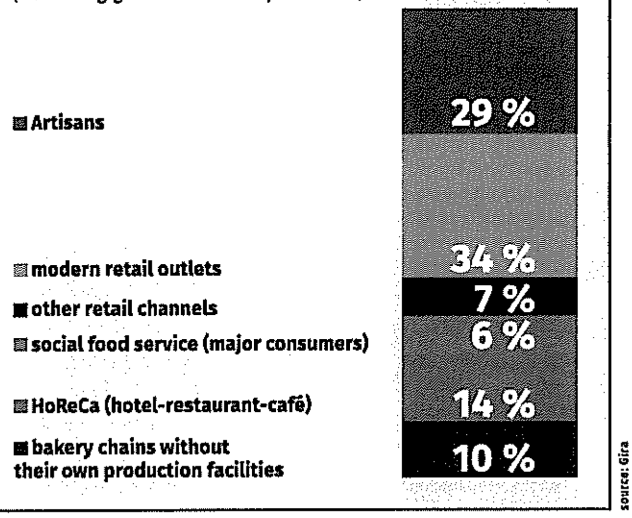
Bake-off in Europe

At this year's General Assembly of the International Industrial Baking Association (AIBI), Anne Fremaux, Director of the Bakery Division of the French market research company GIRA, presented new information about the bake-off market.

Gira combines two groups of industrially manufactured baked products under the heading Bake-Off. The first comprises those B2C products that are "completed" by the end user, e.g. bread rolls, cakes, filled pastries or topped baguettes.

The second group covers B2B business, mainly with the food retail, which uses them to fill its bake-off ovens and counters, either by baking-off the products or by simply thawing them. However, this market also includes the volumes bought in by artisan bakeries, the demand from the food service and caterers, and the amounts sold through bakery chains who rely largely or entirely on bought-in goods, e.g. LeCroBag, BackWerk or the Back-Factory.

Market shares (Volumes) of the European fresh baked products market 2016
(including goods finished by resellers)



B2C – Baking-off at home

B2C is the name given to those industrially produced and packaged products, either unrefrigerated in a protective gas pack or as frozen baked goods, that are offered for baking-off at home. Gira calculates that throughout Europe, the entire product group has a 5% share of Europe's 39.3 million tons total consumption of baked products, i.e. around 1.97 million tons/year for the whole of Europe, with an expected volume growth rate of 1.8% in the next few years.

Germany is the biggest market for products of this type anywhere in Europe, with a total volume of more than 500.000 tons. Of this, more than half is accounted for by bread and around one third by patisserie – e.g. cakes, strudel etc. Fine bakery products and savory baked goods, e.g. topped baguettes or filled puff pastries, play a secondary role in Germany.

Great Britain is the second biggest market, overall one third smaller than the German market and almost devoid of fine bakery products, but on the other hand more uniformly divided between the bread, confectionery and savory baked goods categories. The third biggest market is France, where the market is determined by bread and savory baked products, but the total market amounts to only one third of the German market's volume.

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Growth through own brands and gluten-free

Two trends are currently powering up the market:

a) the increasing emergence of the own brands of modern trading houses and hard discounters
b) the suitability of this distribution type for gluten-free product

Considering the overall product range of the 1.97 million tons, the various product groups are divided very differently between chilled/ambient and frozen.

B2B – produced industrially, completed by the reseller

These industrially manufactured products, which are mainly transported frozen, are encountered by end users as fresh goods, because they are thawed out, baked off and/or finished by the retailer on the spot.

According to Gira, their share in all marketing channels is growing at the expense of actually fresh purchased goods. Among artisan bakers, that naturally means at the expense of their own production, but in that case bought-in bake-off products amount to just 7% of total sales volume. These bake-off goods have their biggest share throughout Europe

Shelf and chiller shelf versus freezer in B2C bake-off (volumes)

	Chilled/ambient	Frozen
Bread	55 %	45 %
Fine bakery products	20 %	80 %
Confectionery	15 %	85 %
Savory fine bakery products	41 %	59 %

source: Gira

among reselling bakery chains, which currently account for 44% of their total volume.

Across all distribution channels for these B2B products, it remains true to say that the proportion of goods bought fresh is the biggest. The reasons for this are the low prices for such industrially manufactured products and the variety when purchasing from artisans. However, the proportion bought fresh is losing out in favor of frozen goods.

A further drop in the artisan share

Considering Europe's total market for fresh baked products (including those fresh baked goods that are bought-in industrially and baked-off at/by resellers), the business has shifted to the modern retail outlets with their bake-off stations, and will continue to do so in the future. Extended freshness off-the-shelf baked products are expressly not included in this. Accordingly, the retail companies' market share was already 34% in 2016, while the artisans' share dropped to 29%. This numerical ratio was exactly the other way round in 2006. For 2021, Gira forecasts that the retail will have a 35% share of the market, and artisans 27%.

Another aspect of the changing market for B2B bake-off is the growing proportion of fully baked goods that only need thawing out. Their share has already reached a significant volume in catering and among major consumers, and is growing further. However, this is also due to the fact that many cakes and fine pastries that only need thawing out and serving are being ordered in this case. According to Gira, the proportion of so-called "fully baked" products across all the product groups in 2016 was 15%. Bread and bread rolls, the market-makers that account for 76% of the total market volume of B2B bake-off products, are transported mainly part-baked and frozen.

In his summary, FREMAUX stressed that bake-off products provide big advantages, especially for resellers: flexibility, a broad product range, standardization and quality certainty, no need for trained employees, and little waste. For consumers, baked goods from bake-off stations or in the food service have long been regarded as normal, fresh and trendy. Limits will be imposed on the market, if at all, by the uniform appearance of the products, a discussion of the sustainability of such value-added chains, and/or growing consumer demand for regional/homeland-related/authentic/sustainable. +++