

MSU Product Center

For Agriculture and Natural Resources

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

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Wheat: Bread - Overview

Products included in the product line

- The definition of bread is very broad. Bread includes white bread, rolls, buns, croissants, tortillas, whole grain and wheat bread, specialty and artisan bread, bagels and English muffins.

General market trends and information

- Total sales of bread products were \$45.6 billion in 2003. The largest outlet for bread products was with food service industry with \$23.2 billion in sales. Much of this no doubt was in the form of hamburger buns and tortillas for fast food restaurants. Retail sales are another major source of bread sales accounting for \$14.9 billion in sales. Mass merchandisers such as Wal-Mart and Target are growing in importance in the bread market. Sales from this source were \$7.4 billion, however, this segment of the market increased by 17.3 percent from 2002.
- Few, if any, products have a greater level of product penetration than bread. According to one survey, 100 percent of households with children consume bread, and 99 percent of households without children consume some type of bread.
- Despite the maturity and level of product penetration, the bread market is growing. From 1998, to 2003, retail bread sales increased 18 percent. Furthermore, it is estimated that retail bread sales will increase by 22 percent from 2004 through 2008.
- A difficult problem facing wheat growers in Michigan, Ohio and Wisconsin is the fact that the wheat varieties grown in these states are not well suited to bread production. This fact may be impossible for firms interested in taking advantage of opportunities in the bread market.
- Another barrier to new firms and product introductions is the fact that more than 80 percent of white and whole wheat bread users surveyed indicated some type of brand loyalty.

New product trends

- From 1998 through 2003, there were 1,226 new product introductions worldwide in the retail bread market.
- Examples of new products are bread products that are low in fat, are made of whole grains, are low in carbohydrates, organic etc.
- One trend that shows a great deal of potential is the increased interest in artisan breads. A select group of consumers is becoming increasingly interested in bread products that are extremely fresh, made from nontraditional types of wheat, and have interesting tastes and flavors. This creates a market for small scale firms interested in meeting a small, local, but very affluent group of consumers.

Manufacturing and distribution issues

- The bread market is mature and highly diversified. No firm has a market share in excess of 10 percent. This implies that there are opportunities in developing products that appeal to a niche market.
- Most of the retail sales of bread are through supermarkets. Many supermarkets have their own bakery products. Alternative market channels such as specialty stores or direct sales may need to be developed in order to take advantage of the opportunities.

Overall assessment of opportunities

- The greatest potential is in developing products that appeal to the demand drivers of indulgence and wellness. There is also some potential in developing products that appeal to ethnicity. There are few opportunities in developing products that appeal to convenience and value.

Sources

Mintel. Bread.

_____. Global New Products Database.

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