

International Sweets and Biscuits Fair 2020

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Trade: Turnover for sweets and snacks up in 2019

It was a satisfactory year for the sweets and snacks trade. Turnover development of sweets was therefore also favourable in 2019 with a plus of 3.3 percent. The share of confectionery business in total food sales rose by an average of 9.8 percent, representing a slight increase over the previous year. This is based on the trend figures determined jointly by **the German Retail Association (HDE), the MITTELSTANDSVERBUND (SME Groups Germany)** and the **German Association of Food Wholesalers (VDN)**.

In general, this means that the confectionery business has clearly exceeded the growth rates of the previous year and is already showing a plus in its ninth year. Without major sporting events, which have a regular stimulating effect on business performance, and despite another relatively warm summer, the development of sales in 2019 was unspectacular but steady. A somewhat weaker Easter business was followed by good sales of seasonal goods during the Christmas holidays.

A close look at the industry

A detailed look at the turnover development of the industry shows increases across all sales channels. The largest increase was recorded in the snacks segment, with savoury snacks and mixed nuts as the main growth drivers. Given the good numbers of 2018, the ice cream segment nevertheless remained stable in 2019. This can certainly be attributed to the high temperatures in the summer months of the last two years.

Confectionery products were also at the top of consumers' lists in the previous year even though there was somewhat of a gap to the performance of snacks. Sweet pastries, chocolate bars and pralines enjoyed stable demand. In addition, fruit and wine gummies were able to gain share. In general, none of the individual segments showed a clear preference in terms of demand.

Private labels steady, promotional business up

The development of private labels was moderate. Their importance for the overall trade continues to grow. Last year, the average share of private labels in total confectionery turnover was 15 percent. However, considerably higher shares are still possible, especially in the discount segment. The number of items in this segment remained largely constant.

The sale of confectionery products still plays a major role in promotional activities. Due to the nature of sweets as an "impulse item", special placements are important and indispensable for sales. After all, they are usually not on the shopping list. On average, the promotional business accounted for one-fifth of total confectionery sales last year. The right presentation is important for impulse purchases such as in the form of preferred placements for special displays. Manufacturers are quite active in this area and address the individual needs of consumers with innovative promotions.

Results and analyses

In 2019, there were no major ups or downs. Since no major sporting event took place, sales expectations regarding TV snacks were rather subdued. However, the segment was still able to achieve decent growth.

As in every year, it was once again apparent that the weather is a determining factor in the confectionary business. If the products are not in sync with the temperatures, sales suffer. However, since there were no serious outliers in 2019, development was unspectacular.

The hot summer of 2018 was followed by another pretty good one in 2019 but without the extreme peaks of the year before. The confectionery business was therefore characterised by steady sales of the ordered goods.

For the Easter business, it is once again evident that it is slowly but steadily losing importance. The rather tough sales were intensified by too warm temperatures during Easter week.

On the other hand, the not-too-warm temperatures in September and October had a positive effect on the pre-seasonal business focused around Christmas. Particularly remarkable was the strong demand for Advent calendars as well as brand products, which could show their strength as gifts.

Trends 2019

Almost as a matter of tradition, the growing awareness about nutrition and sustainability among consumers was once again high on the agenda - the concept of snackification describes the attitude of customers very well. Organic products, vegan and vegetarian alternatives, sugar-reduced and protein products as well as classic fruit and nut bars are gaining more and more favour among increasingly conscious consumers. Another development that already became apparent last year is the increased desire for fair trade products and the trend towards higher quality products.

Price development and competition

The past year saw moderate increases in purchasing prices, which retailers had to pass on to their customers, even though some retailers were not able to do so to the full extent. The well-known tough competition within the industry shows that the regulation of market forces does work.

Outlook

The year 2020 will follow the development of the past years. Trends will continue, and current developments will become established and enable good business in the confectionery segment. Of concern, however, is the development of commodity prices. Price increases for cocoa and sugar as well as poor potato crops with very high temperatures could have an impact on retail purchase prices.

At the same time, retailers are positive about the expected shift in consumption from “normal” confectionery to healthy and sustainable snacks, which could facilitate the market entry of innovative new products overall.

Altogether, retailers’ expectations for the confectionery business can therefore be seen as cautiously optimistic. Slight increases in turnover are expected. The European Football Championships this year as well as the Summer Olympics could contribute to this.