

MSU Product Center

For Agriculture and Natural Resources

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

[Use of this material is subject to caution.](#)

Wheat: Cake/Pastries – Few opportunities

Market divers that provide few opportunities

- There are **few** opportunities for cake and pastry products that appeal to the demand drivers of **value** and **wellness**.

Specific opportunities

- In one survey one third of the respondents reported buying a ready to eat dessert in the previous month. The market for these products is growing. It is estimated that retail sales of these products will increase 35 percent between 2003 and 2008.
- The market for cake and related products is mature and well established; this limits the ability to compete on the basis of price.
- While cakes and pastries are not considered a healthy food there are opportunities to develop products that address health issues. For example of the 61 new product introductions in the first quarter of 2004, 20 were low carbohydrate products. Products with reduced calories, fat, or sugar could also be developed to appeal to wellness. However, this is also a well established market.

New product examples

- From 1998 through 2003, there were 798 new product introductions in this product category. While there is a wide variation in introductions from one year to the next, there does appear to be an upward trend in product introductions.
- Aldi Baker's Treat Swiss Roll Cakes, available in single serve packaging.
- Rowena's Sugar-Free Pound Cake, low in fat and calories, retails in gourmet stores.
- Foxtail No Sugar Added Regular Fruit Pies, no sugar added fruit pies sold to food service firms.

Special issues

- Entry into the market may be difficult, but barriers to entry appear to be lower for cakes and pastries than some other food products. However, this may not be the case for products that appeal to value and wellness. These markets tend to be dominated by larger firms. Combining wellness with indulgence could present opportunities.
- Finding shelf space in supermarkets may be difficult. Supermarkets are increasingly offering their own dessert products through their own in-store bakeries. However, there may be opportunities in offering products to delis, gourmet stores etc., or through direct sales or convenience stores.

Key to success

- Consider whether or not it would be possible to combine products attributes especially in the case of wellness. Consider alternative distribution channels for your product such as food service. If competing on the basis of value, minimizing and controlling costs is essential.

Sources

Mintel. Cake.

_____. Global New Products Database.