

Young people opt for supermarkets

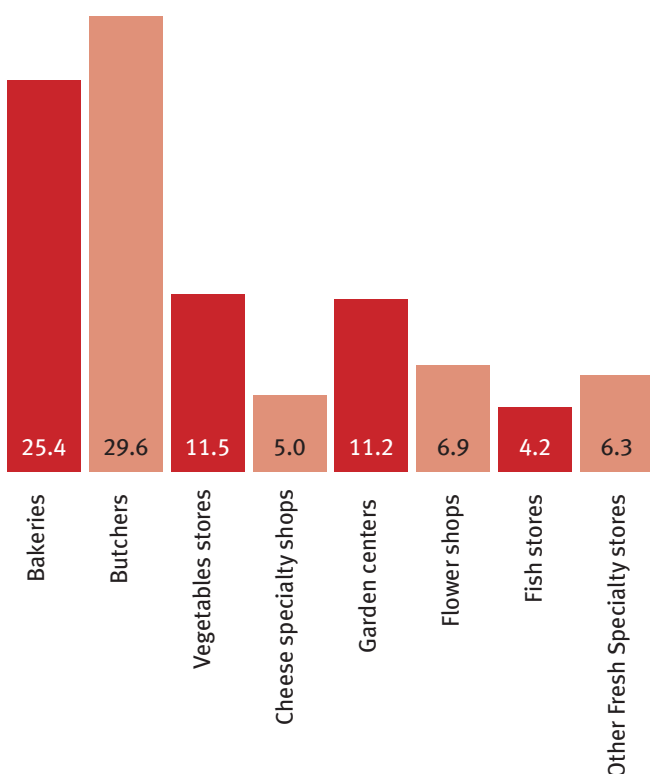
IN 6,000 DUTCH HOUSEHOLDS, THE ENTIRE DAILY PURCHASE OF GROCERIES FOR HOUSEHOLD CONSUMPTION IS SCANNED AND THE PLACE OF PURCHASE RECORDED. BASED ON THIS DATA, GFK NETHERLANDS PRODUCES INFORMATIVE MARKET ANALYSES, WITH SOME PERTAINING TO THE BAKED GOODS MARKET



+ Today, the artisan bakeries in the Netherlands generate more than 25% of all sales in the fresh specialty stores. However, besides bakery products, this category also includes fish, flowers, cheese, fresh produce, meat and others.

Fresh product shops in the Netherlands /in %

Share of sales by main product range (for the period between week 33/2007 and week 32/2008)



As in many other countries, the consumers preferring to buy in the bakeries are older and well situated. 61.4% of the wealthier pensioner households buy at the bakers while not even a third of young consumers visit a bakery at all and those that do only spend an average of 34.51 Euros each year while the older generation spends 107.62 Euros on baked goods purchased from the bakery.

The result: The share of the supermarkets is growing on the baked goods market. Today, they account for three quarters of the bread market (75.6%), four fifths of the cake market (83.6%) and 82.6% of the pastry market (banket), but only 57.8% of the market for fine bakery wares (gebak). In the segment fine bakeries, the bakers perform the best with a share of 26.3%. 15.9% of all fine bakery wares are sold via other channels, such as department stores.

Baked goods market shares in the Netherlands (in %)

Week 33/2007 to 32/2008

	Bakeries	Supermarkets	Other channels
Bread	18.7	75.6	5.7
Fine bakery wares	26.3	57.8	15.9
Cakes	8.5	83.6	7.9
Pastries	11.4	82.6	6.0

Many years ago, the Belgian artisan bakers complained that their main selling activity was increasingly taking place only

on the weekends. GfK is now showing that the development within the Netherlands is heading in the same direction. The Dutch bakers are doing most of their small baked goods business on the weekends: Saturday (50.4%), Sunday (0.4%). For fine bakers' wares the figures are similar: Saturday 45.9% and Sunday 0.6%. The bread sales are more evenly distributed amongst the weekdays with a slight peak at the weekend with 29.2%. For the supermarkets and bakeries, the sales of baked goods are divided as follows:

Sales on the weekend (Saturday/Sunday, in %)

	Bakeries	Supermarkets
Bread	29.2	24.1
Small baked goods	51.0	33.4
Fine bakery wares	46.5	34.3

The latest GfK research also included an assessment of the purchasing locations and the purchasing criteria. Based on a ranking from 1 to 10, the bakeries reached 7.53 points in 2008 which is lower than in 2006 (7.57 points) but still above that of other sales channels. Service supermarkets such as Albert Heijn or Super de Boer achieved 7.03 points in 2008, a decline from 2006 when they had 7.2 points. Medium supermarkets such as C1000, Jumbo or Plus had better results in 2008 with 7.13 points compared to 7.06 points in 2006. The discount supermarkets, as a place of purchase for baked goods, were clearly under performing in 2008 with only 6.59 points. Two years earlier they were ranked at 6.52 points.

Assessment of baked goods purchasing locations in 2008

(Points on a scale from 1 to 10)

Location	Points
Bakeries	7.53
Service supermarkets	7.03
Medium supermarkets	7.13
Discount supermarkets	6.59
Other sales channels	7.21

When asked about the most important aspects for buying in a bakery, "complete product range", "experienced personnel" and "quick service" ranked highest with 4.0 points each (assessment scheme: 1 = of low importance to 5 = of high importance). Other aspects, still considered as being important, included "supply in the evening hours" (3.1 points) and the idea of "one-stop shopping" where all food stores are combined in one area, e.g. a shopping mall or a supermarket (3.1 points). Show baking (2.9 points) and the supply of organic bread (2.7 points) were below the threshold of neither/or which was defined at 3 points. +++

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Promoting the popularity of bread

BAKING+BISCUIT INTERNATIONAL TALKED WITH **AD OVERGAAG** OF THE STICHTING BAKKERIJ IMAGO ABOUT THE BAKERY MARKET IN THE NETHERLANDS AND THE ROLE OF THE ORGANIZATION IN PROMOTING BAKED GOODS

+ bbi: Mr. Overgaag, can you please explain the function of the Stichting Bakkerij Imago?

+ Overgaag: Stichting Bakkerij Imago has the goal of improving the image of the entire bakery chain, the products they distribute and the proud people involved in this segment. The Stichting (foundation) was formed on the initiative of several Dutch industrial bakeries but within one year it was decided to skip the classification "industrial". The foundation now operates on behalf of all Dutch bakers.

It is our belief that for the consumer there is only one baker, 'his baker'. Whether this baker is active in the supermarket (industrial bakeries) or in his own store (artisan bakeries), is not judged individually as it concerns the image of the total group of bakeries.

+ bbi: What are the target groups of Stichting Bakerij Imago and what arguments are you using to persuade more customers to go back to the bakeries?

+ Overgaag: The arguments are:

- Brood = gezond (bread is healthy)
- Brood = lekker (bread is tasty)
- Brood daar zit wat in (bread has nutritional values)
- Innovation
- Products designed for different target groups

+ bbi: How is the Stichting financed and who decides regarding promotional activities?

+ Overgaag: The Stichting is primarily financed through the so called 'flour tax' which is charged to all Dutch producers of bakery products based on the volume of flour they use. A small part of this budget is destined for the Stichting, based on the projects and its potential effects on the promotion of the consumption. A small part of the budget is self generated, based on the sales of market data about the Dutch bakery market.

+ bbi: The Stichting frequently organizes events such as the "day of the sandwich" in schools. Do these activities affect children and young people and their interest in buying in a bakery? Currently the trend amongst young consumers is the preference to buy baked goods in the supermarkets.

+ Overgaag: A national breakfast for all kids at elementary school was a goal that we set ourselves some 6 years ago. We

started in 2003 with approximately 1,500 breakfasts at 5 different schools throughout Holland. In 2009, we will organize this event during the 1st week of November for one third of all primary schools (= 2,500 stops) in Holland, communicating our message to more than 600,000 children aged from 4-12 years. Our yearly message (every year has its own theme): breakfast is the most important meal of the day.

+ bbi: As in all other European countries and also in the Netherlands, customers preferably buy their baked goods at the weekends. Why is that so?

+ Overgaag: Just as in any other European Country:

- one stop shopping ==> supermarkets
- fun shopping ==> specialty stores
- time to relax and enjoy
- parties and receiving friends & relatives (showing their culinary skills in combination with bread & specialties)

+ bbi: Can you identify ways to prevent such consumer behavior or even to turn it around with image promotion activities?

+ Overgaag:

- long term campaigns
- the supply of the best quality (promoting appetite in bread)
- creating more moments for eating bread, i.e. dinner can become a better ambassador for bread
- starting of various activities in and around the bakery or bread department in the supermarket

+ bbi: Experienced personnel and quick service are two aspects important to the consumers. Do the Dutch bakers have a problem that cannot be easily remedied as the job of the sales girl has a poor image and a low salary? Wouldn't it be better for you to promote the job of a sales person in a bakery?

+ Overgaag: It starts with the enthusiastic belief of the owner / category manager / department chef. If he/she wants to become a winner with the right set of ingredients (people, place, product and profit), the consumers will make a choice for the winner. The results are higher sales, fresher products and higher yields. The image of those employees is not poor at all! In fact, people with high skill levels want to work in this environment.

+ bbi: Mr. Overgaag, thank you for the interview. +++



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