Cakes and Cake Bars - UK - May 2013

Report Price: £1750.00 | $2834.04 | €2223.04

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"Users would like to see more individual portions of cakes, suggesting the market could tap more effectively into the popular impulse occasions through single packs and greater visibility in impulse channel and aisles, effectively leveraged by cereal bars and breakfast biscuits."

– Kiti Soininen, Head of UK Food, Drink and Foodservice Research

In this report we answer the key questions:

- What can cakes and cake bars learn from rival treat categories?
- Do healthier options resonate in the cake and cake bars market?
- How can cake brands combat low penetration among under-25s?
- How can flavour innovation support interest in the price-led market?

High volume growth in individual/small varieties helped the cakes and cake bars market stem the value decline of the two previous years to reach £1.14 billion and 317 million kilograms in 2012. Cake bars, slices and small cakes are increasingly tapping into the broader snacking opportunity, meaning the category as whole is better equipped to compete with rival chocolate confectionery, biscuit and cereal/ snack bar sectors.

Facilitating this has been innovation in individual packaging, ongoing commitment to flavour refreshment in a stubbornly traditional market, and rising levels of adspend in this hitherto low profile sector. Mr Kipling is behind much of the brand investment in the category.

Undoubtedly, the dominance of own-brand is both a blessing and a hindrance to growth, given the high level of price sensitivity among consumers in light of sustained pressure on household budgets. The response in the cake market has been strong own-label NPD activity and the introduction of competitive £1 price points by brands, which combined have positioned cake as an affordable alternative to other treats, important given that being 'overpriced' is a primary barrier to purchase among potential cake buyers.

Taste is deemed to be more important than healthiness by two fifths of users, however health concerns remain a significant barrier to take-up, suggesting there is scope to broaden the variety of healthier alternatives available to stimulate growth among low/non-users.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market