

# Bakery

2009 White Paper



Sweet  
Tactics  
for Spring  
Celebrations

## A Letter From Dawn

Instore bakery shoppers need your help. They are increasingly seeking expert advice to solve their dilemmas for special occasion celebrations. The bar has been raised higher by creative ideas presented in food magazines and on television food shows, and, as a result, bakery shoppers want to make a splash with each and every occasion.

Your bakery can provide a valuable helping hand by springing into action with creative springtime promotions and signature bakery products that connect with shoppers' needs. New merchandising and promotion ideas for cakes, cookies and sweet goods are incorporated in this special Dawn White Paper report on Spring Celebrations, the fourth installment in our 2009 bakery category management series.

The following report outlines simple-to-execute merchandising ideas and bakery purchasing trends that will 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.

You can make this happen by addressing their "need states," which consist of connection, craving, convenience, and celebration. The task is seldom easy, but we are here to help.

Dawn offers a full range of bakery products and solutions that provide you with the ability to deliver what today's shoppers demand.

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 our latest collection of designs or for expert help on creating your own.

# Sweet Tactics for Spring Celebrations

Desserts and sweet goods are synonymous with Spring Celebrations, such as Easter and Mother's Day. So, it is no surprise that sweet baked goods at the instore bakery experience a lift during April and May.

Yet, do you know which sweet-baked-goods sub-categories enjoy the highest lifts during these important months? Knowing such information and related details will help you implement the correct product mix and merchandising strategies to maximize your profitability.

## Consumer Insights

First off, it is imperative to understand where consumer purchasing patterns are heading. Dawn Foods recently conducted a large baked-goods industry study involving instore bakery manager interviews, consumer focus groups and a consumer quantitative study.

In this groundbreaking research, consumers reported that their purchases are becoming more impulse-driven and that their purchase incidence in all product segments except cookies is declining. For example, impulse purchases are on the rise, increasing from 42% in 2005 to 52% in 2009. Bakery operators need to think about the products and merchandising materials in their stores to leverage this trend. Where are things headed next? The economy is a driving factor behind this year's decline in bakery sales, but there are promising categories that deserve close attention, including indulgent cookies, cake portions and sweet desserts.

Dawn Foods identified consumer "need states" for the category to help develop new product platforms to better meet consumer needs and to create new merchandising strategies to capitalize on shopper behavior.

The research from Dawn Foods identified four



*Shoppers are looking more to the instore bakery for solutions for their celebrations and special occasion needs.*

consumer "need states":

- **Connection** – outward expression of caring; easy to share with others
- **Craving** – feelings of happiness, indulging, and pampering oneself; products that help them unwind, relax
- **Convenience** – inherent desire to relieve stress and make one's day easier; easy to eat on the go and offers an energy boost
- **Celebration** – part of a social event or special occasion; brings people together in a quality way

A 2009 Technomic report found that Americans are entertaining more often at home, supporting the fact that consumers are increasingly looking to the supermarket for solutions to their home entertaining occasions. Consumers use of foodservice has also been on the decline, boding well for instore bakeries.

Looking forward, applying category management principles can help instore operators maximize sales performance throughout Spring Celebrations, including St. Patrick's Day, Easter, Mother's Day,

graduation season, and other notable holidays and special occasions. Connecting to customers who are looking to celebrate is one area in particular where instore bakeries can shine nowadays.

### Sales Trends in Bakery

Among cakes, cookies and sweet goods, the cake category is the only of the three categories to register an increase during the Spring Celebrations period of 2009, compared with total year, according to *Perishables Group FreshFacts*. Cakes accounted for 31.4% of total bakery dollars for Spring Celebrations and 28.4% of total bakery dollars for the year – a significant increase of 3 percentage points. This is important to instore bakeries because it points to the significance of larger gatherings of family and friends during Spring Celebrations like Easter or graduation. Shoppers order more cakes for celebrations during this time period, especially graduation season in late May and early June.

By comparison, the cookie category dipped slightly in the Spring Celebrations period as compared to total year. Cookies amounted to 9.3% of Spring Celebrations bakery dollars in 2009 and 9.6% of total year bakery dollars.

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*Cookies are a bright spot for instore bakeries in 2009 and offer many options for Spring Celebration promotions.*



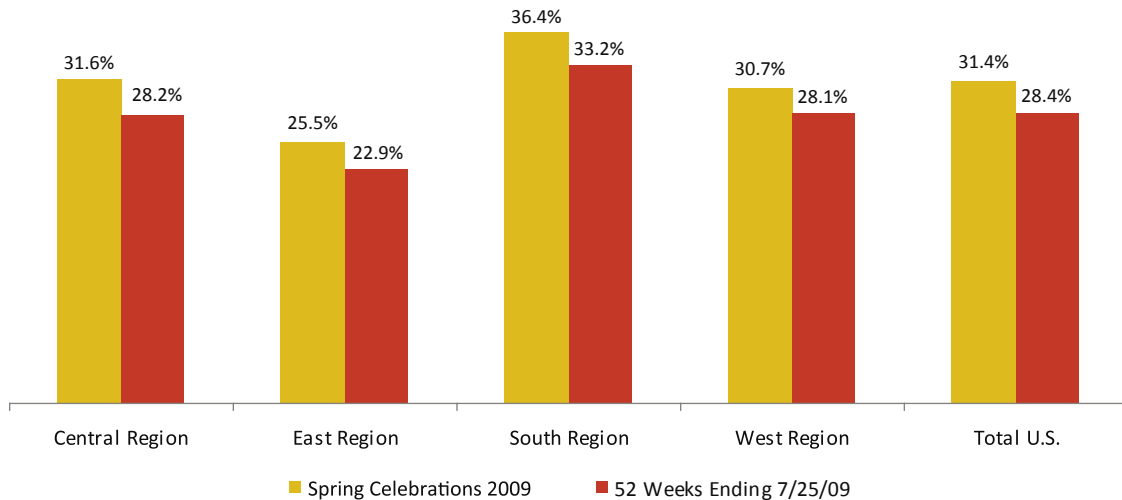
Think of signature items here that can increase your instore bakery's position during springtime promotions and drive higher impulse sales of cakes, cookies and sweet goods. Gelson's, a Southern California retailer with 18 supermarkets, merchandises large-size iced shortbread cookies, wrapped three to a pack, in clear plastic and tied neatly with red and green ribbons. These gourmet cookie three-packs fly off the shelves at \$6.95 apiece.

Remember to connect with shoppers with ideas that help them plan their celebrations for family gatherings. Hannaford Bros. and Sweetbay Supermarkets feature a graduation party-planning section on their websites that highlight main courses, side dishes and desserts. Select locations of Publix Super Markets feature a successful instore service called Apron's Event Planning, which helps shoppers plan an entire party. Further, Pittsburgh-based Giant Eagle trains its staff in bakery and other perishables departments to cross-promote meal solution ideas during special occasions like St. Patrick's Day. A recent St. Patrick's Day promotion at Giant Eagle, for example, included iced cookies along with the traditional pairing of rye bread with corned beef and Swiss cheese. Rounding out a meal with dessert is an important merchandising strategy for any instore bakery.

To help Americans keep their holiday traditions alive while staying within their budgets, Walmart responded with a spring 2009 campaign to serve up greater savings on food items prior to Easter, including a 15-ounce Angel Food Cake priced at \$4 apiece. Promoting value to shoppers remains a vital tactic during current economic times, especially during holidays when shoppers are most receptive to messages related to delivering value for families. Walmart shoppers, for example, can feed a family of eight a turkey or ham dinner with all the fixings for under \$35, according to Walmart.

Shoppers spent an average of \$117 on Easter merchandise in 2009, with 32% going toward the purchase of food, according to the National Retail Federation. However, while consumers continued

## Cakes Average Contribution to Total Bakery Dollars by Region



Source: Perishables Group FreshFacts®

to buy traditional Easter items such as candy, many opted to save by preparing their holiday meal and entertaining friends and family at home, citing concerns about the state of the economy.

Looking on at other relevant data for Spring Celebrations, the sweet goods category (including coffee cake, sweet rolls, cinnamon rolls, pastries, flavored breads, turnovers, strudel) accounted for 6.8% of Spring Celebrations 2009 bakery dollars and 6.9% of total year bakery dollars. Americans' tendency toward indulgence was more evident during the first half of 2009. Consumers spent \$646 per store per week nationally on baked sweet goods in the 52 weeks ending June 27, 2009, marking an increase of 1.4% compared to the previous 52-week period. This is attributable, in part, to the economy because consumer dollars have shifted away from foodservice and more to supermarkets.

One tactic to reinforce value in the sweets category is to offer special deals for everyday shoppers. At Meijer stores (headquartered in Michigan), for example, the Meijer bakery invites customers to the

counter by offering coffee and a donut for \$1 on the "Honor System" from 6 a.m. to noon each day.

Looking at cake subcategories, snack cakes registered the largest lift (+44.2%) in average weekly dollar sales per store during the Spring Celebrations period, compared with total year. Again, the economy is driving shoppers toward buying more sweet goods and convenient dessert snacks at the supermarket.

The next highest increase among cake subcategories during the Spring Celebrations period occurred in dessert cakes (+18.4%), followed by decorated cakes (+11.5%) and cupcakes (+10.7%). Every other major cake subcategory (crème/pudding cakes, individual desserts, cheesecakes, and ice cream cakes) witnessed an increase during Spring Celebrations, as well. So as a retailer, Dawn recommends a strategic merchandising approach that takes into consideration a wide array of cake options that emphasize variety and indulgence. Publix Super Markets, for example, promotes the indulgence of its six-layer tortes, which are made with sponge cake and five

layers of filling. Each torte is covered with whipped cream, chocolate ganache or white ganache.

Celebration and indulgent cookies present another opportunity. Among cookie subcategories, message cookies registered the largest lift (+17.4%) in average weekly dollar sales per store during the Spring Celebrations period, compared with total year. Kroger offers one example of a successful merchandiser of message cookies, as Kroger stores in the Midwest use three-shelf merchandisers to display message cookies in displays adjacent to the high-traffic bread aisle.

The next highest increase among cookie subcategories during the Spring Celebrations period occurred in specialty cookies (+6.5%), followed by everyday cookies (+4.5%) and mini cookies (+2.7%). Cookie platters (-38.6%) and iced cookies (-14.7%) both registered significant declines during the Spring Celebrations period, compared with total year. This data suggest that shoppers devote more spending to high-indulgence cookies during springtime occasions because they are looking to celebrate.

Message cookies should be merchandised prominently on a special display stand near the perimeter of the bakery department to encourage impulse sales. Message cookies from Dawn Foods are an effective product idea to help instore bakery customers celebrate their favorite springtime celebrations. Message cookies from Dawn Foods come in bakeable plastic trays with clear domes included. All you have to do is bake, decorate and display.

### Regional Preferences

Looking at cake trends among the four regions of the United States, cakes in the Central and South regions both exceeded 3% growth in percent of total bakery dollars during the Spring Celebrations period, compared with total year. The East and the West regions also posted modest increases for cakes, although not as high as in the other two regions.

For cookies, the West region was the only region in



*Message cookies offer an eye-catching way to attract higher impulse sales.*

which cookies posted an increase (+0.1%) in their portion of total bakery dollars during the Spring Celebrations period, compared with total year. Cookies lost percentage share in the South (-0.4%), Central (-0.4%) and East (-0.3%) regions. For sweet goods, the Central region was the only region in which sweet goods saw an increase (+0.1%) during the Spring Celebrations period. The South region witnessed the largest drop (-0.4%).

### Promotions & Merchandising

Instore merchandising ideas for Spring Celebrations like Easter and Mother's Day should include thinking outside the box (the bakery department). Flowers and cards are the top two gifts for Mother's Day, so why not try placing a single-serve dessert display in the floral department or card section. Working with other departments of your store is a highly effective way to increase total shopper basket size, especially with consumers looking at bakery more as an impulse purchase nowadays. Wegmans, for example, successfully features its floral and bakery department together in promotions for Spring Celebrations like Mother's Day, using instore fliers and website promotions to draw shoppers' attention to special deals and products.

Gift box cakes are a fun way to liven up your bakery shelves during Spring Celebrations, and make sure to add lots of color. Pastel colors are especially

popular during the spring. And don't forget to add ribbons and bows to single-serve desserts or even display signage. These extra touches will get you noticed by shoppers in the bakery.

Book-signing events and cooking classes involving noted bakery experts – conducted at the instore bakery – can be another successful way to attract shoppers looking for creative culinary ideas and provide greater exposure for your springtime promotions. Byerly's in Minneapolis-St. Paul regularly holds book-signing events and cooking/baking classes at its gourmet supermarkets, including an appearance in March 2009 by Minnesota cookbook author and baking expert Beatrice Ojakangas, who shared tips on Scandinavian baking ideas. This is a prime example of how to entice customers who are fascinated with new culinary ideas related to different food cultures for planning their home meals and celebrations.

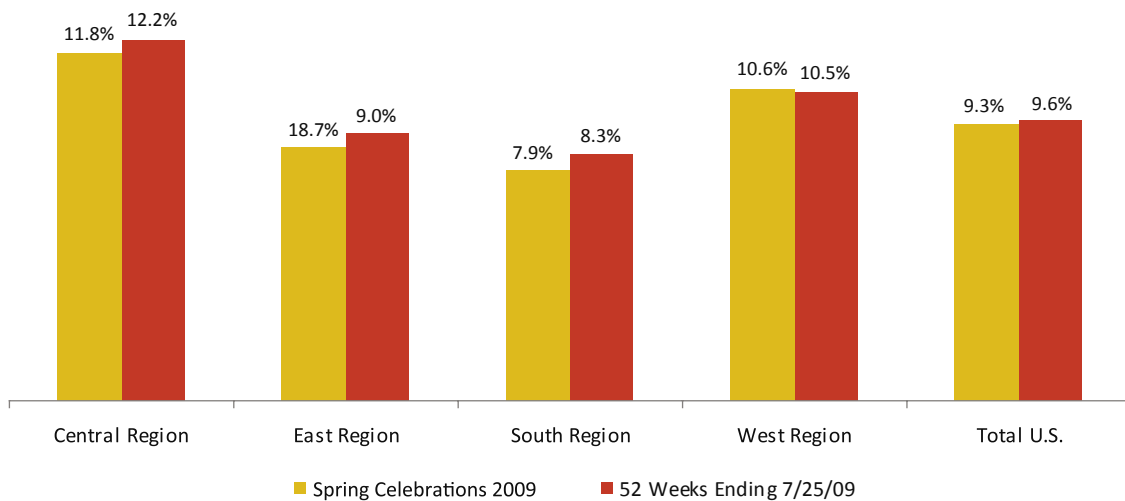
Don't think that just because you can't attract a national celebrity to your store for a special promotion that this is an idea not worth pursuing. Remember that dedicated food lovers – which there are more

and more of nowadays – are well aware of local and regional culinary experts, so it is wise for you to reach out to such experts to help you connect with your bakery customers.

Connection is an important strategy for a growing number of supermarket operators. Five years ago, Salisbury, NC-based Food Lion made a decision to step out of the norm in an effort to be something more than what they were. After two years of research from a concept team that included representation from technology, merchandising, finance, operations and marketing, a new store concept called Bloom was born. Today, there are 64 Bloom stores. "Bloom is all about connection," says Paul Sabattus, Bloom vice president of merchandising and training, adding that the connection happens on two levels—both at the store and expanded to the home. Through visual stimulation, color and quality, "we are trying to connect people with product."

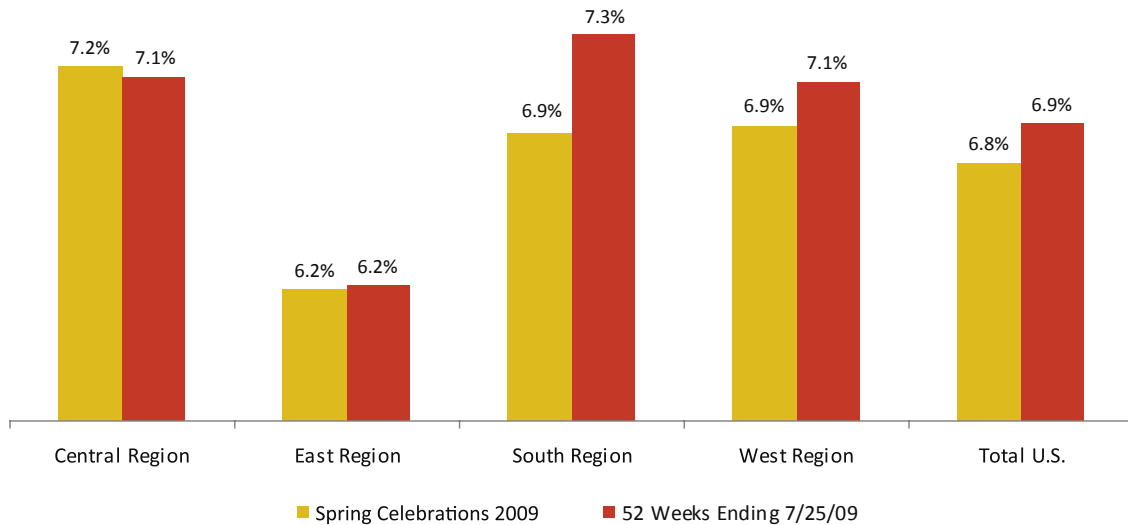
From the signature muffin tops, to the chocolate-chunk Taste of Inspiration (Bloom's private label) cookies, to Cheesecake Factory products, to the custom-designed cakes, the Bloom bakery is a sweet

### Cookies Average Contribution to Total Bakery Dollars by Region



Source: Perishables Group FreshFacts®

## Sweet Goods Average Contribution to Total Bakery Dollars by Region



Source: Perishables Group FreshFacts®

spot. Signature cakes that include Chocolate Avalanche, Peanut Butter Rave and Strawberry Sensation are made in-house, and all cakes are decorated in-house and on display for customers to watch.

Further, make sure to promote your Spring Celebrations promotions on your company website, because meal and home celebration planning is one of the fastest growing online activities in America, according to new research from Nielsen. Nielsen found that prime-time viewership on the Food Network jumped 16% from 2009 to 2009 and further reported that the average online shopper spends 10 minutes online planning meals. Retailers like Meijer have created special iPhone applications to notify shoppers of weekly specials and even search for special needs bakery items.

Ukrop's uses electronic kiosks positioned in the instore bakery to help shoppers order customized decorated cakes for any Spring Celebration. All shoppers need to do is type in their desired specifications for the cake (type of icing, flavor, etc.), and their order is generated immediately. These types of merchandising tactics add convenience to the shopping experience and lead

to higher impulse sales at your instore bakery department.

To learn more, 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 about our products and technical support, visit Dawn online at [dawnfoods.com](http://dawnfoods.com)

*The bakery department data contained in these reports is based on 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 the latest 52 weeks ending July 25, 2009. The data represents 61.4 percent all commodity volume (ACV) of retail supermarket sales in the instore bakery department. The data and charts compare the Spring Celebrations 2009 timeframe (Easter through Mother's Day: April 11, 2009, through May 16, 2009) versus the total year (52 weeks ending July 25, 2009).*

*The Perishables Group is an independent consulting firm focused on innovation and creating value for clients in the fresh food industry. Recognized as the leader in applying category development processes to the perishables food space, the Perishables Group's expertise includes supply chain management; activity based costing, research and marketing services.*