



## International Confectionery Fair (ISM) 2023

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## Trade 2022: Sustainability continues to be a trend

It was a challenging year for the confectionery trade. The Russian war of aggression in Ukraine has been going on for almost a year and there is still no end in sight. Accordingly, 2022 was marked by pervasive economic uncertainty. High energy and food costs made many consumers tighten their belts. Nevertheless, confectionery sales remained stable. Only a slight increase of 0.2 per cent was recorded. Overall, the confectionery business accounts for a share of about 12 percent of total food sales. This is shown by the trend figures that **DER MITTELSTANDSVERBUND** determined together with the **German Retail Association (HDE)**.

Overall, it is remarkable that the confectionery business has been so stable in 2022. The industry also suffered from the very hot summer – there was a drop in sales of chocolate products, for example. And due to the surprising early elimination of the German national team from the 2022 World Cup in Qatar and the widespread protests in the run-up to and during the tournament, the initially expected positive impulses were almost non-existent. In addition, Christmas sales coincided with the World Cup for the first time this year, which initially made forecasts more difficult. Nevertheless, there was an upswing in the private label segment and also an overall positive sales development in the Christmas business. Advent calendars and Chocolate Santa Clauses were particularly popular with consumers. And the interest in vegan, sustainable and conscious nutrition also increased during the Christmas season. At

the same time, the willingness to buy premium products dropped significantly during the Christmas season.

Easter was also slow to gain momentum and was worse than in 2021. One of the key factors here is probably the declining importance of Easter among consumers.

### **The industry in detail**

Not all distribution channels were able to achieve sales increases in 2022. There was less demand for chocolate bars, high-priced chocolate products such as pralines with and without alcohol – as well as jelly and puffed rice.

Salty snacks such as crisps were the absolute best-sellers – but also snacks in the context of a healthy and conscious diet were sales drivers. Sports and energy bars were also very popular, as were fruit gums, liquorice, chewy sweets and chewing gum. Ice cream was also up due to the weather, and sugar confectionery and long-life bakery products were also in the culinary focus of consumers.

### **Own brands develop well**

The trend towards private labels has also emerged in 2022. Their importance for the trade is growing steadily. Last year, private labels accounted for 20 percent of total confectionery sales. The number of articles increased by a total of almost 8 percent. The shopping experience and product presentation are playing an increasingly important role. What is needed here is more authenticity, emotions, more face and a story that wants to be told.

At the same time, consumers are increasingly paying attention to special offers.

### **Trends 2023**

The interest in sustainable products has become even stronger in the confectionery business over the past year. In particular, sales of vegan products or organic and fair trade items have increased – and influencer advertising is playing an increasingly important role in this.

Already now, special promotion periods such as "Veganuary" are no longer a rarity. Consumers are watching very closely – so optimising recipes, ingredients and packaging will continue to play a crucial role in 2023.

### **Supply chains and prices**

The purchase of confectionery and ice cream was significantly more expensive in 2022 than in the previous year – retailers had to pass this on to some extent to their customers. In addition to energy cost increases, the strained supply chains with limited availability of goods, raw material cost increases and significant price increases for transport, logistics and packaging also proved to be a major challenge.

### **Outlook**

Despite numerous challenges, the outlook for the future is cautiously optimistic: the companies expect sales to trend upwards in 2023 and the trend of private labels to become stronger. Supply chains could also continue to ease in the new year.

It is becoming increasingly important that all stages of the confectionery value chain work closely together. The ISM is and will remain an important platform and source of inspiration. In 2023, the trade is determined to make its customers happy with innovative and emotional offers.

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