The Grocer Factfile

Biscuits

NEW HABITS IN THE NEW NORMAL MEAN NEW OPPORTUNITIES

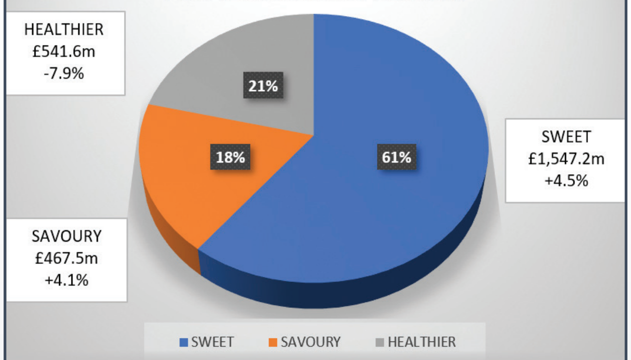
Shopper habits have changed dramatically since the beginning of the year with Covid-19 driving changes in behaviour. However, the biscuit category remains a staple for practically every household in the country with a 99.5%[1] household penetration.

2020 has seen continued growth within biscuits, currently at +1.5%, and as one of the most expandable categories for retailers[2], they remain of key importance.

Biscuits divide into three broad sub-categories: sweet, savoury and healthier, as defined by Nielsen. Growth of the biscuits is not consistent across the total category, with different subsegments performing at different levels.

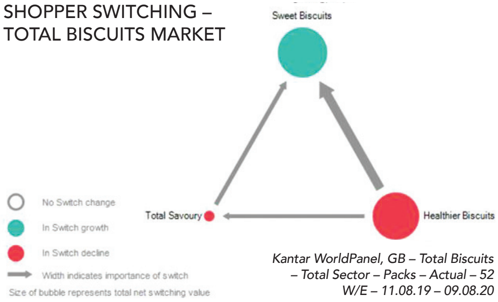
Consumption at home has increased during lockdown, driving mainstream growth. This has impacted the dynamics in the category with a macro-trend of growth in sweet and savoury at the expense of healthier.*

*As defined by Nielsen



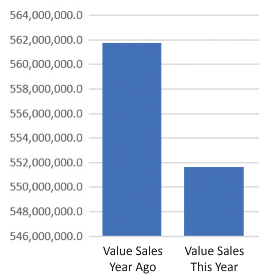
Nielsen, Total Coverage excl. Discounters, MAT TY, 05.09.20

SHOPPER SWITCHING – TOTAL BISCUITS MARKET



Kantar WorldPanel, GB – Total Biscuits – Total Sector – Packs – Actual – 52 W/E – 11.08.19 – 09.08.20

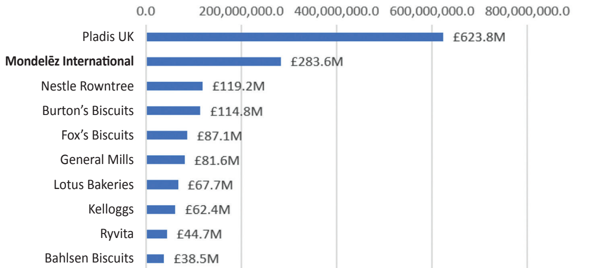
PRIVATE LABEL



There is also clear evidence of shoppers gravitating to brands, with private label in 1.8% decline while the top four branded manufacturers show a combined +6.3% growth.

Mondelēz is the second biggest branded category supplier and in growth, with a range of best-selling, great-tasting brands, loved by consumers.

Branded Biscuit Manufacturers' Ranking



Nielsen, Total Coverage excl. Discounters, MAT TY, 05.09.20

While on one hand difficult economic times ahead are likely to focus consumers' minds on value, shoppers still want great-tasting biscuits and will be excited by a category which offers an affordable treat and an option to trade up.

Key to driving category growth will be offering products that meet consumer needs in terms of great taste and texture, right pack format for the occasion and excitement – all backed by marketing investment.

Unless otherwise stated, all data is Nielsen MAT, Total Coverage, 05.09.20

[1] Kantar WorldPanel, August 9th 2020 [2] Kantar ShopperCentric Impulse Purchasing

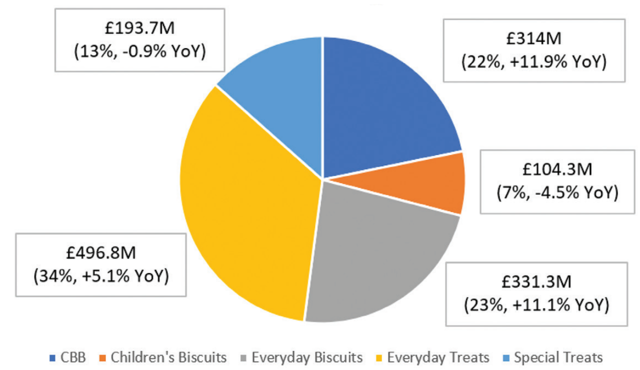
A promotional supplement from Mondelēz International

SOMETHING SWEET

The sweet biscuits segment represents the biggest subcategory, accounting for 61% of value sales and growing at +4.5%. Within sweet biscuits, everyday treat biscuits is the largest sub-category followed by everyday biscuits and chocolate biscuit bars.

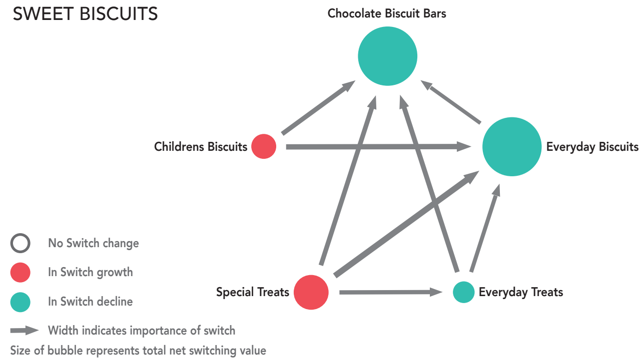
Both everyday treat and everyday biscuits have seen significant growth as consumers look for small treats in everyday moments and consumer focus on brands is evidence of their desire for quality and taste.

SWEET BISCUIT SEGMENTATION



Nielsen, Total Coverage excl. Discounters, MAT TY, 05.09.20

SHOPPER SWITCHING – SWEET BISCUITS



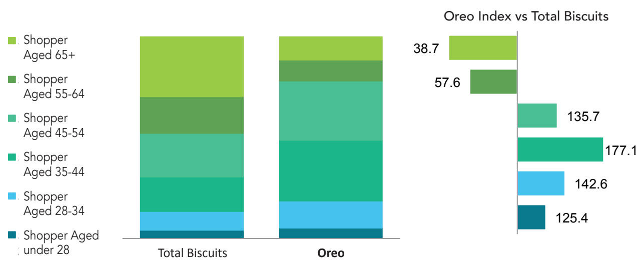
Kantar WorldPanel, GB – Total Biscuits – Total Sector – Packs – Actual – 52 W/E – 11.08.19 – 09.08.20

Oreo

The everyday treat sub-segment includes mainstream brands like Oreo, the world's number one biscuit brand[3]. Oreo appeals to families with a 'stay playful' brand positioning, brought to life through the brand's consistent activation and significant marketing investment. The brand has never been so popular – in fact it's growing at 16.6% year-on-year and increasing its penetration and distribution.

Critically for the category, the brand's core consumers are younger than the total category while the brand's latest addition, a twin pack, is helping to attract a new biscuit consumer through meeting new occasions.

DEMOGRAPHICS – PRODUCT COMPARISON
GB - Bicuits Total - With Demogs



Spend (£000) I Total Biscuits (exc. confect/oth I 52 w/e I 09-Aug-20 I Demog % of Total Demog

New formats that meet the needs of future generations are important to Oreo's evolution. The addition of a bite size range with Oreo Crunchy Bites, which sit along Cadbury Nibbly Fingers, fits the needs of 'always on' consumers.

Cadbury Fingers

Well-established family favourites are also performing well. Iconic Cadbury Fingers have been growing at 11.6%, offering consumers a treat they know and love. The Cadbury Fingers portfolio is expanding to include another firm favourite.

The popularity of dark chocolate is growing in the UK; the total dark chocolate market is growing by 8.9%[4], while Cadbury's Bournville brand is in double digit growth. Cadbury Bournville Fingers are certainly set to be a winner with consumers.

Both Oreo and Cadbury have significant marketing investment and offer a range of pack formats to suit all occasions

Cadbury Biscuit Bars

Another subcategory showing growth is chocolate biscuit bars, currently growing at 11.9%. Products in this format are store cupboard favourites due to their versatility and convenience, offering consumers a perfect at-home portion format that also works for the on-the-go occasions.

The Cadbury offering includes Cadbury Snack and Cadbury Time Out which are available in a single portion or multi-pack format, and both are growing at a faster rate than the Chocolate Biscuit Bar subcategory average.

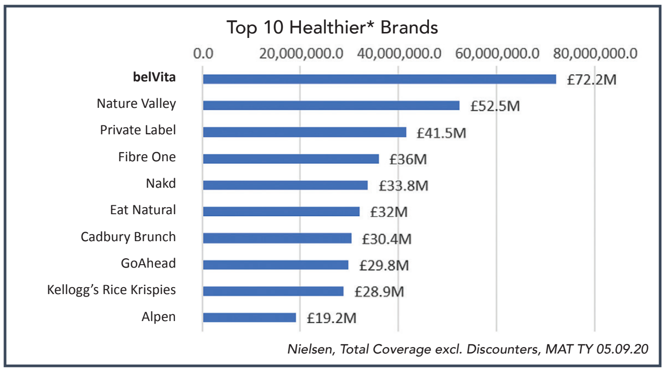
BeTreatwise.net

Barny

Barny has a loyal following, with a 48%[5] repeat purchase rate. As part of our programme to help and support families when choosing treats we are bringing 100% of chocolate and biscuit products typically bought for children under 100 calories. Our Barny range contains portions of 99 calories.

BALANCED OPTIONS

Consumers are increasingly concerned with their wellbeing; in fact, 85%[6] of shoppers claim they are trying to improve their diet and lifestyle. The healthier biscuits category* represents 21% of the biscuit market.



Consumer demand for healthier options within the category is most prominent in the mornings, when consumers seek more functional attributes in their choices and look for treats that help them to keep going.

BelVita and Cadbury Brunch are both in this subsegment of biscuits. BelVita is the number one healthier biscuit as defined by Nielsen and gives consumers energy for the whole morning**, with five wholegrains. Cadbury Brunch Bar Choc Chip is the number one SKU in the segment, with value sales of £17.3m and growing at +11.9%.

During lockdown only 24%[7] of consumers skipped breakfast occasionally or often and while breakfast on-the-go showed a temporary decline, consumers expect their consumption around this occasion will return. Healthier options are more important to consumers – who are looking for healthier ingredients such as oats and other wholegrains – but most consumers won't compromise on taste[8]. Breakfast is also growing in importance among younger age groups – particularly with 18 to 34-year-olds.[9]

*as defined by Nielsen

**belVita Breakfast Biscuits have a high content of slow digestible starch, which slow release carbohydrates. Consumption of foods high in slow digestible starch raise blood glucose concentration less after a meal compared to foods low in slowly digestible starch.

A SAVOURY TREAT

Savoury biscuits account for 18% of the biscuits market. By their very nature, they are more permissible. Ritz provides a versatile snack – great for sharing and nibbling – and helps provide more options for consumers whose desire is to be healthier.

The savoury biscuit segment is in strong growth with brands leading the way. Ritz is the UKs' number one savoury biscuit brand, and has been growing 16%, with 83% of sales coming from Ritz Original Cracker.

Ritz's recipe now includes 70% less saturated fat[10] without compromising on taste, while all the wheat used in Ritz biscuits is sourced through Mondelez's sustainability programme Harmony.

CHARTER HARMONY

[3] Euromonitor 2019 4 Nielsen, Value, MAT, Total Coverage including disc 05.09.20 [5] Kantar 9th August 2020 [6] IGD Shoppers of the Future 2018
[7, 8, 9] The Grocer consumer research, August 2020 [10] Than savoury biscuits on average

A TIME FOR SHARING AND GIFTING

Seasonal biscuits are the third most[11] popular category at Christmas behind only confectionery and alcohol. Brands are key at Christmas, with 71%[12] of consumers saying brands are important, higher than outside the seasons.

At Christmas, consumers purchase biscuits for both sharing and for gifting. One in four[13] consumers are willing to spend £5 or more on a gift, which helps to bring incremental value to the category sales.

Cadbury, the nation's number one chocolate brand, is synonymous with Christmas and a real family favourite.

Cadbury is the fourth most popular seasonal biscuit brand with a long heritage that taps into consumer rituals while Oreo brings its playful character to family sharing at Christmas. The two brands complement each other and are particularly well-suited to family sharing at this special time of year.

TOP TIPS FOR SEASONAL SUCCESS

- Stock up early. Consumers often buy early in the season to spread costs, and biscuits are a category that can be purchased ahead of the big day itself
- Stock seasonal NPD. Shoppers are on the look-out for new products at this time of year, particularly ones showing gift worthiness
- Stock best sellers and family favourites such as Ritz Crackers which are a classic at Christmas for many consumers

MAKING THE FIXTURE EASY TO SHOP

In store it's important to make biscuits as easy to shop as possible for consumers who may be in a rush to find their favourites or try something new.

A great fixture should help the shopper to be inspired to make decisions and make it easy for them to scan the offer, find what they are looking for and make a selection.

The key principles of a perfect display are:

1. Group by product type
2. Block by brand
3. Group by pack size
4. Best sellers on best shelves
5. Align space to share to sales

Mondelēz International: snacking made right

Mondelēz understands it has a critical role to play in empowering consumers to snack mindfully, helping consumers adopt a healthy and balanced lifestyle. Initiatives such as providing clear and simple nutritional details on pack, portion control and programmes to reduce salt and fat, increase wholegrain and introducing a 100 calorie ceiling on all products typically purchased for the consumption of children are examples of how the company is continuing its journey to help shoppers make mindful decisions about the snacks they consume.

We are committed to our Harmony programme and all the wheat in both belvita and Ritz is sourced from farms close to our factories and wheat is grown in a sustainable way that helps conserve water, cares for the soil, protects biodiversity and reduces carbon emissions. Find out more at **www.harmony.info**

CHARTER HARMONY

Mondelēz International SNACKING MADE RIGHT
belVita Breakfast
OREO
Cadbury
RITZ CRACKERS
Barny
MIKADO

[11] Christmas Review Snackchat 2018 JTD [12] IGD Shopper Vista 2016-2019 and Snackchat Early Christmas Report 2019 [13] Kantar WorldPanel 12wks Xmas 2019