International Markets Bureau
AMERICAN EATING TRENDS REPORT

# PIES

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 pies, 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 pies 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. Retail sales for total pastries are forecast to increase another 0.3% in 2011[1]. However, sales are forecast to decrease by about 0.4% annually to 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."

**Value of U.S. Retail Sales of Pastries/Pies, $US millions, Historic/Forecast**

| Categories | 2006 | 2010 | 2011 | 2016 | CAGR 2006-2010 (%) | 2010-2011 (%) | CAGR 2011-2016 (%) |
|---|---|---|---|---|---|---|---|
| **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 |
| Pies** | $1,234.1 | $1,247.3 | $1,335.4 | n/a | 0.2 | 7.1 | 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. Forecasts for pie sales are not available to 2016.*
***Source:** Euromonitor, 2012*

**Volume of U.S. Retail Sales of Pastries/Pies, 1,000 tonnes, Historic/Forecast**

| Categories | 2006 | 2010 | 2011 | 2016 | CAGR 2006-2010 (%) | 2010-2011 (%) | CAGR 2011-2016 (%) |
|---|---|---|---|---|---|---|---|
| **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 |
| Pies** | 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 data are not available for pies.*
***Source:** Euromonitor, 2012*

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

## CONSUMPTION DEMOGRAPHICS (continued)

- In 2010, retail sales of pies in the U.S. stood at US$1.25 billion, according to Euromonitor (2011), up from US$1.23 billion in 2006, with a compound annual growth rate (CAGR) of 0.2% over the period. In 2011, sales are expected to show an even stronger growth of 7.1%. Consumer demand for comfort foods, such as pies, during the economic recession and increased demand for tarts, in a parallel trend to the recent cupcake craze, may be partly responsible.
- NPD's National Eating Trends survey reveals that annual per-capita consumption of pies at home or carried from home have fallen slightly, from 9.4 eatings in 2006 to 9.1 in 2010, and account for approximately 8% of all eatings of sweet goods.

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

- Adults aged 55+ years and active/married seniors;
- Homemakers who are retired/not employed;
- Households with annual incomes of US$40,000-US$49,999 and US$60,000-US$69,999;
- Households without children under 18 years of age;
- Low/middle income empty nesters and single-parent families;
- Affluent singles; and
- Black, Hispanic and other non-white ethnic groups (excluding Asian).

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

- Children under 18 years of age;
- Adults 18-44 years;
- Households with annual incomes of under US$10,000 and US$20,000-US$29,999;
- Families with four or more members;
- Homemakers* under 44 years of age;
- Households with children under 12 years of age; and
- Asian ethnic groups.

## CONSUMPTION CALENDAR

- Eatings of pies are highest on Sundays, with almost 19% of weekly eatings. Pies are most frequently consumed during the fall and winter months (September to February), with 18.8% of eatings occurring during holidays.

## PLATE COMPOSITION

- Pies are more often considered to be part of an in-home main meal (63.1% of eatings) or an in-home snack (32.7% of eatings), and are rarely carried from home as part of a meal or snack (4.3% of eatings). When consumed as part of a meal, pies are almost always considered to be dessert (52.4% of eatings).
- When pies are consumed as part of a carried or in-home snack, they are most frequently consumed in the evening (19.1% of eatings).

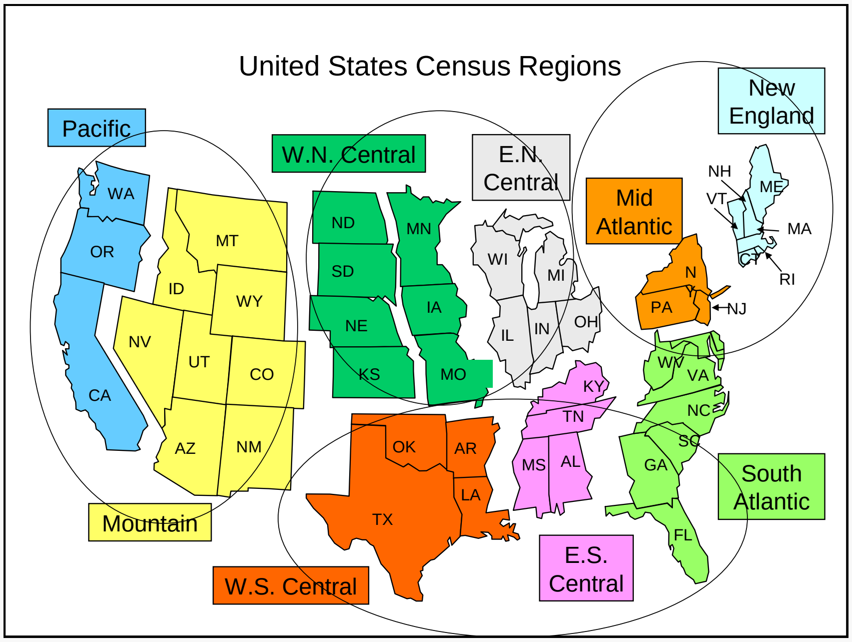
## PREPARATION METHODS

- Pies are consumed not warmed for 65.2% of eatings; when warmed, 24.5% of eatings are warmed/baked in a traditional oven and 8.3% are warmed in a microwave oven.

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

## CONSUMPTION BY REGION

- Compared to the overall U.S. average of 9.1 eatings per year of pies, consumers in the South Atlantic, East North Central and Mid-Atlantic regions had the highest consumption rates of eatings at 20.1%, 18%, and 16.6%, respectively.




**Source:** *U.S. Censu Bureau.*

| EATINGS BY REGION (%) | |
|---|---|
| ***North East*** | |
| New England | 3.8 |
| Middle Atlantic | 16.6 |
| ***Central*** | |
| East North Central | 18.0 |
| West North Central | 8.6 |
| ***South*** | |
| South Atlantic | 20.1 |
| East South Central | 8.5 |
| West South Central | 6.4 |
| ***West*** | |
| Mountain | 8.9 |
| Pacific | 9.0 |

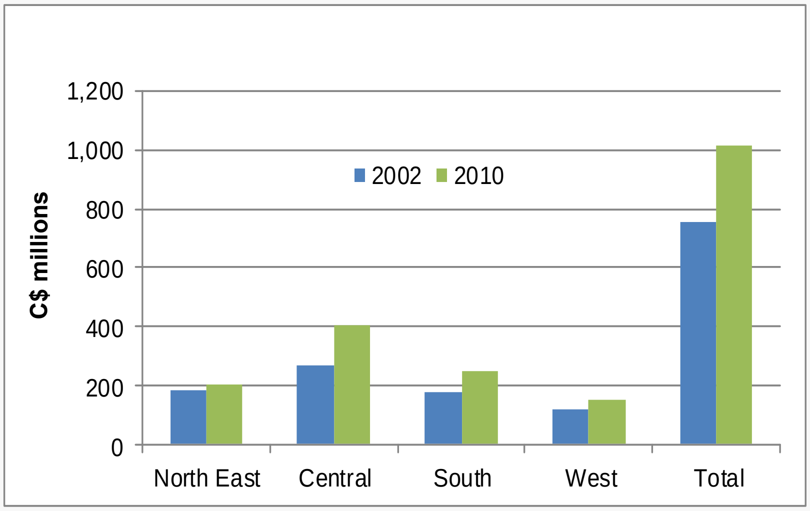
**Source:** *NPD Group.*

## 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 151 new pies and tarts (excluding savoury pies and shells) were introduced to the U.S. market between January 2010 and April 2012. There were 85 branded products and 66 private label products.
- Of new pie launches during the period, 71 (47%) were in the cakes, pastries and sweet goods category, 49 (32%) were considered to be baking ingredients and mixes, and 27 (18%) were included in other frozen desserts.
- There are many pie manufacturers in the U.S. Leading new pie introductions between January 2010 and April 2012 were the Immaculate Baking Co., with 6%, and Yoder's Country Pies, ConAgra Foods, Aldi, and Safeway, each with 5% of introductions.

## NEW PRODUCTS EXAMPLES

- The following are some examples of new pie products, from the Mintel Global New Products Database (2012):


**Source** *Mintel GNPD, 2012.*

Orion Fresh Pie Strawberry Cream Pie is free from preservatives, monosodium glutamate (MSG) and artificial colors. The product retails in a 9.73-oz. pack, containing 12 x 23 g packets, and is also available in a Kiwi variety. Product claims include no additives/preservatives and premium.


**Source** *Mintel GNPD, 2012.*

Marie Callender's New Peanut Butter Cream Pie is made with real peanut butter. The kosher-certified product is made with a rich, creamy, peanut butter filling and nestled in a chocolate cookie crumb crust, topped with cool, fluffy whipped topping and sprinkled with chocolate curls. It retails in a 28-oz. pack. Also available are Coconut Cream Mini Pies, which can be prepared in the microwave in 15 seconds and retail in a 7.5-oz. pack containing two mini pies made with real shredded coconut. Also available is a Key Lime variety. This product claims to be kosher.


**Source** *Mintel GNPD, 2012.*

Pillsbury Funfetti Valentines Whoopie Pie Kit is intended for Valentine's Day 2012. The product comprises one pouch of devil's food cake mix, two pouches of vanilla frosting, which are naturally and artificially flavoured, and one pouch of candy bits. This kosher-certified product can make 12 pies and retails in a 18.31-oz. pack, which is made with 35% recycled fiber. Product claims include ethical-environmentally friendly package, kosher, and seasonal.

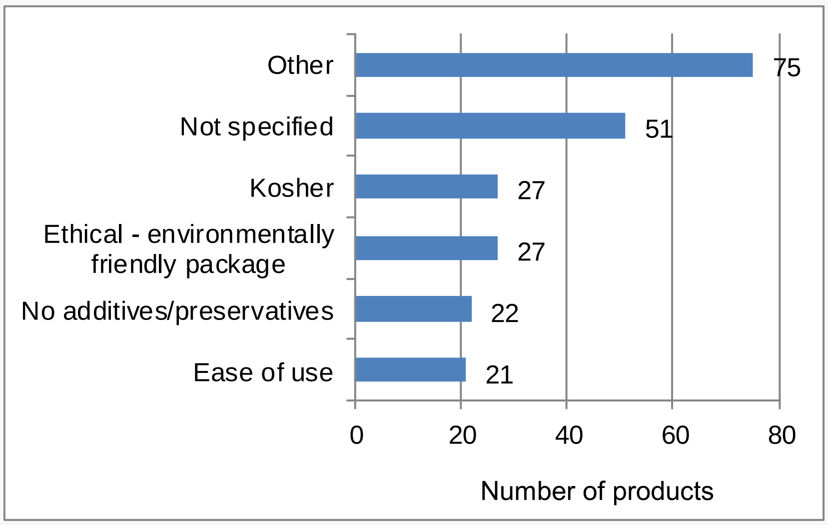

**Source** *Mintel GNPD, 2012.*

Hail Merry Merry's Miracle Tart is available in a chocolate mint flavor. The product contains cocoa that is said to provide a mood lift, and coconut oil which is claimed to make the tart taste rich. The raw tart is suitable for vegans, is free from gluten and cholesterol, and retails in a 3-oz. recyclable pack. Product claims include ethical-environmentally friendly package, gluten-free, low/no/reduced allergen, low/no/reduced cholesterol, no animal ingredients, and vegan.

## PRODUCT POSITIONING

- From January 2010 to April 2012, "kosher," "ethical-environmentally friendly package," and "no additives/ preservatives" were the most popular specified claims for pies in the U.S., according to Mintel.

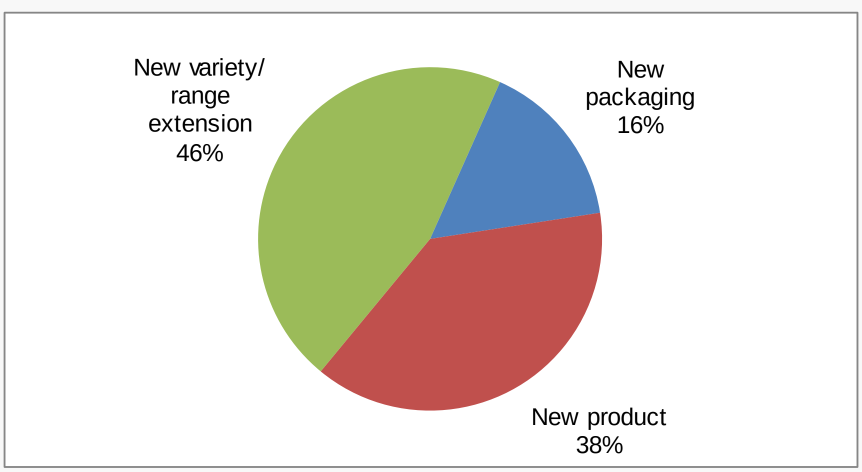
**New Pie Product Introductions in the U.S. by Top Five Claims, January 2010-April 2012**




*Source Mintel GNPD, 2012.*

- The majority (46%) of the 151 product launches were new variety/range extension, followed by new products (38%), and new packaging (16%).

**Pie Product Introductions in the U.S. by Launch Type, May 2011-April 2012**




*Source Mintel GNPD, 2012.*

# PIES

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## *MARKET OPPORTUNITIES*

- In 2010, pies accounted for about 10% of all U.S. retail pastry sales (US$1.25 billion). While growth has been slow since 2006 (0.2% annually), sales are expected to increase by 7.1% in 2011. “Fruit pies have the comfort eating credentials to support strong growth, and portion-controlled pies at the retail level in particular are likely to have strong appeal in 2012” (Mintel, 2012). Tarts may be the next “cupcake-type phenomena.”

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

- Core markets for pies rest with the adult U.S. population, especially those with higher incomes, over the age of 55 years, retired/not employed, and those who are living alone or in families without children in the home. Black, Hispanic and other non-white consumers (except Asian consumers) are also higher than average pie consumers. As with most sweet goods, pies are an indulgence. Pies that are high quality using premium, all natural ingredients, will likely appeal to existing pie consumers, along with formats such as mini pies or tarts that may be more suitable for smaller households and those looking for portion control. Opportunities exist to develop products that will retain ethnic consumers.

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

- Lower income households with children and Asian consumers represent possible opportunities to expand the U.S. pie market. The introduction of products and formats that would appeal to children (e.g., peanut butter, Smores, Whoopie pies, etc.) and in convenient formats (e.g., frozen/chilled) suitable for larger families may increase demand. Opportunity exists to better target Asian consumers, such as by creating products with popular Asian flavours.

## *KEY RESOURCES*

Euromonitor International, Passport GMID. (2012).
Euromonitor International, Passport, Baked Goods in the US. (September, 2011).
Mintel, Bread, Bakery and Cakes. (February, 2012).
Mintel, Category Insight: Baking Ingredients and Mixes. (February, 2012).
Mintel, Global New Products Database. (2011).
The NPD Group National Eating Trends database, for the year ending November 2010.