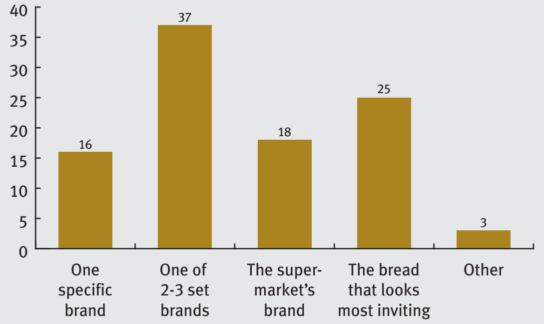
Influence possible

FROM APRIL TO MAY THIS YEAR, MARKET RESEARCHERS WORKING ON BEHALF OF NOVOZYMES A/S FROM BAGSVÆRD, DENMARK, STUDIED THE CONSUMER BUYING BEHAVIOUR OF PACKAGED BREAD IN EUROPE. THE RESULT: 70% OF CONSUMERS CAN BE INFLUENCED IN THE SUPERMARKET

++ figure 1

Brand loyality of European consumers

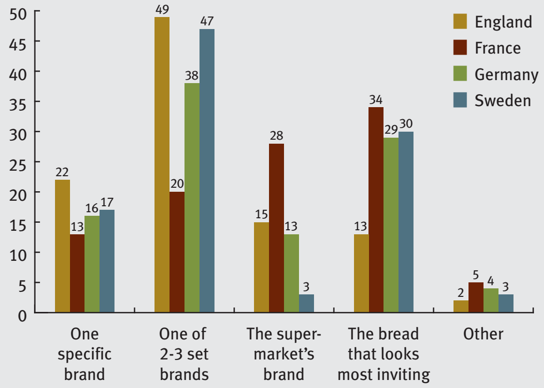
all countries, in %



++ figure 2

Brand loyality of European consumers

Data for wholegrain/wholemeal bread, in %



A total of 955 English, 954 Swedish, 975 German and 910 French people were questioned. Among the 3,794 participants, 51.5% were women and 48.5% men. They were asked about four types of bread:

a) Wholegrain/wholemeal bread
b) Toast/sandwich bread
c) Rye bread
d) Soft buns/rolls

One of the interesting results of the study was that although consumers plan their purchase of bread – impulse purchases are rather rare – only 32% plan exactly which type of bread and which brand should end up in the shopping basket. In this respect their brand loyalty is not strongly expressed. Barely 16% describe themselves as loyal to a particular brand. 37% choose between two or three brands, and one in four says they buy the bread that looks most attractive (figures 1 to 5).

Toast/sandwich bread still shows the greatest brand loyalty, and soft buns/rolls the least. For almost all types of bread, the response of Swedish people is particularly marked depending on how inviting the bread looks, whereas the English are more likely to show brand loyalty.

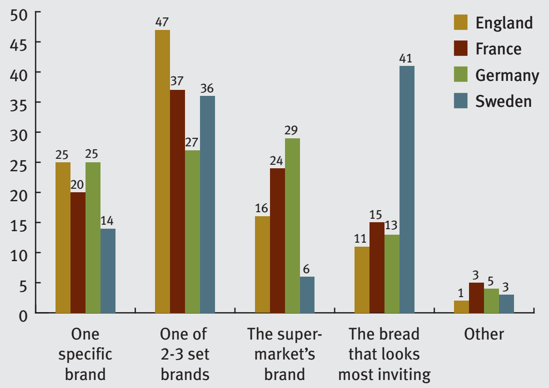
Instead of relying on brands, many consumers obviously also rely not only on the visual impression, but also on the haptic (tactile) impression. Just under one consumer in every two squeezes the bread at the point of sale in the supermarket before making a purchase decision (figure 6). On the other hand, reading the ingredients' list is not in the standard repertoire when choosing. Only 30% of those questioned said they always or often read the lists (figure 7).

The market researchers used a special tool, the "Decision Lab", to try to simulate the decision-making process at the supermarket shelf (see box on page 47). ▸

++ figure 3

Brand loyality of European consumers

Data for toast/sandwich bread, in %



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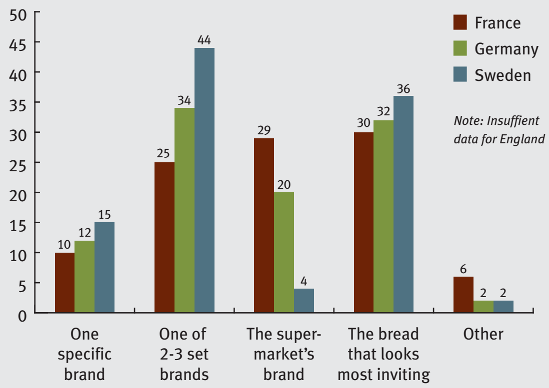
Brand loyality of European consumers

Data for rye bread, in %



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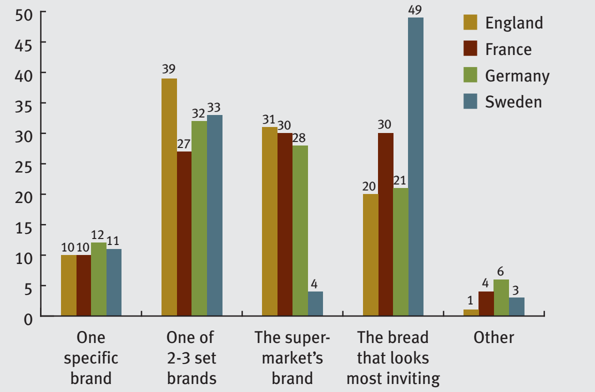
Brand loyality of European consumers

Data for soft buns/rolls, in %



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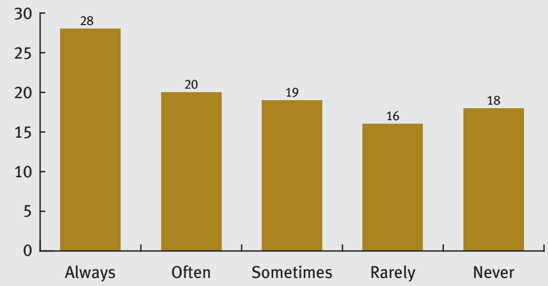
++ figure 6

Consumers squeezing the bread at the point of purchase in the supermarket

All countries, all bread types, in %



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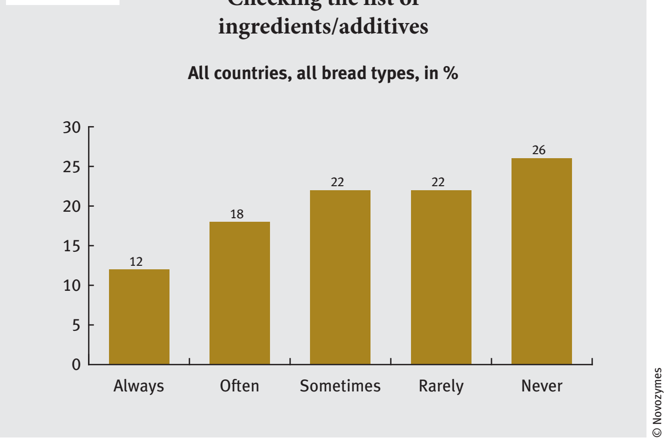
Decision Lab research tool

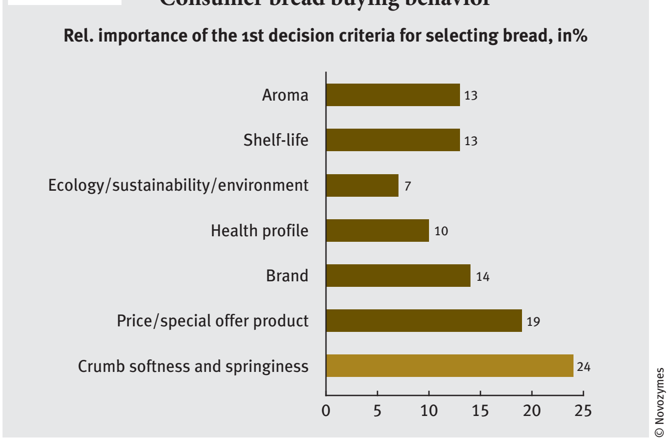
Introduction to methodology

+ The respondent is asked to imagine himself in a situation where he is supposed to decide what kind of bread to purchase.
+ Given eight product characteristics, each with three dimensions, the respondent is asked to construct the product he wants to purchase by clicking on the dimensions, which are hidden.
+ As the dimensions are hidden, the respondent must focus on getting the right dimensions on the most important characteristics first, as the number of clicks is limited. +++

++ figure 7



++ figure 8



The interviewees were given the following pre-defined choice parameters for all bread types:

+ Price
+ Brand
+ Health profile
+ Environmental/ecological/sustainability
+ Shelf life
+ Crumb softness (= softness inside)
+ Crumb springiness/elasticity (= keeps its shape when you squeeze it)
+ Aroma/taste

The result of the evaluation was that at 24%, crumb softness and springiness represents the most important criterion across all countries and bread types when making a choice at the supermarket shelf, regardless of whether it was already named as the first or second criterion (figure 8). +++

Questions to Pål M. Ladsten

Novozymes Global Marketing Manager, Baking

+ **bbi:** Mr. Ladsten, Novozymes arranges for market researchers to study the European baked goods markets at regular intervals. What is the background to these investments?

+ **Ladsten:** The baking industry is of strategic importance to Novozymes. It is the largest food segment within our enzyme business and we want to sustain our market leading position as an enzyme supplier. Consequently, it is of fundamental importance to have a finger on the pulse of the industry's needs and dynamics in the value chain, all the way to the consumers.

+ **bbi:** Can direct conclusions for your own raw materials business be drawn from the results?

+ **Ladsten:** Yes, some aspects of the survey findings stand out very clearly. The quality element of baked goods was ranked as the most important selection criteria in consumers' bread buying behaviour, more specifically, the crumb softness and springiness across all bread types and countries received the highest score. The use of Novozymes Novamyl®, a maltogenic amylase for quality improvement and extended shelf life, provides exactly these product characteristics. The survey results are a reflection of the fact that Novamyl has become the industry standard for bakeries looking for superior freshness of baked goods.

+ **bbi:** Regardless of whether they are loyal to a brand or guided by price, consumers want, as far as possible, to buy bread that gives the impression of freshness. How large are the actual differences in the ranking of the criteria between the countries you studied? Can it really be said that the French pay more attention to taste, the English to the brand and the Germans to the price, or is that a gross over-generalisation?

+ **Ladsten:** I believe one should be careful in generalizing too much when considering the data. However, we have a credible sample with 3,794 consumers interviewed. Personally, I find the decision trees of highest value, providing valuable insight per product category. For example, the bread market in England is one of the highest industrialized bread sectors in Europe, and this survey confirms that the three major industrial bakeries in England over time have succeeded in influencing consumers towards being brand loyal.

+ **bbi:** Are the country-specific differences apparent across all types of bread, or do they depend on the type of bread as well?

+ **Ladsten:** After having analyzed the data in depth, I have found that the data is best interpreted by product type and by country. The four selected bread types are fundamentally different, and the four countries in the scope of this survey also represent four quite different consumer groups with respect to bread preferences and buying behaviours.

+ **bbi:** So how far can you take into account in your marketing, for example, the national differences of the kind that were evident in the present study?

+ Ladsten: The positioning of bread improver formulations towards bakeries that contain our enzyme solutions is ultimately in the hands of our bakery ingredient customers. Still, my marketing group can utilize the market insight to make our messaging in Novozymes collaterals more precise and make it more relevant in the execution of local/regional campaigns. For instance, it is noteworthy that the health profile of rye bread seems highly important in Sweden, whereas the crumb softness and shelf life of rye bread ranks highly in Germany.

+ bbi: Looking back over the various studies commissioned by Novozymes in past years, were there really any results that surprised you?

+ Ladsten: The fact that almost 70% of consumers can be influenced at the point of purchase in their selection of bread brand or bread type is a surprise. This aspect of our survey points to a very high degree of impulse buying in the bread category. It represents an opportunity for industrial bakeries to reach out to consumers with attractive and high quality bread, buns and rolls in the quest for a higher market share and revenues.

+ bbi: To what extent do the results influence not only your company's marketing, but its product development as well?

+ Ladsten: Product development takes place in close co-operation and co-existence with the regional, specialized bakery ingredient suppliers. Not only are they Novozymes' primary sales channel for enzymes in the baking industry, they also possess the capabilities required to implement enzyme innovations at industrial bakeries in an efficient and successful manner. The survey findings have identified a range of opportunities for our customers and Novozymes. Further, they serve as guidance as to which fields in the baking area we shall allocate the 14% of turnover, which Novozymes spends on R&D every year for NPD (new product development).

+ bbi: We are going to publish an extract of the data. Can your customers inspect the entire data and possibly tag onto a study of this kind with questions of their own?

+ Ladsten: Novozymes hosted a webinar on October 25, 2010, where the key findings of our survey were presented by Jonathan Banks, a consumer trend expert. The webinar was recorded, and the webcast can be found at www.novamyl.com. We have already shared the full set of data with some of our strategic bakery ingredient customers, where we received good input to new areas of research as well as highlighting areas that require an even deeper understanding when preparing next year's survey. +++