



NCA's 2008 State of the Industry Conference

# What Are Your Consumers Telling You About Confectionery?

## **National Confectioners Association**

State of the Industry Conference

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Market Research Group,

a division of [MarketResearch.com](http://MarketResearch.com)



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# Agenda for Session

- Intro: Consumer Surveys
- Three Hurdles: Aging, Nutrition, the Economy

*Group Discussion and Pop Quizzes:  
Psychographics and Demographics*

- Three Opportunities:  
Rich, Dark, and Hispanic
- Endcap and Recap

# National Consumer Survey Data

**Simmons Market Research Bureau**  
([www.smr.com](http://www.smr.com))

Spring 2004-2007

Telephone/booklet surveys

Nationally representative sample 18+

Sample size: 25-29K

Focus on past consumption (30 days)

# National Online Panel Data

## **BIGresearch CIA Survey**

([www.bigresearch.com](http://www.bigresearch.com))

January 2003-January 2008

Monthly opt-in email surveys

Respondents age 18+ balanced by age, sex, income, geography

Sample of 5K-10K monthly

Focus on short-term future (3-6 months)

# **BIGresearch candy question**

**Over the next 90 days, do you plan on spending more, the same, or less than you would normally spend at this time of the year?**

# Background Context

Overall, candy is a wildly popular, heavily consumed, and hyper-distributed retail product.

Overall, the mass market for candy is mature and trending slowly downward in volume levels.

# Servings of candy eaten monthly: Adults Overall

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	12.2%	22.0%	37.3%	<b>71.5%</b>
2006	12.2	21.1	38.2	<b>72.5</b>
2005	11.4	23.2	38.4	<b>73.0</b>
2004	11.4	22.2	41.9	<b>75.5</b>

Source: Simmons Market Research Bureau

# **BIGresearch Candy Question**

## **January 2008 survey**

<b>Spending Intentions</b>	<b>Percent</b>
<b>Spending More</b>	<b>2.9</b>
<b>Spending the Same</b>	<b>48.5</b>
<b>Spending Less</b>	<b>48.6</b>
<b>Gain/Loss</b>	<b>-45.7</b>

Source: BIGresearch CIA Survey

# **BIGresearch Candy Question**

## **January surveys, 2003-2008**

<b>Spending Less</b>	<b>Percent</b>
2008	48.6%
2007	43.7
2006	46.7
2005	40.9
2004	43.3
2003	42.6

Source: BIGresearch CIA Survey

# **BIGresearch Candy Question**

## **October 2007 survey**

<b>Spending Intentions</b>	<b>Percent</b>
<b>Spending More</b>	<b>14.7</b>
<b>Spending the Same</b>	<b>53.9</b>
<b>Spending Less</b>	<b>31.4</b>
<b>Gain/Loss</b>	<b>-16.7</b>

Source: BIGresearch CIA Survey

# **First Hurdle: Aging Population**

# Servings of candy eaten monthly: By Adult Age Bracket

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
18-24	10.5%	19.6%	<b>46.3%</b>	76.4%
35-44	12.2	21.6	39.0	72.8
65+	13.9	23.2	<b>29.5</b>	66.7

Source: Simmons Market Research Bureau

# Spending Index by Age Bracket

## January 2008 survey

<b>Age</b>	<b>More</b>	<b>Same</b>	<b>Less</b>	<b>More Index</b>
18-24	6.2	49.7	44.0	<b>217</b>
35-44	2.5	47.7	49.8	<b>86</b>
65+	1.2	54.1	44.7	<b>41</b>

Source: BIGresearch CIA Survey

# **Second Hurdle: Nutritional Concerns**

# Group Psychographic Discussion: Which *one* group has been steadily increasing since 2005 in heavy consumption of candy (10+ Servings/Monthly)?

## ***Those Who Agree a Lot That ...***

They Usually Only Snack on Healthy Foods

They Try to Eat Gourmet Foods Whenever They Can

They Treat Themselves to Foods That Aren't Good for Them

They Are Quick to Try New Nutritional Products

They Try to Eat Healthier Foods These Days

They Are Too Busy to Take Care of Themselves

There Is Nothing Wrong With Indulging in Fattening Foods

They Frequently Eat Sweets

**Answer:**  
**Those who say**  
**they are too busy to**  
**take care of themselves**  
**as they should**

Servings of candy eaten monthly  
among adults who agree a lot:

## **Am Too Busy to Take Care of Myself as I Should**

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	9.6%	21.9%	<b>45.4%</b>	76.9%
2006	11.0	22.4	<b>45.1</b>	78.5
2005	9.9	23.4	<b>44.4</b>	77.7

Source: Simmons Market Research Bureau

Servings of candy eaten monthly  
among adults who agree a lot:

## Try to Eat Healthier Foods These Days

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	12.8%	21.6%	<b>33.9%</b>	68.3%
2006	13.0	22.9	<b>34.0</b>	69.9
2005	12.6	22.9	<b>33.3</b>	68.8

Source: Simmons Market Research Bureau

# Servings of candy eaten monthly among adults who agree a lot: **Usually Only Snack on Healthy Foods**

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	11.2%	17.7%	<b>27.7%</b>	56.6%
2006	13.0	20.3	<b>28.1</b>	61.4
2005	12.6	17.9	<b>26.8</b>	57.3

Source: Simmons Market Research Bureau

# Servings of candy eaten monthly among adults who agree a lot: **Quick to Try New Nutritional Products**

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	9.0%	18.2%	<b>38.9%</b>	66.1%
2006	12.1	18.9	<b>36.9</b>	67.9
2005	10.0	23.3	<b>38.4</b>	71.7

Source: Simmons Market Research Bureau

Servings of candy eaten monthly  
among adults who agree a lot:

## **Try to Eat Gourmet Foods Whenever I Can**

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	10.1%	18.5%	<b>39.5%</b>	68.1%
2006	11.1	17.3	<b>40.4</b>	68.8
2005	10.6	17.7	<b>43.2</b>	71.5

Source: Simmons Market Research Bureau

Servings of candy eaten monthly  
among adults who agree a lot:  
**Treat Myself to Foods That Aren't  
Good for Me**

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	9.9%	22.4%	<b>45.7%</b>	78.0%
2006	10.8	20.5	<b>48.9</b>	80.2
2005	10.0	20.3	<b>51.7</b>	82.0

Source: Simmons Market Research Bureau

Servings of candy eaten monthly  
among adults who agree a lot:  
**Nothing Wrong With Indulging in  
Fattening Foods**

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	12.1%	22.1%	<b>42.1%</b>	76.3%
2006	12.5	20.8	<b>43.4</b>	76.7
2005	11.3	23.2	<b>42.9</b>	77.4

Source: Simmons Market Research Bureau

# Servings of candy eaten monthly among adults who agree a lot: **Frequently Eat Sweets**

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	7.6%	22.3%	<b>57.2%</b>	87.1%
2006	8.7	22.1	<b>57.1</b>	87.9
2005	8.2	21.9	<b>57.6</b>	87.7

Source: Simmons Market Research Bureau

# **Third Hurdle: Recessionary Environment**

# January 2008 survey question

## How have fluctuating gas prices impacted your spending?

	Percent
Will be driving less	42%
Reduced dining out	34
Decreased vacation/travel	33
Spending less on clothing	27
Delaying major purchases	21
Spending less on groceries	18

Source: BIGresearch CIA Survey



# January 2008 survey question

## How have fluctuating gas prices impacted your shopping?

	<b>Percent</b>
Taking fewer shopping trips	42%
Shopping closer to home	41
Shopping more for sales	35
Using coupons more	29
Doing more comparative shopping through ads	26

Source: BIGresearch CIA Survey



# January 2008 survey question

## How will you cope with economic problems due to housing market?

	Percent
Dining out less	46%
Driving less	42
Shopping more for sales	38
Shopping closer to home	37
Fewer shopping trips	36

Source: BIGresearch CIA Survey



# Opportunities: The Mores

# **BIGresearch Candy Question October surveys, 2003-2007**

<b>Spending More</b>	<b>Percent</b>
2007	14.7%
2006	12.2
2005	7.0
2004	7.5
2003	8.4

Source: BIGresearch CIA Survey

**Group Demographic Discussion:  
Which of these segments is *most static*  
in spending on candy  
in the first quarter of this year?  
(based on BIGresearch Jan. 2008 survey)**

Men

Students (Adult)

Asian-Americans

Hispanics

Business Owners

New England Residents

Factory Workers/Laborers

HH Income of \$150K+

HH Income of \$25K-\$34K

3-Children HHs



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**Answer:**

***All ten segments are on the prowl for more candy, but men at a lower index than the rest.***

# Answers to Demographic Quiz

## January 2008 Survey

<b>Segment</b>	<b>Index</b>
3 Children in HH	258
Student (Adult)	222
Asian-American	212
Hispanic	188
Business Owner	164
Factory Worker/Laborer	125
HH Income \$150K+	124
New England	122
HH Income \$25K-\$34K	118
Male	111

Source: BIGresearch CIA Survey



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# Hershey's Dale Earnhardt Collection --Milk Chocolate the Intimidator

- In honor of NASCAR racing legend
- Packaging redeemable for Earnhardt merchandise.



# (Mars) Snickers Limited Edition --Charged

- With caffeine, taurine and B-vitamins
- Boost of energy
- Especially for 2-3 p.m. "re-power" hour.



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# BIGresearch Candy Question

## October surveys, 2003-2007

### Share of “Spending More” Adults: Women vs. Men

	<b>Oct. 2007</b>	<b>Nov. 2007</b>	<b>Dec. 2007</b>	<b>Jan. 2008</b>
Women	59.4%	57.6%	53.9%	46.1%
Men	40.6	42.4	46.1	53.9

Source: BIGresearch CIA Data

# Opportunity Focus: The Rich

# January 2008 Survey

<b>Segment</b>	<b>Index</b>
3 Children in HH	258
Student (Adult)	222
Asian-American	212
Hispanic	188
Business Owner	164
Non High School Grad	145
Factory Worker/Laborer	125
HH Income \$150K+	124
New England	122
HH Income \$25K-\$34K	118
College Degree (Only)	113
Male	111

Source: BIGresearch CIA Survey



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# Servings of candy eaten monthly: Adults with HH Income of \$150K+

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	12.2%	21.5%	<b>35.1%</b>	68.8%
2006	12.6	19.9	<b>34.9</b>	67.4
2005	11.4	23.7	<b>33.6</b>	68.7

Source: Simmons Market Research Bureau

# (Hershey) Scharffen Berger --Milk Nibby 41% Cacao Bar

- Limited edition
- World's best cacao beans
- Small batches



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# Opportunity Focus: Dark Chocolate

# FDM Chocolate Candy Sales

## 52 Weeks ending Nov. 3, 2007

	\$ (Millions)	\$ % Chg.	Vol. % Chg.
Total Choc Candy	\$4,759	4.7%	-0.5%
Non-Dark Choc	4,153	0.1	-3.7%
Dark Choc	606	53.0	39.6%

Source: Phil Lempert, Facts, Figures, & The Future (Jan. 2008),  
citing Nielsen Company/Nielsen Strategic Planner Data

## Productscan Data: Selected Claims/ Flavors in U.S. Choc Candy Intros, 2007

Claim/Flavor	Reports	Share
Upscale	384	30%
<b>Dark Chocolate</b>	<b>250</b>	<b>19%</b>
Gourmet	82	6%
Natural	78	6%
Novelty	68	5%
White Chocolate	59	5%
Kids	43	3%
Organic	39	3%

Source: Productscan Online,  
a Datamonitor service



# (Mars) Dove Vitalize Bar --Rich Dark Chocolate

“With healthful ingredients like energy-releasing B vitamins, plus the natural goodness of cocoa flavonols which may help support cardiovascular health and plant sterols which have been shown to reduce cholesterol.”



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# Opportunity Focus: Hispanics

# January 2008 Survey

<b>Segment</b>	<b>Index</b>
3 Children in HH	258
Student (Adult)	222
Asian-American	212
Hispanic	188
Business Owner	164
Non High School Grad	145
Factory Worker/Laborer	125
HH Income \$150K+	124
New England	122
HH Income \$25K-\$34K	118
College Degree (Only)	113
Male	111

Source: BIGresearch CIA Survey



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# Servings of candy eaten monthly: Hispanic Adults

	<b>1-4</b>	<b>5-9</b>	<b>10+</b>	<b>Total</b>
2007	12.2%	21.2%	<b>33.1%</b>	66.5%
2006	13.8	20.3	<b>33.3</b>	67.4
2005	12.9	22.4	<b>31.7</b>	67.0

Source: Simmons Market Research Bureau

# (Frito-Lay) Sonric's Gudu Pops

## --Dulce de Leche; Chile

- Made in Mexico
- Bilingual packaging



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# Dulce de Leche Chocolates since 2005

Caramel: 231

Dulce de Leche: 3

Chile: 12





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# **Endcap: Candy as Economic Swagger**

# January 2008 Survey

Segment	Index
3 Children in HH	258
Student (Adult)	222
Asian-American	212
Hispanic	188
Business Owner	164
Non High School Grad	145
Factory Worker/Laborer	125
HH Income \$150K+	124
New England	122
HH Income \$25K-\$34K	118
College Degree (Only)	113

Source: BIGresearch CIA Survey



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# BIGresearch Candy Question

January 2008 survey

## **Warehouse Club Membership:**

## **“Spending More” Adults vs. Overall**

	<b>More Candy</b>	<b>Less Candy</b>	<b>All Adults</b>
Sam's	28.3%	30.2	28.1
Costco	<b>25.3</b>	20.2	20.2
BJ's	<b>15.4</b>	7.9	7.5

Source: BIGresearch CIA Data

# January 2008 survey question

## **Chances for a strong economy during the next six months?**

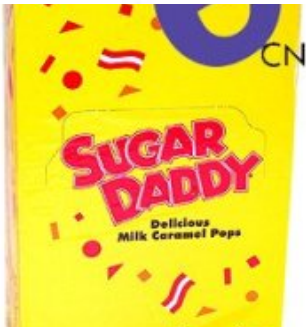
	<b>More Candy</b>	<b>Same Candy</b>	<b>Less Candy</b>
Very confident	<b>13%</b>	<b>57%</b>	<b>30%</b>
Confident	<b>3</b>	<b>55</b>	<b>42</b>
Little confidence	<b>2</b>	<b>46</b>	<b>52</b>

Source: BIGresearch CIA Survey

# Barton's Chocolate Bar --One Million Dollars



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# Recap

- Time, nutrition, and the economy are (probably) not on your side
- Nonetheless, various promising demographic and psychographic targets remain, including the busy, the rich, dark chocolate fans, Hispanics, and economic optimists

# Questions?



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