

UK's Sweet Spot

How the Australian confectionery industry can benefit from the innovation leading growth in the UK.

By Prof Consulting Group Director
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One of the exciting advantages of operating across key international retail markets is the ability to spend time in-store judging categories through the eyes of the consumer as well as analysing them as a food consultant. The confectionery category has access to some of the most innovative or flexible processing technology and products that can be rapidly adapted to varied applications. It is established as one of the most innovative grocery categories quickly reflecting changes in consumer demands.

The UK confectionery market is estimated at \$US16.18 billion in 2024, forecast to exceed \$US22 billion in 2030 and a CAGR of 5.3 per cent. Walking the aisle of the leading



UK retailers and emerging myself within the world of confectionery, it's clear the UK market has changed significantly over recent years. Whilst legislation such as the High in Fats, Salt and Sugar regulations and the restriction on the marketing of certain products as part of the wider public health agenda has started to drive change, the influence of the rapidly changing needs of the UK consumer is apparent.

The traditional confectionery aisle has moved significantly to multipacks, sharing packs, snacking pouches and occasional lines or celebration. Block chocolate has a significant shelf space, combining global brands, private label and local or disruptor brands. The important, but limited entry tier or value offer are there as part of the ALDI price match program, that is a focus in the UK, whilst the premium category driven by provenance, craftsmanship or responsible sourcing appears to be growing as consumers move towards a more premium chocolate experience for that cheat occasion. Alternative chocolates such as vegan are predominantly sold alongside their traditional counterparts giving

chocolate consumers more choice at the critical decision-making location and importantly being sold where consumers expect to find confectionery.

The rapidly changing approach to sustainable packaging is influencing this category, with some of the classic traditional rigid plastic containers on celebratory chocolates moving to cardboard, plastic wrappers or foils transitioning to paper-based wrappers and growth in recyclable flexible pouches. This focus on innovation helping disrupt the category through shape, size and colour especially within the sharing lines.

The global growth in snacking has influenced the speed in which products have transitioned to snacking formats, traditional bar-based products now duplicated into mini bite size snacking bites. Smart innovation increasing volume sold per unit and ultimately revenue per pack through strategic pack weight design. With this category well established, supersizing the products such as giant chocolate buttons or reducing the size to mini chocolate buttons

The ongoing focus on health is also apparent within this category as leading brands start to combine



healthier alternatives alongside well established lines. It's an interesting strategy that the brand owners are developing healthier alternatives of established brands as opposed to new products and is potentially a signal on the next stage of evolution in the category.

At a time where key input costs such as chocolate are a challenge for the industry, innovation that reduces the chocolate requirement through use of lower costs additions helps mitigate some of the operational costs.

This is an area of innovation I expect to see continue to grow especially if we start to see confectionery as the carrier and targeting food with functionality such as collagen, vitamins or stress reducing nutrients.

The lunch time meal deal has become an important part of the food to go offer, where consumers can purchase a coffee/drink, main meal (sandwich/salad and snack) chocolate, crisps, etc at a highly competitive price when bought as the bundle (the cost

of purchasing each item separately being almost double). This aggressive pricing strategy includes a chocolate or confectionery offer, which has probably been accessible in part through the approach of shrinkflation and focus on price points. With Food to Go being located in many cases at the front of the retail store for convenience the single bars or serve packs are widely located within this fixture a significant distance from the main grocery confectionery offer.

Recognising that private label penetration is more advanced in UK grocery retail, its presence in the confectionery category is mature or well established. However, by shelf space allocation this is still a category where the major brands appear to dominate.

Flavours and sensory experiences

Shelf impressions indicate that the inclusion market is more advanced in Australia, alongside the increasing application of co-branding. The leading trends in the UK are piece size, single origin and named ingredients alongside flavours such as sours

In summary what's driving growth and what are the big opportunities for Australian confectionery?

- Growth in sharing packs.
- Accelerating the sustainable packaging agenda creating innovation and disruptive packaging solutions.



- The role of health and healthier choices.
- Using established favourites as a carrier for food with added benefits.
- Targeting high growth coffee to go market and a snack+drink multibuy.
- Premiumisation as customers look for indulgent moments.

About Mark Field
Mark Field is the founder and CEO of the award-winning food and grocery consultants Prof Consulting Group, with offices in Australia and the UK. Prof are advisers to investors, entrepreneurs, trade organisations and established businesses targeting strategic growth in domestic and international markets.

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