

MSU Product Center

For Agriculture and Natural Resources

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

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Wheat: Cookies - Overview

Products included in the product line

- Cookies are defined as packaged or single cookies ready for consumption.
- Examples include cookies sold at specialty food service firms, and manufactured cookies sold in packages at supermarkets or mass merchandisers such as Wal-Mart.

General market trends and information

- Retail sales of cookies were \$5.9 billion in the U.S. in 2003, total sales including all outlets was \$7.7 billion. Mass merchandisers were another major outlet for cookies with sales of \$1.0 billion. However, sales of cookies fell by 2.9 percent at both retailers and mass merchandisers. Concerns about childhood obesity and smaller households are putting negative pressure on the cookie market. Children are major consumers of cookies, and a decline in the number of children will depress the market.
- Nonetheless, most people do eat cookies. In 2000, 81 percent of households surveyed ate cookies, although that figure declined to 79 percent in 2003.

New product trends

- From 2002 through the first quarter of 2004 there were 1,371 new product introductions in North America in this category.
- Examples of new product introductions are Keebler E.L. Fudge Butterfinger-flavored sandwich cookies with fudge and crème filling made with Nestle Butterfinger candy, Kraft's Oreo Spring Chocolate cookies enhanced with sky blue crème filling and spring shapes, and Hain Celestial Groups Health Valley Brand Cookie Bar all natural treats with a trans-fat free cookie crust with various fillings.
- There is potential to develop products that appeal to the demand driver of indulgence. There is also some potential to develop products that appeal to the demand driver of ethnicity. There is less potential to develop products that appeal to the demand drivers of value, wellness and convenience.

Manufacturing and distribution issues

- Large firms are important players in the standard cookie market. Kraft controls 41.1 percent of the market and Kellogg is second with 16.2 percent. Pepperidge Farm is the dominant firm in the premium cookie category with a market share of close to 77 percent.
- Supermarkets are the dominant source outlet for these products. Mass merchandisers are also an important part of the cookie market. While not as large, sales at restaurants and food service is increasing. Selling to food service firms may offer potential for firms interested in this market.

Overall assessment of opportunities

- In conclusion, the greatest potential for product development in cookies appears to be in the areas of indulgence, although there appears to be some opportunities in appealing to ethnicity as well. The potential of developing products that appeal to the other demand drivers is more limited. It may also be necessary to find alternative methods of distribution. The food service industry offers opportunity, selling to supermarkets or mass merchandisers may be more difficult.

Sources

Mintel. Cookies.

_____. Global New Products Database.

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