Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

International Markets Bureau
AMERICAN EATING TRENDS REPORT

TOASTER PASTRIES

OCTOBER 2012

Unless otherwise stated, all of the information in this report was derived from the NPD Group's National Eating Trends database, updated to November 2010, and reflects the eatings (defined by NPD as the number of times any particular category/item is eaten by an individual in a specified location or time period) of a product at home or carried away from home. These figures do not reflect purchases of food products made through foodservice establishments, or the consumption thereof. NPD monitors the eating habits and attitudes of American consumers by surveying 5000 individuals reporting on 14-day's continuous consumption of all meals and snacks.

While the bulk of this report refers to American eating trends on toaster pastries, retail sales data on this particular pastry sub-category is limited. Therefore, total pastries value and volume retail sales have been included to provide a greater understanding of the pastries category, and the overall share of toaster pastries within the category.

CONSUMPTION DEMOGRAPHICS

- According to Euromonitor (2011), U.S. consumers continue to purchase pastries, although not in the quantities they once did. Retail sales totaled US$12 billion in 2010 and have increased an average of 0.2% annually since 2006. Sales are forecast to increase another 0.3% in 2011[1]. However, sales are forecast to decrease by about 0.4% annually by 2016. Much of the decrease in sales is expected to take place among unpackaged/artisanal products. Euromonitor analysts (2011) speculate that "the declines are due in large part to consumer foodservice outlets increasing their assortment of breakfast products, and rolling out low-calorie pastries for all-day snackers (e.g., the March 2011 launch of Starbucks Petites), which are drawing dollars away from other artisanal offerings."

Retail Sales of Pastries/Toaster Pastries in the United States, Historic/Forecast

Categories	2006	2010	2011	2016	CAGR 2006-2010 (%)	2010-2011 (%)	CAGR 2011-2016 (%)
Value Sales in US$ millions							
Total pastries*	$11,866.2	$11,993.3	$12,030.3	$11,730.8	0.2	0.3	-0.4
Packaged/industrial pastries	$4,307.3	$4,622.5	$4,605.7	$4,729.5	1.4	-0.4	0.4
Unpackaged/artisanal pastries	$7,558.9	$7,370.8	$7,379.6	$7,001.3	-0.5	0.1	-0.9
Toaster pastries**	$878.1	$1,067.4	$1,082.7	n/a	4.0	1.4	n/a
Volume Sales in '000 tonnes							
Total pastries*	1,813.8	1,562.3	1,562.3	1,469.2	-2.9	0.0	-1.0
Packaged/industrial pastries	659.7	596.6	597.8	569.1	-2.0	0.2	-0.8
Unpackaged/artisanal pastries	1,154.1	969.2	964.5	900.1	-3.4	-0.5	-1.1
Toaster pastries**	n/a	n/a	n/a	n/a	n/a	n/a	n/a

** The total pastries category is comprised of a number of products including doughnuts, muffins/quick breads, pies, toaster pastries, Danish pastries, croissants and other pastries.*
*** Estimated based on share of retail sales of total pastries in each year. Volume sales are not available for toaster pastries.*
***Source:** Euromonitor, 2012.*

[1] *Actual retail sales for 2011 not available at time of report publication.*

CONSUMPTION DEMOGRAPHICS (continued)

- Toaster pastries have recorded an impressive increase in retail sales over the 2006-2010 period compared to many other pastries, with a compound annual growth rate (CAGR) of 4%. Sales are expected to increase an additional 1.4% in 2011 to reach US$1.08 billion. The popularity of this product as a breakfast food and/or portable snack has contributed to its growth.
- NPD's National Eating Trends survey reveals that annual per-capita consumption of toaster pastries at home or carried from home have increased from 8.6 eatings in 2006 to 10.1 in 2010. As a result, the share of total sweet good consumption represented by toaster pastries has increased from 7.8% to 8.9% over this period.

Core Markets (at least 20% above average consumption rate)

- Households with children of all ages;
- Households with 4+ members;
- Households with annual incomes of US$30,000-US$59,999;
- Homemakers* who are 44 years of age or younger;
- Homemakers* with some high school education;
- Homemakers* who are in professional occupations; and
- Working parents and traditional families regardless of income.

Underdeveloped Markets (at least 20% below average consumption rate)

- Adults, except those 18-34 years of age;
- Households with annual incomes of over US$70,000;
- Households with 3 or fewer members and without children under 18 years of age;
- Homemakers* who are 55 years of age or older;
- All ethnic groups except Black/Non-Hispanic; and
- Singles and empty nesters regardless of income.

CONSUMPTION CALENDAR

- More toaster pastries are consumed on weekdays than on the weekends, likely due to their use as a quick breakfast food for children and young adults.
- The highest share of toaster pastry eatings occurs during the spring and summer months (May to August), with 11.2% of eatings taking place during the holidays.

Source: *Mintel GNPD, 2012.*

**The "homemaker" is defined by NPD as the head of the household or the primary food shopper, who is typically female.*

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PLATE COMPOSITION

- Most toaster pastries are consumed as part of an in-home meal (84.2% of eatings); carried or in-home snacks account for a further 15.8% of eatings. When eaten as part of an in-home main meal, they are most frequently used as the main dish (76.3% of eatings) and almost always at breakfast. Toaster pastries are usually consumed in the morning as a snack.

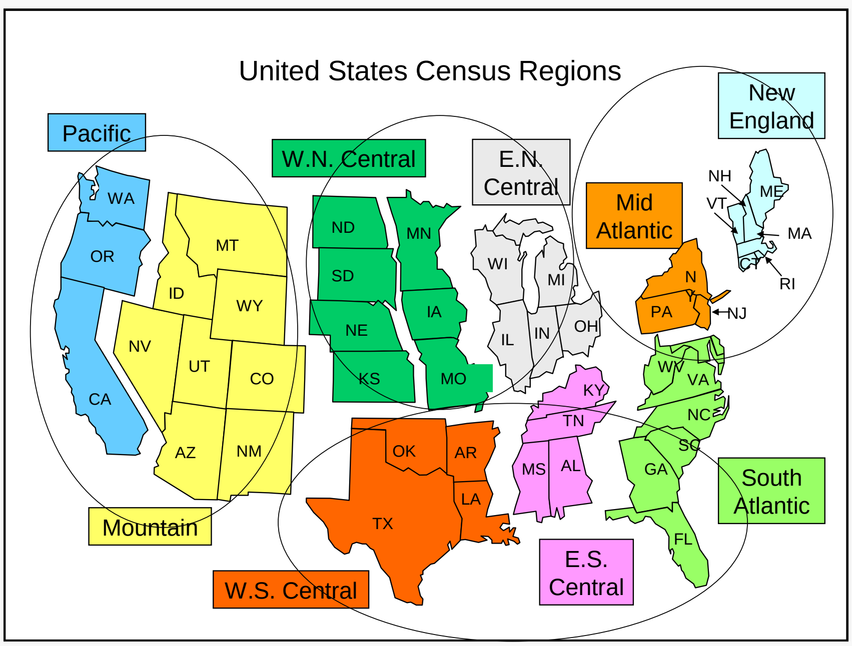
Source: *Mintel GNPD, 2012.*

PREPARATION METHODS

- Of all toaster pastries consumed by Americans at home or carried from home, 45.7% are eaten unheated. When heated, as is the case for 54.3% of eatings, a toaster or toaster oven is used almost exclusively to prepare them.

CONSUMPTION BY REGION

- Compared to the overall U.S. average of 10.1 eatings per year of toaster pastries, consumers in the East North Central and the South Atlantic have the highest consumption rates, accounting for 28.5% and 20.7% of eatings per year, respectively.



Source: *U.S. Census Bureau.*

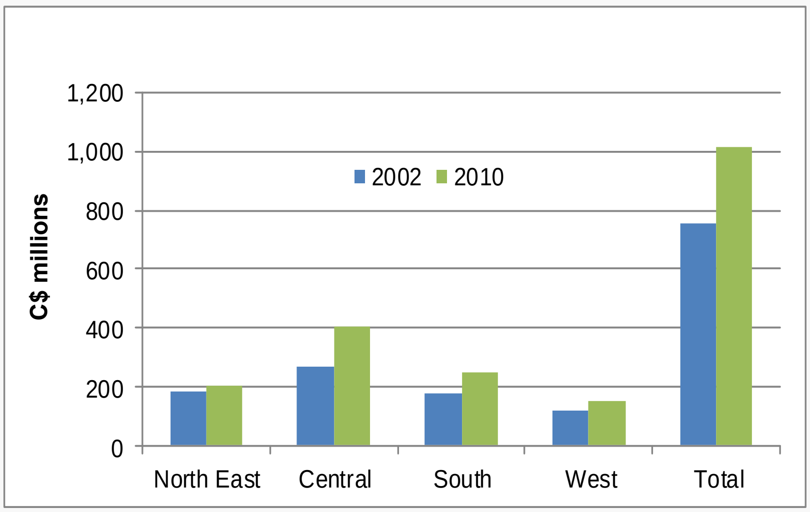
EATINGS BY REGION (%)	
North East	
New England	2.9
Mid-Atlantic	12.0
Central	
East North Central	28.5
West North Central	12.3
South	
South Atlantic	20.7
East South Central	6.6
West South Central	9.7
West	
Mountain	4.0
Pacific	3.3

Source: *NPD Group.*

CANADA-U.S. TRADE

- According to Statistics Canada, total Canadian exports of bakery products (including bread, pastries, cakes, biscuits and similar bakery products) to the U.S. rose from C$753 million in 2002 to C$1 billion in 2010.
- There appears to be no relationship between the share of the population in each of the U.S. regions and their share of Canadian bakery product exports. For example, the largest share of bakery product exports were destined for the Central region (36% in 2002 and 40% in 2010), which was considerably higher than the population share for this region.

Canadian Exports of Bakery Products to the Continental[1] U.S. by Region[2], 2002 and 2010



Source: *Statistics Canada.*

[1] *For the purposes of this report, the continental U.S. does not include Maryland, Washington D.C. or Delaware, to remain consistent with NPD data collection.*

[2] *Population shares for the regions were as follows:*

2002: *North East – 19%, Central – 23%, South – 35%, West – 23%.*

2010: *North East – 18%, Central – 22%, South – 36%, West – 23%.*

NEW PRODUCTS

- According to the Mintel Global New Products Database (2012), a total of 56 new toaster pastries were introduced to the U.S. market between January 2010 and April 2012. There were 27 branded products and 29 private label products.
- All of the new products launched were in the cakes, pastries and sweet goods category.
- Kellogg was behind 26 (46%) of the new toaster pastry launches during the period with its Pop Tarts brand, followed by Roundy's, with 7 products (13%), and Supervalu with 6 products (11%).

NEW PRODUCT EXAMPLES

▶ The following are some examples of new toaster pastry products from the Mintel Global New Products Database:

Source: *Mintel GNPD, 2012.*

Kellogg's Pop-Tarts Low Fat Frosted Strawberry Toaster Pastries have been reformulated and are now low fat. They are made with whole grain and are said to be a good source of fibre. This cholesterol-free ready-to-eat product is also baked with real fruit, contains 0 g of trans fat and is a good source of eight vitamins and minerals, including five B vitamins. It contains no high fructose corn syrup and retails in a 14.1-oz. 100% recyclable pack containing eight toaster pastries. The pastries can be heated in a toaster or a microwave. The Brown Sugar Cinnamon variety has also been reformulated. Product claims include ease of use, ethical-environmentally friendly package, low/no/reduced cholesterol, low/no/reduced fat, low/no/reduced trans fat, microwaveable, and wholegrain.

Source: *Mintel GNPD, 2012.*

Kellogg's Pop Tarts Toaster Pastries have been repackaged and are now available in an 86-oz. pack containing two 21-oz. recyclable boxes in Brown Sugar Cinnamon flavour, and two 22-oz. recyclable boxes in Strawberry flavour. The microwaveable product is free from trans fat and cholesterol and is said to be a good source of seven vitamins and minerals and four B vitamins. Each pack contains 12 toaster pastries. Also repackaged are Unfrosted Strawberry Toaster Pastries. The Unfrosted Strawberry Toaster Pastries retail in a 14.7-oz. recyclable package that contains eight pastries and features the new poptartsworld.com website. Product claims include ethical-environmentally friendly package, low/no/reduced cholesterol, low/no/reduced trans fat, microwaveable, and vitamin/mineral fortified.

Source: *Mintel GNPD, 2012.*

Essential Everyday Frosted Cherry Toaster Pastries are naturally flavored and provide a good source of seven vitamins and minerals, including four B vitamins. The economical product is free from cholesterol, provides 0 g of trans fat per serving and can be heated in a toaster or microwave. The pastries are retailed in an 11-oz. pack of six, which bears the Sustainable Forestry Initiative label signifying that it is made from certified fibre. Product claims include ethical-environmentally friendly package, low/no/reduced cholesterol, low/no/reduced trans fat, and microwaveable.

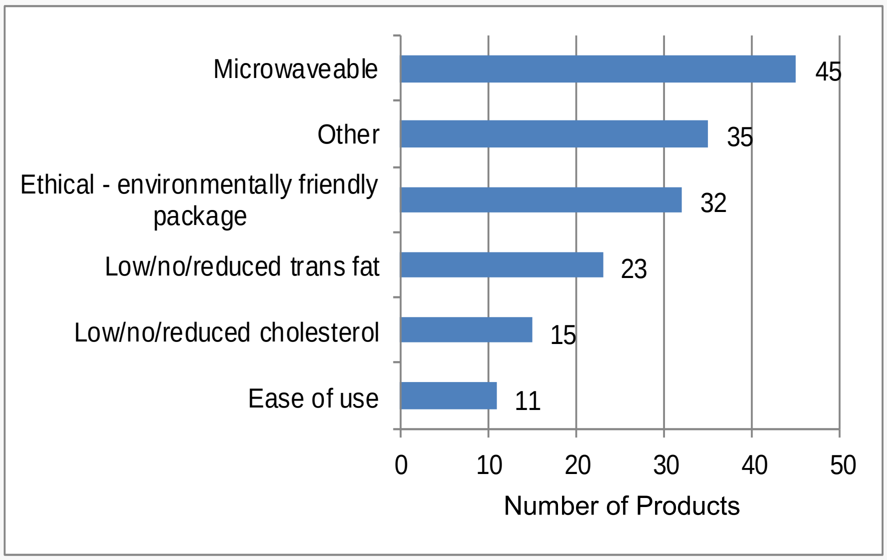
Source: *Mintel GNPD, 2012.*

Pillsbury Toaster Strudel Cream Cheese & Strawberry Toaster Pastries are now available in a newly designed 23-oz. value-size pack containing 12 toaster pastries with icing packets. The packaging also features a coupon to get a free carton of orange juice. This ready-to-use product is free from trans fat. Product claims include ease of use, economy, and low/no/reduced trans fat.

PRODUCT POSITIONING

- From January 2010 to April 2012, “microwaveable,” “ethical-environmentally friendly package,” “low/no/reduced trans fat,” “low/no/reduced cholesterol,” and “ease of use” were the most popular specified claims for toaster pastry products launched in the U.S., according to Mintel.

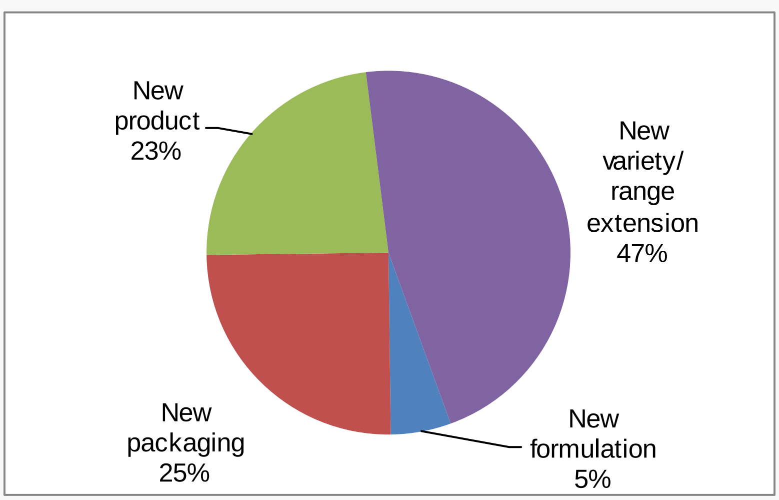
New Toaster Pastry Product Introductions in the U.S. by Top Five Claims, January 2010 - April 2012



Source Mintel GNPD, 2012.

- The majority (47%) of the 56 product launches were new variety/range extensions, while new packaging (25%) and new product (23%), shared much of the remainder.

New Toaster Pastry Product Introductions in the U.S. by Launch Type, January 2010—April 2012



Source Mintel GNPD, 2012.

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MARKET OPPORTUNITIES

- At US$1.08 billion, toaster pastries represented approximately 23% of packaged/industrial pastry retail sales in the United States in 2010, up an average of 4% per year since 2006. This growth is substantially higher than the 1.4% per year reported for total packaged/industrial pastries and 0.2% annual growth for total pastries over the 2006-2010 period. Retail toaster pastry sales are expected to increase an additional 1.4% in 2011.

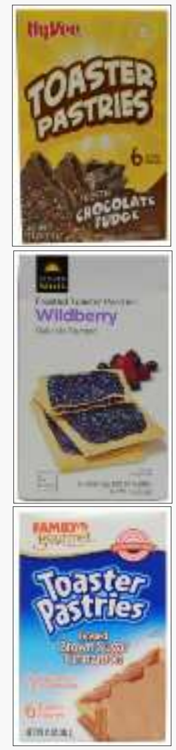
Retaining Key Markets (targeting those who currently report high consumption rates)

- The core market for toaster pastries are younger families with kids of all ages. Their above average eatings were recorded for traditional middle-income (US$30,000-US$59,999 per year) households with 4+ members in which the homemaker was 44 years of age or younger, with some high school education and employed in a professional occupation.

- Toaster pastries are typically sold in a multi-pack of convenient two-pastry servings that are easy for kids to warm in a toaster for breakfast or carry with them to eat cold as a morning snack. Manufacturers continue to innovate to keep products fun, interactive, and in formats attractive to children (e.g., kid-friendly flavours like S'mores, the ability to customize [decorate] them, themes for girls and boys) (Mintel Category Insight: Baking Ingredients and Mixes [February 2012]). In a survey conducted by Mintel (2011), 25% of consumers look for low sugar and single serving options when buying ready-to-eat baked goods for their children. Given increased concern about the obesity of American children, manufacturers have started to market products with improved nutrition profiles (wholewheat, low/no/reduced trans fat and cholesterol, no high fructose corn syrup, fibre, and vitamin/mineral fortified) to help offset possible health concerns. Products are also beginning to feature ethical-environmentally friendly packaging.

Extending the Market (targeting those who currently report mid-range to low consumption rates)

- Except for young adults (18-34 years of age), toaster pastries are least likely to be consumed by persons over the age of 55 years who are single or empty nesters. Development of toaster pastries with improved nutritional profiles for these health-conscious consumers and more sophisticated sweet and savoury flavours may attract adult consumers.



Source: *Mintel GNPD, 2012.*

KEY RESOURCES

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