

MSU Product Center

For Agriculture and Natural Resources

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Wheat: Cake/Pastries – Many opportunities

Market drivers that provide many opportunities

- There are **many** opportunities for cake and pastry products that appeal to the demand driver of **indulgence**.

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.
- Taste is a major factor in cake purchases, creating an exceptionally good tasting and moist cake could be profitable. One way to do this is through combining flavors such as chocolate with herbs or spices. While total number of cake products purchased is flat or increasing slightly, the total amount spent on cake products is increasing faster than the rate of inflation.
- Consumers are interested in new products that provide a premium experience. This can be accomplished through premium ingredients, new flavors, enhanced packaging and other methods.
- Many consumers see the purchase of cakes and pies as a special occasion purchase. Consumers buying products for anniversaries, birthdays, etc., may be less price sensitive than they are for other products.

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.
- Adam Matthews Gorilla Forest Banana Cake made with real Chiquita bananas.
- High Cotton Baking Classic Liqueur Cakes, available in Mountain Blueberry, Chocolate Kahlua, Lemon Zest, Raspberry Crunch, Texas Hospitality Pecan, White Chocolate, Irish Whiskey, Chocolate Amaretto, Butter, Rum, and Old Fashion Gingerbread varieties.
- Trader Joe's Mini Chocolate Volcano Cakes, available in 4 count single serve packages.

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.
- 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. Also, be sure that the product truly is unique and better than the competition's product.

Sources

Mintel. Cake.

_____. Global New Products Database.