

# Bakery

2010 White Paper 1 of 4



Innovative  
Insights  
for **Fall**  
Promotions

## A Letter From Dawn

Fall promotions are critical to the success of the instore bakery department because there is never a better time of the year to capitalize on consumer demand for sweet goods to share with family and friends over the fall holiday season.

Your mission is to connect with shoppers' needs, and Dawn is here to help. Proprietary research by Dawn and Technomic identified four "need states" with shoppers: Connection, Craving, Convenience and Celebration. By connecting with these need states, you can make the fall holidays more successful than ever.

This Dawn White Paper on Fall Promotions, the first of 2010 in our popular, ongoing series of bakery category management papers, features great ideas for merchandising and promoting cakes, cookies, donuts, brownies and muffins. You'll also find the latest bakery purchasing trend data to help you drive higher impulse sales and increase profits.

At Dawn, we understand the driving forces in consumer purchasing behavior and the types of innovative products that bakery customers are craving most often. We also recognize that shoppers are looking more for answers about how to make their everyday lives a little more special.

Dawn is proud to offer a full range of bakery products and solutions that provide you with the ability to deliver what today's shoppers demand. Let's make the fall selling season a great success!

Best Regards,



Richard Mansfield  
Vice President, Instore Sales  
Dawn Food Products, Inc.  
1-800-248-1144

### ON THE COVER:

Dawn offers a wide variety of cakes, cookies, and sweet goods - perfect for any holiday special occasion. Contact your Dawn sales representative for our latest collection of designs or for expert help on creating your own.

## Strategies & Tactics for Fall Promotions

October will be here before you know it, so it's time to plan ahead for fall promotions in the bakery. This issue of the Dawn White Paper will focus on the two key holiday periods, Halloween and Thanksgiving, keeping in mind the entire fall season is ripe for opportunity to connect with consumer need states.

Recent research conducted by Dawn and Technomics revealed a new understanding of how consumers think about baked goods. Consumers cite "Craving" as a key reason they buy from the instore bakery, along with "Product Freshness" and "Product Appearance." Not surprising, the main reason they don't buy is that the bakery lacks product choices that satisfy their craving needs.

Of note, consumers satisfy their cravings most often with cookies and cakes, which both rank 11 points above average for Craving among all sweet baked goods, according to Dawn and Technomic research. Donuts also address over-the-top craving.

So how can you leverage "Craving" in your operation? Let's start with cookies. Research shows that cookies are an affordable, craveable indulgence for individuals, while also providing an opportunity to share with the family in ways the ordinary supermarket cookie aisle can't. Cookies from the instore bakery are seen as decadent, convenient, sharable and affordable, which is perfect for today's consumer seeking to satisfy their craving needs.

Cakes can also drive sales if you give customers a compelling reason to buy. Dawn research found that whole cakes – inexpensive "everyday" cakes – not only help shoppers connect with family but also satisfy their craving for something sweet. And single serve sliced cakes make it easy for shoppers to fulfill their craving.

### CAKES

Dawn and Technomic have organized cakes into three distinct sub-segments: whole (dessert cake consumed for after-dinner dessert), specialty (decorated cake purchased for single event celebration), and sliced (packaged with one or two pieces purchased as a convenience or impulse).



*Elegant dessert stations, like at this Publix store, help drive sales of specialty cakes.*

Whole cakes are more likely to be shared with the whole family on a regular, everyday basis. Specialty cakes are usually a planned party item shared with others at special events or others' homes. Single sliced cakes are often shared with spouse or used as a special way to connect with kids, and are seen as an everyday impulse item.

Publix Super Markets offers a prime example of how instore bakeries can leverage cake decorating as a way to drive craving, impulse and connection for shoppers. Select Publix stores feature open cake decorating stations in full view of shoppers. As many as three decorators at one time are decorating specialty cakes, creating a theater effect for the shoppers who see the Publix bakery as an attractive option to a local neighborhood bakery. This reinforces the messages that shoppers can go to Publix for any special occasion cake, including weddings, to bring people together, celebrate connections and make cakes a craveable choice.

According to Dawn and Technomic research, whole cakes provide an outward expression of caring that is different from other sweet baked goods. For example, 62% of those surveyed reported whole cakes make others feel special, compared with 57% for other sweet baked goods. Whole cakes tend to be everyday items, as 59% of purchases are for an everyday occasion. By comparison, specialty cakes are driven by special occasions, as 86% are planned purchases and 89% of purchases are for special occasion.

For those looking to drive impulse sales, single sliced cakes offer an attractive tool, especially when displayed on the perimeter of the instore bakery to bring in shoppers who might ordinarily not shop the department. Carrying kid-friendly flavors supported by point-of-sale signage taps into occasions when parents and their children share an indulgent moment together.

Thanksgiving isn't just a "Pie" holiday anymore. Based on Perishables Group Fresh Facts data, instore bakeries can expect positive lifts in cake sales during the fall holidays, particularly during the week leading up to Thanksgiving. In 2009, average cake dollar sales at U.S. instore bakeries rose 15% from the week prior to the week leading up to Thanksgiving. This presents a particularly large opportunity to maximize cake sales during Thanksgiving, during which weekly cake dollar sales eclipsed the total year weekly average for 2009 by 5%.

It is recommended to plan ahead for this significant increase of cake sales during the week leading up to Thanksgiving, or risk losing out on a lucrative opportunity to boost sales. As seen in the data below, average weekly cake dollar sales fall off significantly in the week after Thanksgiving, so there appears to be a brief window of opportunity in which to maximize cake sales during the Thanksgiving holiday.

Although Halloween doesn't enjoy the same spike in cake sales as Thanksgiving, Dawn offers several Halloween cakes to boost sales for parties or making a fun day for kids (old and young) extra special. Further, instores like Price Chopper Supermarkets in New York and New England show how to leverage new technology to drive sales during fall

### BENCHMARKING: CAKES

- Total year 2009 (52 weeks ending Dec. 26, 2009)
- Dollars per store per week \$2,714
- Week % change (dollars per store) vs. year ago +2.4%
- Week % change (volume per store) vs. year ago +5.2%
- Average retail price \$6.82

### Fun Fact

Ancient Egyptians made the first fruitcakes, while the Greeks produced the first cheesecakes – neither is the “raised” cake we know and love.

holidays like Halloween. Using its Facebook page, Price Chopper offers its Facebook fans exclusive coupon offers every Sunday. Last October, one promotion featured Halloween cupcakes for office and classroom parties, priced at 6 for \$3.79 or 12 for \$6.99. This promotion drove a significant increase in sales.

#### Halloween Period

Week ending Oct. 24, 2009  
Dollars per store for week \$2,515  
Week ending Oct. 31, 2009  
Dollars per store for week \$2,664  
Week ending Nov. 7, 2009  
Dollars per store for week \$2,468

The week leading up to Thanksgiving shows a huge jump in cake sales, as seen below.

#### Thanksgiving Period

Week ending Nov. 21, 2009  
Dollars per store for week \$2,465  
Week % change vs. year ago +4.0%  
Week ending Nov. 28, 2009  
Dollars per store for week \$2,844  
Week % change vs. year ago +2.6%  
Week ending Dec. 5, 2009  
Dollars per store for week \$2,059  
Week % change vs. year ago +1.2%

Leveraging craving, connection and celebrations can make the Thanksgiving holiday even more successful. Smart instore bakeries can leverage this knowledge by building high-impact

## UNIQUE FALL HOLIDAYS

Beyond Halloween (Oct. 31) and Thanksgiving (Nov. 25), there are several unique holidays that occur in October and November, giving your bakery department even more hooks to engage shoppers with special promotions.

The following list details unique and festive events:

- Oct. 1 – Homemade Cookies Day
- Oct. 5 – World Teachers' Day (Target Promotions to Kids for Nominating Their Favorite Teacher)
- Oct. 14 – National Dessert Day
- Oct. 21 – Apple Day
- Oct. 24 – Mother-in-Law Day (Buy Her a Gift Basket of Brownies!)
- Oct. 28 – National Chocolate Day
- Nov. 3 – National Sandwich Day (Add a Cookie for Dessert!)
- Nov. 17 – Homemade Bread Day (Cross Promote with Sweet Baked Goods)
- Nov. 18 – Great American Smokeout (Indulge with a Donut Instead!)

displays of whole cakes and specialty cakes that are decorated in fall colors.

Hy-Vee offers an example of one instore bakery operator that is pushing the creative limits of its fall cake line by encouraging its cake decorators to push themselves beyond traditional designs. Once a year, Hy-Vee conducts its own company cake decorating challenge in which individual stores send one representative to compete against decorators from other stores. In this way, cake decorators from HyVee are able to learn from each other and explore new trends in designs that will capture the attention – and boost cakes sales – from a greater number of shoppers.

## COOKIES

Cookies enjoyed the highest percentage growth in dollars and volume per store change of all major bakery categories in 2009. Cookies offer enormous potential to connect to consumer need states during fall holidays. Cookies are not just for kids anymore. Research by Dawn and Technomic has found that 85% of cookies purchased are consumed at home for two primary occasions – sharing with a spouse or significant other and sharing with extended family and friends.

Special event cookies are a prime example of addressing family celebrations during the fall

holidays. Special event cookies are large size for sharing, personalized, seasonal and come in displayable packaging. All of these factors give the instore bakery a strong hook and effective tools to connect to shoppers and drive higher sales.

Over the past year, United Supermarkets and Market Street West Texas have expanded their online presence for shoppers through popular social networking tools like Facebook and Twitter, using daily updates to allow guests to stay connected with

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*Cookies enjoy positive sales gains during both Halloween and Thanksgiving.*



## BENCHMARKING: COOKIES

- Total year 2009 (52 weeks ending Dec. 26, 2009)
- Dollars per store per week \$930
- Week % change (dollars per store) vs. year ago +5.5%
- Week % change (volume per store) vs. year ago +8.0%
- Average retail price \$3.25

store happenings and enhancing online materials like online catering orders and in-store promotions. With online catering, United shoppers can easily order cookie trays ahead of time.

Secondary cookie displays afford another tool to drive impulse sales, positioned either on the perimeter of the bakery department or near the checkout stations and other prime locations for cross promotions throughout the store. Dillons Food Stores in Kansas heavily promote giant message cookies on secondary displays in the deli department during the week leading up to Thanksgiving, connecting to shoppers who are seeking dinner and dessert solutions for special gatherings involving family and friends. Cookies enjoyed positive gains in 2009 during both the Halloween and Thanksgiving holidays, showing particularly significant growth in the Halloween period, as seen in the data below.

### Halloween Period

- Week ending Oct. 24, 2009
- Dollars per store for week \$1,030
- Week % change vs. year ago +4.2%

## Fun Fact

Americans consume more than 2 billion cookies every year, translating into 300 per person annually.

- Week ending Oct. 31, 2009
- Dollars per store for week \$1,162
- Week % change vs. year ago +3.1%
- Week ending Nov. 7, 2009
- Dollars per store for week \$913
- Week % change vs. year ago +4.9%

### Thanksgiving Period

- Week ending Nov. 21, 2009
- Dollars per store for week \$878
- Week % change vs. year ago +4.3%
- Week ending Nov. 28, 2009
- Dollars per store for week \$914
- Week % change vs. year ago +2.5%
- Week ending Dec. 5, 2009
- Dollars per store for week \$885
- Week % change vs. year ago +1.5%

Family classic cookies, such as chocolate chip and oatmeal, offer another opportunity for the instore bakery to drive sales during the fall holidays by emphasizing convenience and connection. Family classic cookies can offer higher count with better value and variety and can be merchandised as “fun and cheerful.” Instore bakeries can connect to the fun and cheerful side of cookies through a variety of methods. One example is marketing to kids. Gelson’s Markets in Southern California, for example, offer free supermarket tours for kindergarten through sixth grade students. These interactive tours allow students to experience firsthand a full-service supermarket at various levels, ranging from stocking shelves to understanding how Gelson’s operates on a daily basis. In the bakery, students see how cookies are decorated and made, giving them a sweet impression of bakery.

## BENCHMARKING: DONUTS

- Total year 2009 (52 weeks ending Dec. 26, 2009)
- Dollars per store per week \$708
- Week % change (dollars per store) vs. year ago +3.8%
- Week % change (volume per store) vs. year ago -1.5%
- Average retail price \$1.22

## Fun Fact

The hole in the donut was invented by New England sea captain Hanson Gregory, who in 1847 ordered the ship's cook to punch holes in the dough to make sure the center was fully cooked.

## DONUTS

Donut sales begin an upward climb as the weather turns colder in October, providing an excellent opportunity for instore bakeries to boost sales during the fall holidays. It is important to recognize that donuts are not only a breakfast item. Dawn's research proves that shoppers love a donut snack between lunch and dinner, or as a late night treat. This is not surprising, as donuts deliver on craving and – thanks to its shape and size – are a fun and convenient snack.

One creative merchandising idea is to address the craving indulgence side of donuts by focusing on finishing and icings. Donut shoppers crave over-the-top indulgence, and 7-Eleven offers one success story of how to address this craving. Joe Hermes, 7-Eleven's senior fresh foods director for baked goods, recently approached 7-Eleven's bakery partners, including Dawn, about creating a richer, more decadent chocolate icing for its donuts. Dawn provided the winning icing recipe, which originally came from Wohlleb Bakery in Louisville, KY.

Ironically, Hermes knew this bakery from his childhood days visiting his grandparents' home in Louisville and enjoying Wohlleb's chocolate iced donuts. "This is a pre-eminent chocolate icing, and is one of Dawn's premium products," says Hermes. "We tweaked the recipe a little to make it smoother, but the taste is just as delicious as I remember it from the local bakery on 36<sup>th</sup> and Broadway." This type of strategy connects to shoppers looking for special indulgences, and donuts fit the bill.

## BENCHMARKING: MUFFINS

- Total year 2009 (52 weeks ending Dec. 26, 2009)
- Dollars per store per week \$411
- Week % change (dollars per store) vs. year ago -0.4%
- Week % change (volume per store) vs. year ago -0.9%
- Average retail price \$2.17

## Halloween Period

Week ending Oct. 24, 2009

Dollars per store for week \$716

Week ending Oct. 31, 2009

Dollars per store for week \$718

Week ending Nov. 7, 2009

Dollars per store for week \$683

## Thanksgiving Period

Week ending Nov. 21, 2009

Dollars per store for week \$693

Week ending Nov. 28, 2009

Dollars per store for week \$688

Week ending Dec. 5, 2009

Dollars per store for week \$627

## MUFFINS

Muffins offer unique opportunities to the instore bakery because muffins satisfy hunger better than many other sweet baked goods and are also seen as a more healthful option. A growing number of instores are targeting products like muffins that address specific dietary needs for shoppers. Supervalu's nutrition iQ

## Fun Fact

Three U.S. states recognize an official state muffin: New York: Apple. Massachusetts: Corn. Minnesota: Blueberry

## BENCHMARKING: BROWNIES

- Total year 2009 (52 weeks ending Dec. 26, 2009)
- Dollars per store per week \$138
- Week % change (dollars per store) vs. year ago +2.4%
- Week % change (volume per store) vs. year ago +3.0%
- Average retail price \$3.41

program uses easy-to-see, color-coded shelf tags to help consumers quickly identify healthier food choices for themselves and their families. Someone striving for a heart-healthy diet could easily identify products by looking for the source of fiber orange tag or the whole grain dark orange tag, both applicable for muffins.

Muffins are perceived as more natural and healthful because they offer higher fiber and healthful inclusions like berries and antioxidants. One effective merchandising tip – practiced by instores including Roche Bros. in the Boston marketplace – is to create displays such as muffin carts near the entrance of the store to draw in more health-conscious consumers who may not currently consider the bakery for a snack or meal option.

## BROWNIES/DESSERT BARS

When it comes to craving and indulgence, it's

*Brownies are a perfect sweet treat to satisfy consumer craving and indulgence.*



## Fun Fact

The 1906 edition of Fannie Farmer's Boston Cooking-School Cookbook featured the first recipe for "cake" brownies.

hard to beat a brownie or dessert bar, and Halloween presents an enormous opportunity to increase sales. Brownie and dessert bar weekly dollar sales rose 24% from the week prior to the week leading up to Halloween in 2009. And also during the week leading up to Halloween, brownie and dessert bar sales topped the 2009 average for all U.S. weekly dollars per store by 16%. The 2009 week leading up to Halloween presented a significant boost in sales, attributed to the enormous opportunity for promoting brownies and dessert bars for Halloween parties. Instore bakeries can also leverage the trend toward increased impulse purchases in the bakery by directing merchandising efforts toward consumer cravings. Dawn has found that product qualities that deliver best on satisfying craving have the greatest opportunity to drive impulse purchases: aroma, freshness and pleasurable.

To learn more about insights presented in this Dawn White Paper, call your Dawn representative today or call 1-800-248-1144, and we will put you in touch with a Dawn sales professional. For more information, visit Dawn online at [dawnfoods.com](http://dawnfoods.com).

*Merchandising ideas and findings included in this Dawn White Paper are supported by Perishables Group FreshFacts data powered by Nielsen. The point-of-sale syndicated data set includes U.S. food stores with more than \$2 million in annual sales for 52 weeks ending Dec. 26, 2009. For benchmarking purposes, total year 2009 data are included for each category: cakes, cookies, donuts, muffins, and brownies.*