

The Grocer

Focus On: Bread & Baked Goods by Anne Bruce (annebruce@rocketmail.com)

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The Story

Bread brands are being battered as competition between the grocers heats up. Sales of branded baked goods have fallen but it's not all bad news: a year ago, average prices were falling as a result of swingeing price cuts and pile high/sell cheap tactics; now, for brands at least, they're rising. What's driving this? What factors have driven the market in the past year and what's in store for 2017?

Key themes:

Commodity costs and Brexit: Britain's biggest food & drink brands are near unanimous in reporting that their costs are rising as a result of the weakened pound following the Brexit vote. To what extent is this driving inflation in bread and baked goods? Which brands and own label suppliers are most exposed to commodity cost rises?

Pricing and promotions: This feature will investigate how factors such as retailer promotional strategies, the growth of the discounters, the development of more premium products and so on, are affecting the price we pay for bread in the supermarkets.

Retailers and range rationalisation: Central to this feature will be an exploration of how different retailers – from the big four, Waitrose and the Co-op through to the discounters – are approaching the bread category. How have retailers rationalised their ranges over the past year? Who's pushing brands at the expense of own label, and vice versa?

Bread with bits: we've had a flurry of launches from the biggest brands using ancient grains such as chia. Some say the 'bread with bits' sector is a key opportunity and can help resist the commoditisation of the category. Is this so? Who's doing what? What prices are these value added products maintaining?

Health and functionality: This will be a key focus. The feature will explore how health concerns are driving the development of 'healthier' bread products such as low carb and high protein/fibre loaves. Gluten free will be another focus.

Sandwich alternatives: This part of the baked goods market continues to power on, with value and volumes sales up in double digits over the past year. This feature will explore which players are enjoying the lion's share of this growth... and who's being left behind.

Breakfast: With bakers continuing to target breakfast with an ever widening array of morning goods, this feature will explore which direction this part of the market is likely to take over the coming year, and which brands have been most successful in the past year.

Innovation: This will be key to this feature. We will be investigating how new product development has shaped the category over the past year and what is in store for shoppers in 2017. We will be profiling four of the most interesting launches in a separate innovation panel.

Advertising and marketing: This feature will also investigate how the marketing and advertising strategies of the category's biggest brands have evolved over the past year and how they will develop in the coming year to sustain growth or return brands to growth.

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What's next for the category?