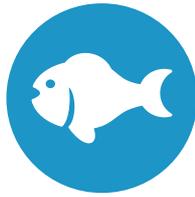


The rise of the **flexitarian**

- the growing interest in vegan sweet bakery products



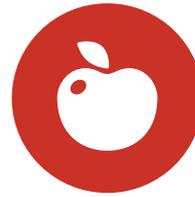
Flexitarian



Pescatarian



Vegan



Vegetarian



Introduction

Welcome to the first issue of Bakery Bites. Baker & Baker has launched this report concept at a time when so much is happening within the bakery sector. The country is currently facing challenging times with high inflation creating the perfect storm of rising costs for manufacturers while consumers have less money in real terms to live.

In addition, the bakery sector is tackling issues such as HFSS, availability of raw materials and changes in consumer lifestyles and diets. Each report will focus on a topic which is impacting the industry and is designed to provide bitesize statistics and insights to help provide more clarity on the subject. Alongside commentary from experienced Baker & Baker professionals, independent experts will also be invited to provide analysis and observations.

The first report focuses on veganism, and we've partnered with research specialist FMCG Gurus to share some unique consumer sweet bakery findings and insights. FMCG Gurus provides market research and insight into consumer attitudes and behaviours across the food, beverage, and supplement markets worldwide. Leading global FMCG companies collaborate with the company to help them make more informed decisions by leveraging their services and solutions.

Within this report, we look at a piece of vegan bakery research undertaken by FMCG Gurus. This involved a survey of 1,000 UK consumers in April 2022 and was nationally representative by age and gender.

The standout finding from the research is that while there is an increase in vegetarians (vegans and pescatarians), there is continued rapid growth in flexitarians (those that make a conscious decision to eat less animal-based products) - creating a significant market in this segment. This growth mirrors Baker & Baker's experience in other European markets where it does business.

Included in the report we look at consumer perceptions in the vegan sweet bakery category - focusing on what's driving and blocking growth in this area.

Finally, we hope you find the report of interest and would welcome your feedback on the findings, as well as topic suggestions for future Bakery Bites reports.

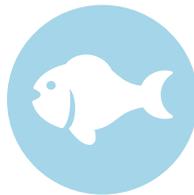
Enjoy the report



Helen Sinclair
UK Marketing Manager
Baker & Baker



Flexitarian



Pescatarian



Vegan



Vegetarian



A growing appetite for alternative diets - the rise of the flexitarian

From previous research undertaken by FMCG Gurus, a total of 34% of consumers across the UK say that they follow a diet around the avoidance or moderation of animal-based products, an increase compared to the 28% of people who stated that two years earlier. Moreover, this is a trend that is set to continue over the next couple of years. Indeed, earlier this year, a total of 16% said that they planned to increase their intake of plant-based food and drink over the next twelve months. When questioned why they were planning to do this, the top four answers given were that such products are better for the environment (62%), healthier (54%), have a better nutritional value (47%), and are safer (27%).

Most consumers following an alternative dietary plan in the UK identify themselves as being flexitarian (23%) and are driven by self-expression and want brands that they feel match their attitudes and outlook on life. Over the last two years, the pandemic has made consumers more conscious about their own dietary habits and the environment, as they evaluate factors that they believe can have a negative impact on health. Moreover, whilst initial concerns have begun to fade regarding animal welfare, especially in certain countries, it is something that is having a greater influence on purchasing habits. Although much attention is given to the popularity of alternative diets amongst younger people, this is also a trend that resonates amongst older consumers, especially if they feel that their health is not at a maximum level.

However, whilst health and environmental concerns continue to grow, consumers prioritise taste when seeking out products, especially when they are prone to turning to products for moments of escapism. Something that remains a challenge for the industry, as 45% of people in the country

believe that plant-based alternatives can be lacking in taste when compared to animal products. This is because historically, better-for-you products have been associated with being bland and boring, whilst words such as veganism are automatically associated with sacrifice and compromise for others.

This means that although brands are well placed to capitalise on changing dietary habits in the UK, it is not enough to rely on sustainability and health credentials. Instead, brands must offer maximum reassurance around the sensory elements of products too.

Putting this into context, the research FMCG Gurus undertook on behalf of Baker & Baker around sweet bakery products makes for interesting reading.

Mike Hughes
Head of Research & Insight
FMCG Gurus



23%  The rise of the Flexitarian



Statistics sourced from:
FMCG Gurus - Meat and Plant-Based Protein survey - Q3 2020
FMCG Gurus - Meat and Plant-Based Protein survey - Q2 2022
COVID-19 survey - Q1 2022



What's driving growth in the **vegan sweet bakery** category?

When asked: "Why would you be more likely to purchase a sweet bakery product if it carried a vegan-friendly claim?", the top three reasons outside of diet were:



The top three answers make for interesting reading:

Better for the environment

This might come as little surprise, as younger generations place more importance on sustainability and the environment when making purchasing decision. Older generations also want to play their part in leaving behind a better planet for their children and grandchildren.

Increasing the consumption of vegan food, for example, by swapping a standard treat to a vegan-based one, can help to tackle climate change. Animal agriculture causes a significant amount of greenhouse gases, and many consumers are aware of the relationship between cows and methane.

In addition, like traditional sweet bakery products, product claims such as sustainably sourced palm oil or palm oil-free, are also likely to gain favour with consumers.

Fewer bad ingredients

Consumer opinion varies as to what exactly qualifies as 'bad' ingredients, but consumer perception is crucial when manufacturing and marketing bakery products. In this

case, the majority of consumers think that vegan products have fewer bad ingredients, which are likely to have a detrimental impact on their health. Put simply, consumers often think vegan products are better for them health-wise.

There is now more focus than ever before on health and wellbeing. Many young people look at what they are eating as part of an all-round focus on leading a healthy life. Older people, some of whom may have suffered a health scare, are also taking a second look at what goes into their bodies.

In the bakery sector, health is always an interesting issue, as unlike in the beverage industry where low-calorie or sugar-free drinks are now commonplace, many consumers will not compromise on their indulgence bakery treats.

Portion control can help to support a reduction in calories, fats and sugars, but the reality is that consumers are taking a more 'credit/debit' approach to their diets. In addition, some manufacturers like Baker & Baker are looking at reformulating products to offer healthier alternatives. This is however always a challenge given the 'no compromise' take on quality and taste.

More natural/less processed

Consumer perceptions that vegan products are more natural / less processed again feeds into the consumer trend of focusing more on health and wellbeing.

In fact, further research by Mintel* found that 69% of people think that shop-bought cakes have too many processed ingredients, while 'no artificial ingredients' appeals in terms of making a product healthier for 30% of consumers.

As a result, consumers are taking more notice of product claims such as no artificial colourings, flavours, preservatives etc.

* Mintel - Cakes, cake bars and sweet baked goods, UK 2022



What is holding **the market** back?

In response to the question: "You state that you would be less likely to purchase a sweet bakery product if it carried a vegan-friendly claim. Why is this?", the top three answers not including diet were:



Looking into this further:

Taste

As with all sweet bakery items, taste is king when it comes to consumers purchasing a treat.

While in the past there might have been a stigma around the quality attached to a product that carried a vegan-friendly claim, in many cases, that is no longer the case. In fact, many companies invest significant resources into vegan new product development (NPD), and in several cases, vegan-based alternatives can give the traditional versions a run for their money.

Lack of understanding around vegan

However, while great strides have been made in NPD, there is still a perception issue with consumers. The research found 46% of consumers are less likely to buy a sweet bakery product which has a vegan claim. More still needs to be done to overcome historic concerns about taste and quality, and the industry must invest the time and resource to better educate consumers.

For example, the research found there is consumer confusion between expectations of vegan and plant-based products. In

response to the question: "is there is a difference between what a 'vegan-friendly' sweet bakery product is, and what a 'plant-based' sweet bakery product is?" there was uncertainty as to what these claims mean, with 49% of consumers saying no, while a further 15% were unsure.

Is there is a difference between what a **'vegan-friendly'** sweet bakery product is, and what a **'plant-based'** sweet bakery product is?"



Therefore, products that are labelled vegan rather than plant-based may have the wider appeal with consumers. This is obviously on the basis that the vegan products also deliver on taste.

Price

While price was the third most popular reason as to why people would be less likely to purchase a sweet bakery product, it's not the full picture.

When those consumers who stated they would be more likely to purchase a sweet bakery product if it had a vegan-friendly claim, 44% said they would be willing to pay a premium for such a product if they felt assured over quality. That's reassuring given the often-increased manufacturing costs associated with producing vegan treats.

It is however important to see what impact general price increases as a result of inflation will have on overall sweet bakery sales.

Baker & Baker's vegan range

- pure taste without compromise

Baker & Baker, a specialist European bakery products manufacturer, has launched its first range of vegan products. The range, including a cookie, doughnut and muffins have been launched to meet increased demand for vegan products without compromising on product quality and taste.

Made from all vegan ingredients, the range comprises:



PINK VELVET RING DOUGHNUT
– a soft eating doughnut base with a pink strawberry flavoured icing and white sugar strands



DARK CHOCOLATE MUFFIN
– an irresistibly indulgent chocolate muffin with Belgian dark chocolate chunks



FRUITY BLUEBERRY MUFFIN
– a delicious, moist blueberry muffin with natural flavours and a crumble topping



DARK CHOCOLATE COOKIE PUCK
– a delectably indulgent dark chocolate (Rainforest Alliance certified) cookie containing 30% chocolate

Offering convenience, the doughnut and muffins are simply thaw and serve, while the cookies can be easily baked from frozen. With a shelf life of between two and five days, the range allows customers to maximise product availability while minimising waste. The doughnuts and cookies have been manufactured with certified palm oil and the muffins are palm oil free. The entire range contains no artificial preservatives, flavourings or colourings.

The range has enjoyed successful launches in France, Germany (2021) and the UK (Q1 2022), and is currently being rolled out to UK bakeries, food service operators and retailers in Q1 2022.

Baker & Baker views this launch as the start of a journey and will continue to expand and evolve the range to meet consumer demand. For more information about Baker & Baker and its vegan range of bakery products, please visit [Vegan Products - pure taste without compromise \(bakerandbaker.eu\)](http://VeganProducts-pure taste without compromise (bakerandbaker.eu)).

About Baker & Baker

Baker & Baker is one of Europe's leading suppliers of Bakery Products with market leading capability in the donut, muffin, brownie, cookie, cake, specialty bread, and viennoiserie categories.

Baker & Baker is dedicated to delight customers and consumers with outstanding competence, innovative products and high-quality service.

Serving customers in the retail, food service and the artisan channels under a portfolio of trusted brands including Baker & Baker American Bakery, Goldfrost, Concadoro, Molco, as well as licensing brand agreements with Mondelez and Disney, and partnering with major key accounts on private label.

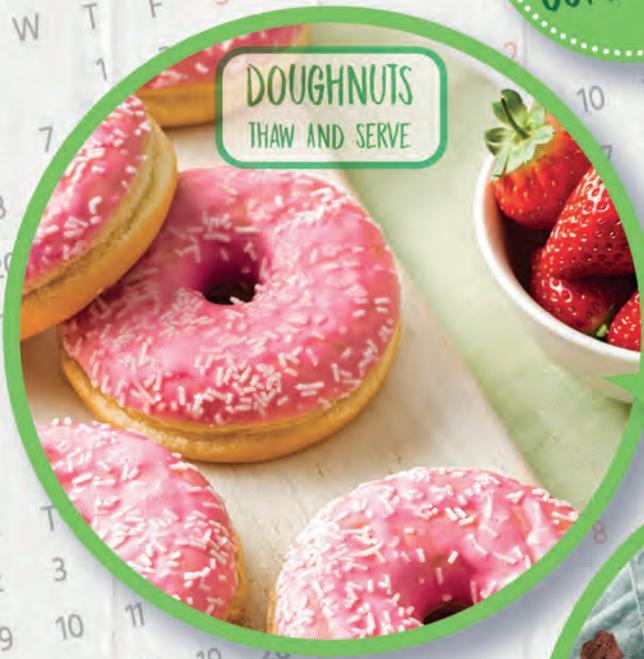


OUR VEGAN RANGE



NOT JUST FOR VEGANUARY!

PURE TASTE
WITHOUT
COMPROMISE



DOUGHNUTS
THAW AND SERVE



MUFFINS
THAW AND SERVE



COOKIES
BAKE FROM FROZEN

- CLEAN LABEL**
- ✓ RSPO SG (muffins POF)
 - ✓ No artificial colours
 - ✓ No artificial flavours
 - ✓ No preservatives
 - ✓ No TFA



Vegan[®] is based on carefully selected ingredients and takes into account best manufacturing practices to minimize the risk of cross-contamination

Baker & Baker

— WE ARE AMERICAN BAKERY —