

## MSU Product Center

*For Agriculture and Natural Resources*

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

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### **Wheat: Cake/Pastries – Selective opportunities**

#### **Market drivers that provide selective opportunities**

- There are **selective** opportunities for cake and pastry products that appeal to the demand drivers of **convenience** and **ethnicity**.

#### **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.
- African American households are most likely to consume cake products, Asians are the least likely to purchase these products. Hispanics consume less than whites but more than Asians.
- Developing new products that appeal to Hispanics and Asians could expand the market.
- Smaller households have created a need for single serve products. Also, many consumers are too busy, uninterested or lack the skills to do their own baking.
- One group to target is young males. Young males tend to be snackers and impulse buyers.

#### **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.
- Bishop Bakery's Swiss Roll Cakes, available in single serve packaging.
- Whole Foods Market Tiramisu Cake, made with mascarpone cheese, Marsala wine and Belgian chocolate.
- 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. However, this may not be the case for products that appeal to convenience. This market tends to be dominated by larger firms. Combining convenience 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. Another possibility is to develop products that can be sold in ethnic stores, such as Asian markets.

#### **Key to success**

- Consider whether or not it would be possible to combine products attributes. Consider alternative distribution channels for your product.

#### **Source**

Mintel. Cake.

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