

Passion for fresh donuts

BOB O'MARA, CHAIRMAN OF RVO ENTERPRISES AND RECOGNIZED SPECIALIST FOR THE DONUT MARKET HAS BEEN TRADING DONUT EQUIPMENT IN AUSTRALIA FOR MORE THAN 40 YEARS. BAKING+BISCUIT INTERNATIONAL TALKED TO HIM ABOUT THE MARKET AND ITS SPECIAL CHALLENGES



+ bbi: How many pieces of donut equipment have you sold in Australia?

+ Bob O'Mara: More than 8,000 donut robots which are small ones for the shops. They produce an average of 450 – 500 donuts per hour or 1,200 mini-donuts per hour. The first one was installed in 1963.

+ bbi: What size is the Donut market in Australia?

+ O'Mara: The donut business in Australia is huge and growing substantially. I believe that the donut market is between 12,000 and 15,000 tons of premix per year. To my knowledge, all cake donuts are made by premix. I don't know anyone who makes cake donut from scratch. The mix is very complicated and the premix, supplied by five major suppliers, is excellent.

+ bbi: There is also a huge market for yeast raised donuts. Are they also made with premixes, and are these included as part of the 15,000 tons you referred to?

+ O'Mara: Yes. Part of the 12,000 to 15,000 tons will be yeast raised donut mixes. The market is approximately one third yeast donuts and two thirds cake donuts. Yeast raised donuts are also predominantly made using premixes. Only a few manufacturers make them from scratch.

+ bbi: Which market is growing more in Australia – the yeast raised or the cake donut?

+ O'Mara: We have very big chains such as Donut King, which is the major supplier for donuts on the retail level, in Australia. Food service and the fast food chains are supplied with fresh donuts or frozen donuts and are included in the yeast raised market. For example, McDonald's 'McCafé' sells yeast raised donuts.

+ bbi: What about the donut business in the supermarkets?

+ O'Mara: That's a very large market. Customers buy their donuts in packages for the family. Australians prefer fresh

donuts and would not buy anything which is more than two days old, unlike the American consumers.

+ bbi: What about frozen donuts in the supermarkets?

+ O'Mara: There are some yeast raised and some cake donuts, but most are sold fresh, in packages.

+ bbi: Who produces the fresh donuts?

+ O'Mara: There are two major retailers in Australia, Woolworths and Coles. All their in-store bakeries have donut machines making cake donuts. The fresh yeast raised donuts on the shelf are bought in.

+ bbi: Are these produced by the big bakery groups in Australia?

+ O'Mara: No. They are predominantly made by independent suppliers.

+ bbi: Is there a trend to turn to frozen donuts?

+ O'Mara: Definitely. This market is outside of the supermarkets and is mostly served by national suppliers.

+ bbi: What are the latest trends on the Australian donut market?

+ O'Mara: The greatest innovation is the 1-inch-mini cake donut for snacking purposes. We call it the 'pop corn concept', as the donuts are served in a cone with dipping sauces such as chocolate, for example, with the dipping chocolate coming in a little holder with a small lip on the cone – just as mayonnaise for nuggets or fries. There is also another trend on the Australian market. The American chain, Krispy Kreme has opened up a donut chain serving their typical donuts. The initial response has been brilliant and they are very popular.

+ bbi: What is the difference between the typical Australian donuts and the Americans ones?

+ O'Mara: The Krispy Kreme donuts are softer – traditional donuts contain up to 20 % frying shortening – and they also offer a range of flavored cake donuts and specialty cake donuts. They are renowned for their hot glazed, yeast raised, ring donuts. Also, if you look at yeast raised donuts, the American donuts are mainly sheeted and pressure cut, while the Australian varieties are mostly sheeted.

There is also a chain that has opened in Brisbane called “Dreamy Donuts”. They have 10 stores at the moment and they use frozen yeast and cake donuts, but mainly yeast raised ones. They are located in the shopping centers.

In Melbourne, a new, attractive store opened in March, 2007 – ‘Doughbuys’. It is on a main arterial road and operates as a drive-in donut shop. Premium yeast raised donuts are sold in-house with the ‘dozen pack’ becoming more and more popular.

+ bbi: In the shopping centers, there are mainly “Donut King” outlets ...

+ O'Mara: I would suggest that every major shopping center in Australia has a Donut King inside. It's a very successful chain!

+ bbi: Is there a trend towards reducing the fat content in a donut?

+ O'Mara: No. A donut is a unique product, in so far as the balance of the product has to be exact. It is unlike a baked cake as the donut is prepared in a liquid frying shortening at 191 degrees. The batter is dropped into the oil and, if the batter is balanced, it will form perfect round ring donuts.

+ bbi: What kind of shortening do you use nowadays?

+ O'Mara: Traditionally, it was a blended animal fat but, now they are trying various palm oil fats and the premium donut on the market would be made using palm oil.

The major shopping center donut outlets use vegetable oil – pure vegetable oil due to the Halal as well as the Asian population – where you need Halal certification.

+ bbi: Do you see opportunities for a donut market in the Asian countries?

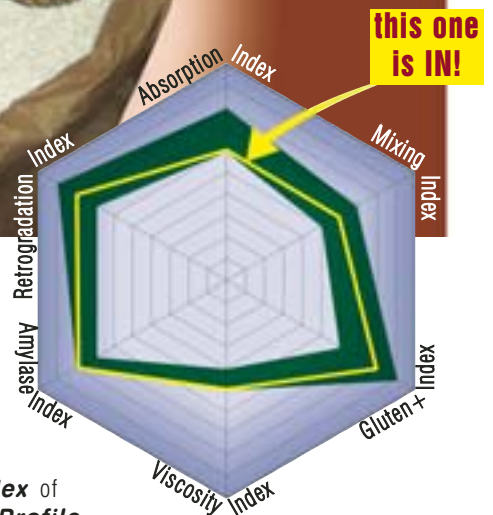
+ O'Mara: I have a lot of experience with donut production in Indonesia. They are large consumers of donuts, yeast raised donuts, as well as cake donuts. The donuts are supplied by local Indonesians and some Australian and American companies.

The Chinese market is also growing – it would like to follow the American trends. We have been active consultants for two groups there and we have set up three plants in China over the past three months. China is a fast growing market for donuts – they are very popular.

+ bbi: Mr. O'Mara, thank you for this interview. +++

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