

MSU Product Center

For Agriculture and Natural Resources

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Wheat: Bread – Few opportunities

Market drivers that provide few opportunities

- There are relatively **few** opportunities for bread products that appeal to the demand drivers of **convenience** and **value**.

Specific opportunities

- Bread is found in virtually every home.
- Most forms of bread are naturally convenient products. It can often be eaten right out of the package. This limits the potential to develop new products that appeal to this demand driver. One way to appeal to convenience is to offer smaller loaf sizes geared to one and two person households.
- Bread is a staple product that is also mature with well defined distribution channels. The ability to charge a lower price than established firms is difficult.
- To appeal to these markets, different varieties of wheat may have to be developed. Wheat producers, in Michigan, Ohio and Wisconsin do not produce typical wheat varieties that are used for bread. This is particularly true for the low price bread products.
- Freshness is very important to bread consumers and as a result, the supply system for bread is more regional and local than most other shelf stable food products.

New Product examples

- From 1998 through 2003 there were 1,226 new product introductions throughout the world in this product category.
- Publix Parker House Yeast Rolls, ready to bake rolls that require no thawing.
- Interstate Brands, Wonder White Bread Fans, 100 percent whole grain white bread.

Special issues

- Entry into the market may be difficult, but barriers to entry appear to be lower for breads than some other food products. However, to be the low cost producer a firm needs to be large enough to take advantage of economies of scale.
- Finding shelf space in supermarkets may be difficult. Supermarkets are increasingly offering their own bread products through their own in store bakeries. However, there may be opportunities in offering products to delis, gourmet stores etc., or through direct sales. Some of these distribution channels may enhance convenience. However, they do not enhance value.

Key to success

- Consider whether or not it would be possible to combine product attributes, such as indulgence and convenience. To compete on value it is important to be the low cost producer.

Sources

Mintel. Bread.

_____. Global New Products Database.