

The appetite for sweet
bakery in the
Higher Education Space



Introduction

Welcome to the latest edition of Bakery Bites – our series of reports designed to provide insight on key issues impacting the baking industry. Following on from the last Bakery Bites reports which looked at the impact of the cost-of-living crisis on the sweet bakery category, we have undertaken a deep dive into the challenges and opportunities facing outlets selling sweet bakery in the education sector – with a focus on universities. This project will involve two reports, with each report looking at student and business insights, respectively.

In developing this report, we have again partnered with research specialists Sapio Research to share some unique findings and insights. Sapio Research is a UK-based consumer and B2B market research company, which delivers valuable evidence and insights to national and international businesses. Within this report, we look at a piece of research undertaken by Sapio Research in Q4 2024, which involved an online survey of 50 businesses selling sweet bakery products in the higher education space alongside in-depth interviews of a select number of catering decision makers.

The standout findings from the research includes the impact COVID has had on the sweet bakery space, how operators are tackling high costs including energy bills, through to how organisations expect the fall in international students enrolling at UK institutions to impact operations.

Included in the report we provide analysis on the findings, look at what is driving demand, and provide guidance on how businesses can remain competitive in the current economic climate.

Finally, we hope you find the report of interest and would welcome your feedback on the findings, as well as suggestions for future topics. We would invite you to participate in the discussion on our [LinkedIn](#) page.

Enjoy the report.



Helen Sinclair
UK Marketing Manager
Baker & Baker



Sweet baked goods on campus: **Balancing offering amid changing trends**

An occasional sweet treat can provide a welcome mood boost for students juggling university life's demands – from challenging modules to assignment deadlines. In fact, it wouldn't be wrong to say these sweet treats are classified as an affordable luxury by many.

However, as lucrative as they may sound to suppliers and catering decision makers, sweet bakery products are also increasingly influenced by broader consumer trends, such as sustainability and convenience. This presents an interesting challenge for catering decision makers on how to balance cost, profitability, and quality against these rising demands.

Traditional sweets such as cookies and muffins have always been student favourites, followed by doughnuts and biscuits. But at the same time, the new research report from Baker & Baker reveals that while 81% of students feel the economic impact, sweet treats maintain their status as an affordable luxury. (With 63% purchasing multiple times weekly)

However, while this seems like the perfect moment for catering decision makers to hike prices, they need to be cautious with the price tag. This is particularly true since 59% of students agreed that they will not purchase if prices seem too high.

While cost is a factor for businesses to consider, decision makers do not mind spending a little more if multiple purchasing decision-making factors can be met e.g. product popularity, product quality, product appearance, supplier reliability and required dietary preferences.

And finally, what does the future look like? The research found nearly 3/4 of university catering managers anticipate changes in their sweet bakery offerings due to expected shifts in international student numbers. This adds to the pressure of maintaining costs by reducing staff and opening hours. However, institutions with stable financial situations and less reliance on international students, or those with niche subject offerings, express less concern about this anticipated impact.

This is just a snippet of the current catering decision makers landscape within universities. Read on to understand more



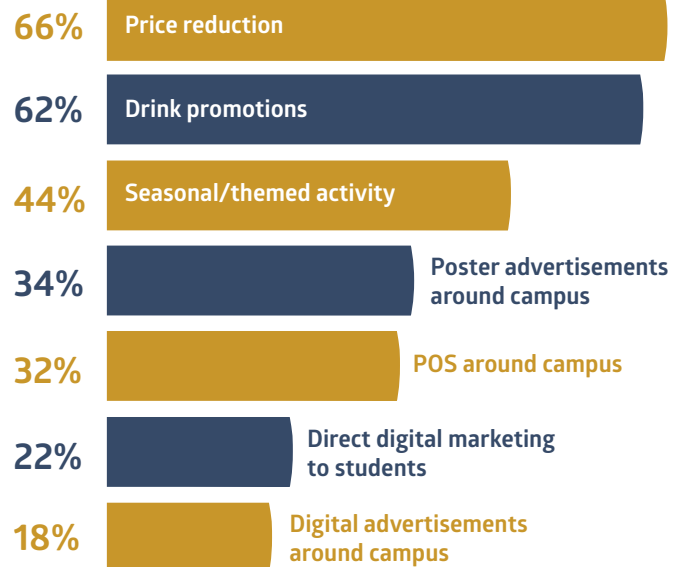
Are **sales** on the up?

There was not a definitive answer from the research as different education organisations are experiencing different buying habits from students. While 24% have experienced a decline in sales, more than a third (38%) have seen an increase.

These findings may pose a dilemma for catering managers in deciding what products to stock. While some students (full results in the next Bakery Bites report) are still struggling with the cost-of-living crisis and may appreciate a value range, other students have disposable income available and are happy to spend money on a premium product as part of their 'treat' experience.

However, whether education outlets are seeing declining or increasing student buying, all are focused on maximising the sales that are available.

So, in an effort to drive sales, education organisations are adopting the following tactics:



While some of the above may not surprise anyone, it will be interesting to watch the role of digital in the future, as this was an area highlighted by a number of respondents in the qualitative part of the research.

“We've got electronic screens at all the halls, which advertise deals ... we've got an Instagram account which has about 4,000 followers and we promote a lot through that. Then we've got another thing called browser which is for the halls of residence. It's a landing platform and we've got a tab for catering.”

Associate Director Catering, Retail and Accommodation Services

Important **factors** when deciding which sweet bakery products to purchase

As per other sectors, cookies and muffins are the highest selling sweet bakery products, with sweet pastries, doughnuts and biscuits also proving popular.

But what factors are driving product demand? Is it simply price? The short answer is that price is important but not the full story. When businesses were asked, 'when looking at the factors you consider most important when deciding which sweet bakery products to sell?', the top reason was dietary preferences e.g. vegan, gluten free etc (62%). This was followed by:



And while dietary preferences come out on top in the quantitative survey it was deemed less important when compared to the other factors mentioned in the qualitative interviews. For catering decision makers cost is important but they are willing to spend a little more if multiple decision-making factors can be met e.g. dietary preferences, product popularity, product quality, product appearance and supplier reliability.

Also, an interesting consideration is sustainability. A number of catering decision makers are willing to make an exception or be flexible with some of the above criteria if suppliers can demonstrate positive social / ethical impact or have strong sustainability credentials.

The role of distributors, wholesalers and procurement organisations

With the above criteria in mind, catering decision makers are in the main using food distribution companies and wholesalers to purchase sweet bakery products. And while the main players were popular in this sector, a wide range of other companies were mentioned.

On the procurement front, the importance of procurement organisations was paramount, with education organisations working with procurement groups to help secure 'best value' deals.

When asked which organisations they use to source and buy sweet bakery products, the top three answers were:



"Well, we do some ourselves, but we also use a purchasing consortium called Pelican Procurement... we've been connected with them or partnered with them probably for the last seven years."

Head of Catering

"We try to rationalise our suppliers and we purchase through a UK university purchasing consortium called TUCO. So really we use TUCO approved suppliers."

Head of Service - Campus Food, Drink and Retail

Past, present and future issues impacting the sector

As part of the research, we were keen to understand how past, present and future issues will impact the sector moving forward. Consequently, we looked at the consequences of COVID, high operating costs impacting the sector and the impact of the expected fall in international students.

COVID

COVID has had an impact on how products are packed and displayed. Key findings from the research found:

COVID has meant we have more individually wrapped products = 50%

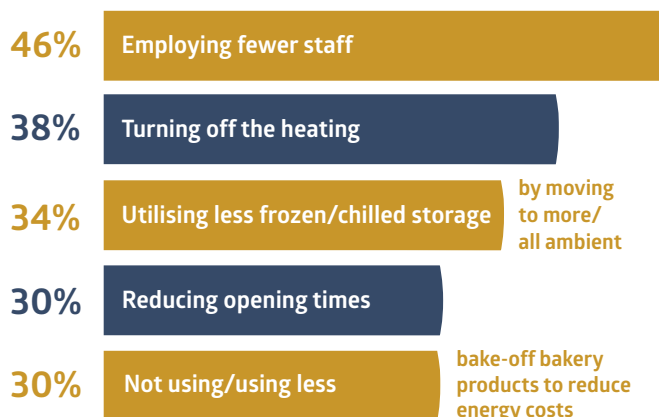
COVID has meant we have less products on open air display = 46%

While the above statistics might not surprise many, for catering managers it is important they get the balance right, as conversely, products out of packet and nice displays (not to mention nice smells) are proven to drive sales, particularly within sweet bakery.

High operating costs

Whether it is energy costs, rising raw ingredient prices or the recent announcement to increase employer national insurance contributions, many catering decision makers are faced with a daily battle to manage costs.

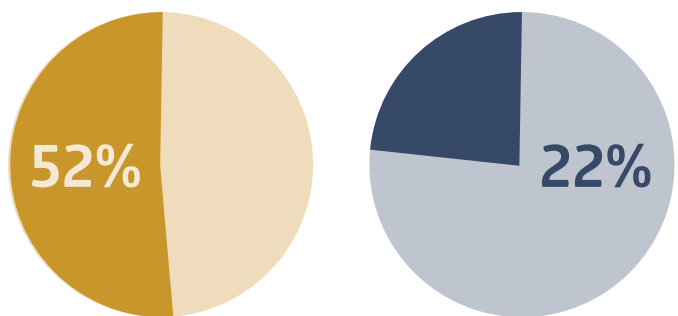
The research found education outlets are using the following tactics to help remain competitive:



Again, while the above results might be expected, the use of less frozen/chilled storage and less bake-off products to reduce energy, means some outlets will need to look at their product formats. It is important therefore for education outlets to work with suppliers who offer a range of formats including bake-off, food to go and thaw & serve.

The expected fall in international students

Generally, the expected fall in international students is expected to have a negative impact, with the research finding:



Negative Impact

Positive Impact

While further investigation in the interview phase found the above was largely due to the student make-up of individual universities, it may make some catering managers take a look at their sweet bakery product portfolio to ensure they have the most appropriate range for future customers.

The Future

With the challenges facing outlets selling sweet bakery in the university sector, it's important that decision makers remain flexible and respond quickly to market changes to remain competitive – whether that's products to stock, way to control costs through to marketing methods to maximise sales. And by working with leading suppliers in the sweet bakery category such as Baker & Baker, outlets selling sweet bakery products can contribute to an organisation's bottom line while delivering a positive experience to students on campus.

Tips to help **businesses** reduce costs and maximise sales



Demand-led baking

Batch baking from scratch means a fixed number of products must be baked regardless of consumer demand. Baking from frozen pucks or part-baked products, and/or supplementing with thaw and serve goods, means only the number required are baked off/defrosted, helping to reduce waste and to keep an eye on the bottom line.



Turning waste into wow

This is often a missed opportunity but using offcuts in other recipes such as toppings on other bakery products including doughnuts, brownies, cookies etc (or using as part of desserts or milkshakes e.g., brownies in sundaes) can really create the wow factor and help products stand out in store.



Get creative

Use products in different ways so less SKUs need to be held, helping to protect margins. For example, a cookie puck can be baked off as a traditional cookie or included as part of a hot ice cream dessert.



Sacrifice size rather than quality

Reducing the product size to hit price point so quality can be retained is an option worth considering.



Stay familiar

Keep to familiar flavours, or twists on the familiar. When money is limited, people are less prepared to try new products / flavours for fear they might not like them, and they will have wasted their money. Sticking with chocolate could be a wise decision.



Share your tips

These are just some of our suggestions to help businesses navigate the cost-of-living crisis. If you have any top tips, why not share them on our [LinkedIn](#) page.



new

Introducing the new Baker & Baker

VICTORIA MUFFIN

The classic **Victoria Sponge** cake has had a fabulous makeover, turning into a scrumptious muffin of pure joy!



Code	Product	Pack size
10250816	B&B Victoria Muffin	36 x 112g



Contact details

If you any queries or questions about this study, and to register for future reports, please contact:

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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, Concoloro, Molco, as well as licensing brand agreements with Mondelez and Disney, and partnering with major key accounts on private label.

