sweet treat NPD. Think baked Alaska doughnuts, Pavlova cakes and even luxe pop tarts.

According to research from Innova, 37 per cent of consumers of all ages are looking for traditional and nostalgic flavours, with unique and different flavours mattering most to a quarter of consumers^{xiii}. So, combine the two, and you're sure to be on to a winner.

#2. Loaded everything

Less is more right? Not when it comes to bakery. The trend for cakes and bakes with elaborate toppings seems to be here to stay, from artisan doughnuts to brownies and traybakes, sprinkles, drizzles and contrasting textures bring a fresh perspective on familiar formats.

And it's not just sweet treats getting the loaded treatment. How does a savoury Danish filled with a pepper béchamel and topped with whipped Parmesan and pickle sound? Puts that lunchtime cheese and pickle sandwich to shame...

#3. Less label loyalty

Whether it's the cost of living crisis encouraging shoppers to save cash, or forced exploration driven by stock issues during Covid (40 per cent tried own label during the pandemic^{xiv}), consumers are increasingly brand agnostic, and that's a real opportunity for retailers. Whether you want products to pass off as your own, or want to build on customer loyalty with bespoke own brand cakes and bakes, now's the time to tap into a shift in brand loyalty.

#4. Plant-based indulgence

Where vegan used to be a niche diet choice, plant-based and flexitarian are now mainstream consumer trends, covering every category in food retail and out of home eating.

According to Fortune Business Insights^{xv}, the global vegan food market is predicated to grow by 12.95 per cent to 2028, and ongoing newness will be key to its sales potential. And with innovation like artisan doughnuts, indulgent stuffed salted caramel cookies and Lotus Biscoff cake, why wouldn't you choose a vegan option instead?

#5. Snacks, but smaller

According to Mondelez International, 86 per cent of consumers want smaller portion size treat options, so they can still enjoy the taste without the extra calories.

Mini bites in sharing packs have been a real success for retail brands like M&S for years, but offering a perfectly formed individual treat on your café counter or dinner menu could help maximise sales with customers who might otherwise have passed on dessert.





10 ingredients

to inject newness into your sweet treats range this year

- Passionfruit
- Lemonbalm
- Tonka
- Matcha
- Cardamom
- Rose
- Camomile
- Bergamot
- Courgette
- Turmeric

“We’re always scanning the horizon for the next big trend and looking for ways to bring fresh flavours to the mainstream. Our customers are asking us for (what flavours) and (most popular formats) and our bakers are always working on new options to bring variety into out of home eating.”

Brianna Matley
NPD Technologist

Five lifestyle trends to bring your business into 2023

#2. As good as home-made

In-store bakeries (ISBs) have undergone a shake-up in recent years, with challenges with waste, operational compliance and a shortage of skilled workers meaning many retailers have scrapped from-scratch, focusing on bake off instead. Yet ISBs are booming, with the concept growing +5 per cent year on year and making ISBs worth more now than they were pre-pandemic^{xvi}. So, the conclusion has to be that freshness, theatre and easy access to products that are 'as good as home-made' is more important to consumers than on-site skill.

#1. Doorstep delivery

Covid drove a huge increase in home deliveries and since lockdown, demand for delivery has continued to grow. Consumers can now get almost anything they want direct to their door, with café chains like Costa and Greggs jumping on the home delivery trend.

Deliveroo saw sales 60 per cent higher in 2021 than 2020, with more and more lunch, grocery and coffee and cake options being added to the big delivery apps every day. So, there's opportunity to target customers wherever you find them – at work, on the go, or on the sofa.

#3. Bake at home

While you might enjoy binge-watching *Is it Cake?* on Netflix, not many of us have the time in our busy lives to laminate, prove, bake and ice to get the sweet treats we love at home. So, frozen bake at home cakes and pastries are the perfect way to find middle ground. According to Markets & Markets Research (USA), the total global frozen bakery market will grow from \$22.3 billion in 2021 to \$29.5 billion by 2026, at an average annual growth rate of 5.8 per cent.

From ready to bake croissants to slice and bake cookie dough, bake at home isn't a new thing, but it's an area businesses could capitalise on to boost sales – for example, buy a ready to eat pastry today and a bag of the same product frozen for breakfast tomorrow.



#4. All day snacking

While the rule for healthy eating used to be ‘three square meals a day’ the rise of the ‘little and often’ eater has meant snacks have become a huge opportunity for food to go and out of home food businesses.

According to WSGN^{xvii}, 64 per cent of global consumers prefer snacking over traditional mealtimes, a number that’s climbed 5 per cent since 2019. And this casual grazing culture is opening opportunities to bring familiar food items into unexpected occasions. For example, US brand Evergreen’s has taken its mini waffles off the breakfast table, introducing whole grains and all-day flavours like Zucchini and Carrot, Chocolate Chip and Matcha, and Peanut Butter and Banana to offer the same format in multiple flavours across every time of day.

#5. Drive thru

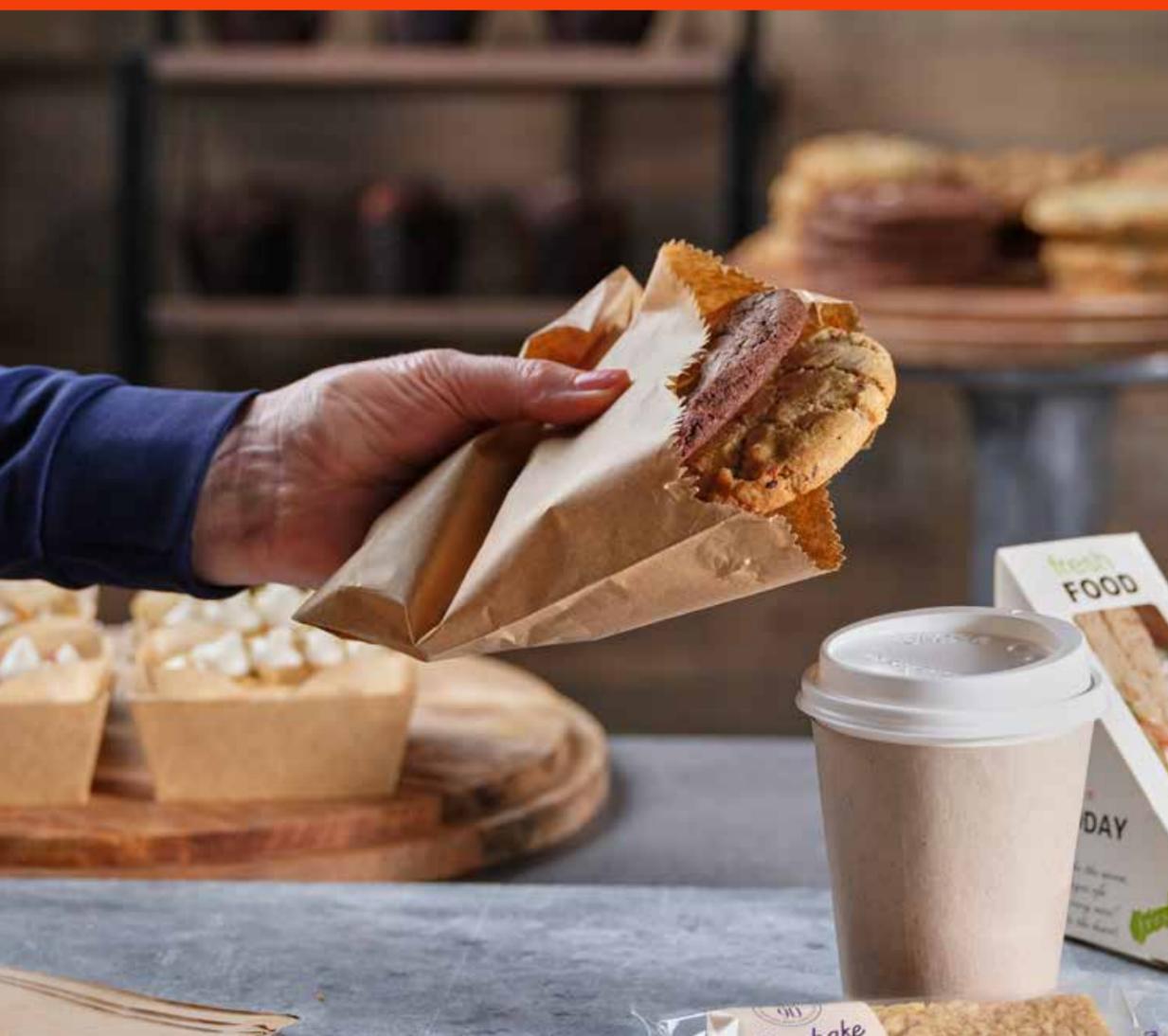
Drive past any retail park on a weekend and you’ll see that drive thru is going strong, and growing. More than 70 per cent of UK consumers under the age of 30 say they’d use a drive thru from their favourite brands if they were more readily available, with 40 per cent of over 50s loving the convenience too^{xviii}.

And with Starbucks, Costa Coffee, LEON and Greggs all opening more drive thrus year on year, food formats that can easily be passed through a car window and eaten on the go are likely to continue to grow in demand.

**How we
support
businesses
like yours**

Our family bakery has been making cakes and sweet treats for more than 130 years, helping businesses serve up the very best bakery products. From pre-packed to ready to slice, ready baked or frozen so you can bake them yourself, ready printed to white label, we give you the choice and flexibility to make our products your own.

With 900+ big-name customers it's likely you've already seen and even tasted our cakes and bakes. We deliver a wide range of traditional and on-trend freshly baked cakes and sweet treats to some of the biggest cafes, attractions and retailers, bringing the taste of a local bakery to all kinds of locations.



Our products

We take our inspiration from both traditional recipes and the most on-trend flavours, catering to all dietary needs from vegan to flexitarian. Our extensive range gives you all the convenience of wholesale, with a finished cake you can pass off as your own.



Retail ready treats to brand as your own

If you fancy creating your own range of cake and bakery products perfectly tailored to your customers, we can do that too, with our white label offer. Need a chocolate brownie with your own look and personality? Or an on-trend traybake that's unique to you? We can work with you to make it happen.

Ready to sell brands

When you need bakery products you can buy in and get straight on the shelves, our two retail brands are the ideal solution. For classic cakes and bakes like Bakewell slices, flapjack and chocolate brownies, our Marybake range covers a range of recipes and formats made for grab and go moments.

For a more indulgent eat, our Lewis & Baker range uses the best ingredients to serve up delicious, convenient treats for even the most discerning customer.

Bespoke recipes to set your business apart

Got a food trend you're dying to try? Want a cake that will get customers to choose you over the competition? Our in-house product developers and bakers can work with you to create bespoke treats perfectly tailored to your business and customer.





Queensland
Bakery Co.

Ready to explore the opportunities
open to your business this year?

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