

Bakery

2010 White Paper 2 of 4



Winning
for Promotions
December
Holidays

A Letter From Dawn

Gatherings with family and friends are especially important to shoppers during the December Holidays, so this time of the year presents an enormous opportunity to drive higher consumer purchases through innovative promotions and creative merchandising – and delicious sweet baked goods.


While it's true that today's shoppers are seeking out value and convenience, at the same time, they are looking for unique ways to satisfy their individual cravings and desires to connect with family and friends during the holidays.

This Dawn White Paper on December Holidays, the second of 2010 in our popular, ongoing series of bakery category management papers, offers valuable insight and trends into new ways to effectively promote cakes, cookies, donuts, muffins and brownies.

Smaller cakes, like the signature 5-inch Madeline cakes at Metro Market, appeal to everyday family connections, while the new dessert bars at Byerly's give shoppers a convenient place to pick up dessert inside the prepared foods department of the supermarket. These are just a few creative ideas presented in our latest Dawn White Paper. Further details of strategic promotions for December Holidays and benchmark data on each bakery category are provided for your benefit to help you achieve higher profits and reach your target goals.

Dawn is proud to offer a full range of products and solutions that give you the tools you need to make a difference in your marketplace. This December, set your sights on winning promotions that put your instore bakery above the crowd!

Best Regards,



Richard Mansfield
Vice President
In-Store 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 expert help on introducing exciting new products and merchandising ideas.

Winning December Holiday Promotions

The December Holidays present one of the most celebratory and lucrative times of the year for instore bakery promotions. This issue of the **Dawn White Paper** will focus on the three weeks of December leading up to and through the New Year's holiday, with promotional ideas and insights for all types of instore bakery operators.

In a groundbreaking research study by Dawn and Technomic, consumers consider four important criteria when selecting sweet baked goods for their celebrations.

- Brings people together
- Easy to share with others
- Makes others feel special
- Helps me show affection for others

Throughout this **Dawn White Paper**, you will see references to many important consumer insights that can drive success in the bakery.

It is important to recognize consumer attitudes toward celebration events that occur in December because it enables the instore bakery to tailor promotions that effectively target what today's shoppers are seeking out.

Signage, displays, packaging and various merchandising techniques all play a crucial role in how you execute promotions to reach your target markets.

In this **Dawn White Paper**, you will see examples from bakeries across the country that shed valuable light on winning creative strategies.

Further, this **Dawn White Paper** will present syndicated Perishables Group FreshFacts data, revealing key insights for the holidays and prime opportunities to promote cakes, cookies, donuts, muffins and brownies/dessert bars.

CAKES

Cakes are a cornerstone for December Holiday promotions. Dawn has found many ways to strengthen the presence and role of cakes in the bakery by exploring examples from retailers and by applying the insights discovered in research with Technomic.



Metro Market caters to special occasions with its signature Madeline cakes, which come in 5-inch and 8-inch sizes.

Carrying whole cakes that best represent “restaurant dessert favorites” encourages weekly dinner dessert at home. In addition, offering smaller cakes are seen as an indulgent value and since the cakes are smaller, the entire cake is enjoyed with no leftovers.

Metro Market in Milwaukee offers a great example of winning with smaller cakes during the holidays. Metro's signature Madeline cakes, 5-inch and 8-inch cakes topped with rich buttercream and whimsical dots, are promoted in holiday colors such as green to encourage impulsive celebrations with families.

Specialty cakes are highly popular for driving higher sales during holiday occasions. Dawn and Technomic research found that 89% of specialty cake purchases are for special occasions. One idea

FUN FACT

Red velvet cake is reported to have been first served at New York's Waldorf Astoria Hotel in the 1920s.



Byerly's features brownies, cakes and more in a unique dessert bar in the prepared foods section of the deli.

to parlay this need into an opportunity is to offer an online decorated cake program. This gives consumers an easy and convenient way to plan their celebrations by seeing what is available and what the finished cake will look like.

Another example of how to do an online decorated cake program can be found at Schnucks Custom Cakes: www.schnucks.com/party/cakes.html.

The newly opened Byerly's Creations store in Golden Valley, MN, which is part of the Lunds and Byerly's chain, features a new "Cake of the Month" program in the bakery, spotlighting the opportunity to "treat your family and friends to something special!" These seasonally themed, quarter-sheet cakes are available in white, chocolate or marble and include a personalized message. Shoppers simply order a few days ahead of time and pick up at their convenience.

Also don't forget birthday promotions during the December Holidays. Byerly's and Lunds stores

FUN FACT

Dutch settlers first introduced cookie cutters to America for holiday celebrations in the 1700s.

promote a special "Celebrate Your Child's 1st Birthday" program, in which shoppers receive a free 7-inch layer cake with personalized decorations. Shoppers are encouraged to bring in a souvenir copy of their child's birth certificate to receive a signature cake that is decorated in balloons, baby booties or other decorations of their choice.

Based on the following Perishables Group FreshFacts data, instore bakeries can expect positive lifts in cake sales during the December Holidays, particularly during the Christmas week when cake sales exceeded the 2009 average for weekly dollar sales per store by 15%. You can expect the week prior to Christmas week to also perform at a better-than-average sales rate.

WEEKLY CAKE SALES IN DECEMBER

- Week ending Dec. 12, 2009:
 - Dollars per store for week = \$2,419
- Week ending Dec. 19, 2009:
 - Dollars per store for week = \$2,726
- Week ending Dec. 26, 2009:
 - Dollars per store for week = \$3,126

In 2009, cake sales exceeded prior weekly performance for the same period in 2008 during each of the weeks ending Dec. 12 and Dec. 19 by at least 3%. This can be attributed to an overall lift in cake sales for total year 2009 and increased promotional activity during the 2009 December Holidays when instore bakeries were aiming high to give shoppers more reasons to buy from the bakery. According to Nielsen, 2009 marked a renaissance for the coupon as coupon redemption rates grew by 27% to one of the highest levels ever recorded.

Supervalu, for example, has launched a chain-

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

IDEAS FOR INSTORE SAMPLING

Instore sampling programs can drive higher purchases of all sweet baked goods during the December Holidays, particularly with new products or line extensions.

A new study from PromoWorks called RISE (Report on In-store Sampling Effectiveness) sheds valuable light on the effectiveness of instore sampling. The 2009 study found the average cumulative trial of a sampled item in a new product launch rose 60% after 20 weeks and 329% on the day of event. For a line extension, the results were even better – 107% lift after 20 weeks and 919% lift on the day of the event. Trials of an established brand produced a 57% lift after 20 weeks and a 177% lift on the day of the event.

The RISE report reveals instore sampling boosts sales of established products and line extensions, along with new products, for months to come. In short, instore sampling lifts sales of the entire brand franchise in addition to the sampled brand.

wide initiative to bring more value to shoppers through attractive price promotions and a better product mix that matches the needs of each neighborhood's shoppers.

COOKIES

Cookie consumption continues to be on the rise as consumers find they bring a delicious and small indulgence for themselves and their significant other. In fact, Dawn's research with Technomic found that consumers buy cookies most often for themselves or their significant other. In addition, cookies are a regularly purchased item, which means

consistency in taste, size and texture are critical.

Cookies are easy to eat on-the-go and bring a needed energy boost during the day. According to Dawn and Technomic, 69% of cookie purchases are intended as a snack, and three out of four shoppers intended for their cookie purchases to be eaten between meals or during late night. Key merchandising opportunities to drive higher sales during the December Holidays include appealing to the craving side of cookies. Using point-of-sale visuals to emphasize cookies as a more indulgent and decadent product is one key tactic, as well as suggestive "late night craving" product names and descriptions.

With family celebrations being especially popular during the December Holidays, one creative idea is to set up a do-it-yourself cookie decorating display

Festival Foods promotes at-home decorating for holidays with this special cookie decorating display.



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

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

in the instore bakery. Festival Foods in Wisconsin executes this strategy by offering seasonal cut-out cookies that are un-iced and packaged in clamshells, along with plastic tubs of icings in various holiday colors, sprinkles, candles and even cookie cutters. The holidays present an outstanding opportunity to drive the craving appeal of cookies. Dawn's research with Technomic showed that cookies are often purchased simply because shoppers crave a cookie.

Based on the following Perishables Group FreshFacts data, instore bakeries can expect much better than average gains in cookie sales during the December Holidays, particularly the two weeks leading up to and through Christmas. For all three weeks of the December Holidays in 2009, average weekly cookies sales exceeded the yearly average by at least 31%.

WEEKLY COOKIE SALES IN DECEMBER

- Week ending Dec. 12, 2009:
- Dollars per store for week = \$1,220
- Week ending Dec. 19, 2009:
- Dollars per store for week = \$1,567

FUN FACT

Dawn Donut Company – named after the time of day when bakers work – started the first industrial donut mix plant in 1920.



Gourmet donuts are a growing trend that appeals to the indulgence side of the bakery.

- Week ending Dec. 26, 2009:
- Dollars per store for week = \$1,505

DONUTS

Donuts are a product segment that exudes over-the-top craving. According to Dawn's proprietary research, consumers find these three qualities highest with donuts:

- Guilty pleasure
- Lets me pamper myself
- Satisfies craving

Donuts are a versatile item for the bakery during the holidays. Donuts can satisfy individual craving by delivering an indulgence snack and can solve morning on-the-go needs through bite sized donut holes.

Gourmet donuts are one of the hottest new trends in the bakery business, as retail shops like Doughnut Plant in New York City and Frost Doughnuts in the Seattle marketplace are appealing to a new type of consumer who is willing pay up to \$2.50 apiece for a gourmet donut that satisfies their cravings for indulgence. Instore bakeries can leverage this trend by carrying several indulgent donut varieties, like chocolate mousse or even maple bacon bars, as bacon continues to be one of the trendiest ingredients in culinary circles. Frost Doughnuts infuses maple with bacon and tops their maple bars with slices of bacon.

Perishables Group FreshFacts data show that

FUN FACT

In 19th century England, “muffin men” carried trays of muffins on their heads to deliver door-to-door.

donut sales during the December Holidays are slow. However, smart retailers can drive incremental donut sales during the holidays by promoting the indulgence and craving.

Making donuts available for afternoon snacks and late night craving can generate higher sales, and creating a unique, signature donut can make the bakery a destination.

WEEKLY DONUT SALES IN DECEMBER

- Week ending Dec. 12, 2009:
 - Dollars per store for week = \$693
- Week ending Dec. 19, 2009:
 - Dollars per store for week = \$698
- Week ending Dec. 26, 2009:
 - Dollars per store for week = \$632

MUFFINS

Muffins are great products to capitalize on consumers’ need for quick and easy solutions that are

Choose-your-own muffin carts or kiosks give shoppers the ability to satisfy their individual needs.



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

sensible. Many consumers have two or three favorite flavors, so Byerly’s features a program called “Build Your Own Muffin Sampler,” which allows shoppers to pick their four favorite muffin varieties displayed within an attractive muffin cart – located on the perimeter of the bakery department.

The four-count muffin trays sell for \$5.79, and the savings to the consumer are prominently displayed on instore signage.

Dawn’s proprietary research study found that muffins are a regular purchase, both on weekdays and weekends.

Retailers can create displays that promote this regular morning meal:

- Create a daypart display area where muffins can be showcased in the morning for shoppers thinking about breakfast.
- Create a display area that promotes weekend stock-up for muffins and mini-muffins that can be shared with extended family.

The latter tactic serves the December Holidays particularly well, as shoppers stock up for breakfast and snacks for family and friends visiting for the holidays.

Perishables Group FreshFacts data show that muffin sales typically fall in line with the weekly average for the full year. However, retailers can beat this trend by emphasizing sharing and promoting family gathering occasions through muffins.

WEEKLY MUFFIN SALES IN DECEMBER

- Week ending Dec. 12, 2009:
 - Dollars per store for week = \$411
- Week ending Dec. 19, 2009:
 - Dollars per store for week = \$397

- Week ending Dec. 26, 2009:
 - Dollars per store for week = \$356

BROWNIES/DESSERT BARS

Dawn's research with Technomic showed that the fresh-baked aroma of a brownie creates an undeniable craving with consumers. The December Holidays is a perfect opportunity to drive this craving with brownies presented through unique merchandising that celebrates the season.

A dessert bar is a great idea to use merchandising to drive brownie sales.

Byerly's Creations store in Golden Valley, Minnesota, features a separate dessert bar strategically positioned inside the prepared foods section of the deli. The dessert bar – priced at \$6.99 a pound – features brownies, lemon or date bars, cobblers, crisps, cakes and tortes.

Product size and packaging are key factors that make brownies and dessert bars more convenient and drive higher impulse purchases. Big Y Supermarkets' bakeries offers a line of sweet baked goods billed as Just Enough Desserts, promoted for after a great meal or as a mid-afternoon snack, these decadent treats are portioned "just enough" to satisfy the shopper's sweet tooth craving. These items are made fresh in the bakery with up to 40 different items, including brownie bars and cookie sandwiches.

Based on the following Perishables Group Fresh Facts data, the December Holidays offer an enormous opportunity to lift sales during the week of Christmas, when weekly sales in 2009 topped the national weekly average by 29%.

FUN FACT

Baked by New York culinary students in 2001, the world's largest brownie contained 750 pounds of chocolate chips.

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

WEEKLY BROWNIE SALES IN DECEMBER

- Week ending Dec. 12, 2009:
 - Dollars per store for week = \$129
- Week ending Dec. 19, 2009:
 - Dollars per store for week = \$163
- Week ending Dec. 26, 2009:
 - Dollars per store for week = \$178

WRAPPING IT UP

This **Dawn White Paper** offers a variety of great ideas to create winning promotions for the December Holidays.

Whether it's a late-night donut snack after a holiday show or a muffin tray for visiting family, the December Holidays offer new opportunities to drive incremental sales.

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.

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.