Global Market For Children’s Confectionery

Contributed by Euromonitor International
Tuesday, 22 February 2011

Confectionery targeting children is difficult to define as a category in its own right.This is because many confectionery products are consumed by adults and children alike.

However, some categories, like pastilles, gums, jellies and chews, boiled sweets and chocolate with toys, are mostly targeted at children.

Children generally determine the way these products are marketed, the nature and direction of innovation as well as local and global distribution patterns.

Lollipops see strong growth in China
China is one of the largest markets in the world for boiled sweets, with retail value sales in the country set to reach US$2 billion in 2010, 3% up on the previous year. Boiled sweets remain very popular among Chinese children as they have a relatively low unit price and are therefore largely affordable.

However, research shows that boiled sweets are currently losing ground to pastilles, gums, jellies and chews.

The latter are projected to grow by over 8% in retail value in 2010, according to Euromonitor International's estimates. These products have benefited from sustained investment in innovation, with hundreds of changes in shapes and flavours being seen on a year to year basis.

Furthermore, pastilles, gums, jellies and chews have a higher unit price than boiled sweets and offer greater potential to add value.

This makes them particularly attractive to Chinese sugar confectionery manufacturers which are willing to invest in innovation in return for products fetching higher mark-ups.

Lollipops will put in the third strongest performance in sugar confectionery in China in 2010, with sales expected to rise by 7% in retail value. Thanks to a flood of advertisements and intensive promotions, lollipops are being increasingly accepted by Chinese youngsters. Brands such as Chupa Chups, Alpenliebe Rich Milky Caramel Lollipop, Hsu-Fu-Chi and Pim Pom are all seeing impressive growth in their value sizes.

Recession takes its toll on sales of 'children's confectionery' in Spain
In Spain, confectionery products targeting children are being affected by a declining birth rate and the impact of the economic recession as parents reduce the weekly allowance given to their children for treats. Retail value sales of lollipops, for instance, are predicted to grow by a mere 1% in 2010, compared with the 4% rise registered the previous year.

Interestingly, Spanish pastilles, gums, jellies and chews manufacturers are focusing on rising concerns about obesity among youths. As a result, many 'healthy' new products were launched in 2009 and 2010 to improve the image of these products. A good example is Zumo Jellies, a new product launch from MiguelaÃ±ez which is suitable for coeliacs, has a 10% fruit juice concentrate content and is gluten-free.

In Germany, sales of pastilles, gums, jellies and chews are set to reach EUR907 million in 2010, 1% down from the previous year. Research shows that maturing consumer demand and a relatively low birth rate have weakened sales growth of these products in the German market. Industry manufacturers are challenging this trend by introducing new exotic flavours, a strategy that is proving quite popular with younger German consumers.

Sales of children's confectionery benefit from economic recovery in emerging markets
The economic recovery in emerging markets is already having an impact on the performance of key confectionery categories. In Brazil, for instance, traditional sugar confectionery products, such as lollipops, standard mints and boiled sweets, will see a decline in consumption in 2010.

The main reason for their poor performance is the increasing consumption of chocolate confectionery as a consequence of greater consumer purchasing power among lower-income groups.

In addition, consumers in middle socio-economic groups are opting for healthier impulse snacks, including snack bars and sugar-free gum. This decrease will be particularly apparent in categories like boiled sweets, which is predicted to decline by 3% in retail volume terms in 2010.

In Indonesia, pastilles, gums, jellies and chews will lead growth within sugar confectionery in 2010, with sales increasing by 12% in retail value terms. New product developments within chews are increasing interest in this area, with most Indonesian consumers being open to trying new products. The widespread popularity of soft candy continues to fuel healthy growth of chews.

Interestingly, recent packaging innovation in children's confectionery in Indonesia has been focused on re-sealable portable containers. As a result of rising health awareness, consumers are paying increasing attention to hygiene.

New product developments feature cigarette pack style packaging which improves both portability and hygiene.

Marshmallows fail to benefit from sales recovery in Singapore
Another key example of the positive impact of economic recovery on confectionery lines targeting children can be found in Singapore. With the recovery of the economy, consumers are generally more at ease with spending their money on indulging their children.

Product categories such as pastilles, gums, jellies and chews and lollipops, which saw lacklustre current value growth in 2009, will record stronger demand in 2010, according to Euromonitor International's projections.

One key exception, however, to the relatively strong performance of confectionery targeting children in Singapore is marshmallows. With marshmallows being the most dominant type in other sugar confectionery, the category will experience slower current value growth in 2010 compared to the previous year.

This is because marshmallows are not consumed regularly in the country, usually only during birthday parties. Hence, research shows that these products are not benefiting from the recovery of the economy and will continue their lacklustre performance in 2010.

Within Western Europe, Turkey is another emerging market where confectionery for children will benefit from economic recovery. Sales of pastilles, gums, jellies and chews are projected to grow by 7% in retail volume terms in 2010 in Turkey, according to Euromonitor International's estimates. New lines introduced in the market will benefit from the gradual improvement in economic prospects for Turkish consumers, who will increase their expenditure on indulgence products.

Demand for indulgence picks up in Italy
Italy is currently the largest market globally for chocolate with toys. Retail value sales of these products are set to reach EUR660 million in 2010, 3% up on the previous year. Easter eggs, partly targeted at the adult consumer segment, account for a large part of sales.

Research shows that demand for Easter eggs in Italy tends to be fairly polarised, with consumers preferring either high-quality chocolate (mainly branded and with a sophisticated gift inside) or products of low-medium quality and low in price. Interestingly, brands like Ferrero's Kinder Sorpresa are sold throughout the year and are marketed as a treat for children.

As in other countries, better economic prospects are having a positive impact on Italian consumer confidence. Product lines like Kinder Sorpresa are benefiting from this trend, and are holding their ground against more affordable indulgences like chocolate tablets and bagged softlines/selflines.

Chocolate with toys still a minor category in Russia
In Russia, Ferrero Group is the leader in the chocolate with toys category, commanding a 70% value share in 2009, according to Euromonitor International estimates. Ferrero Group has been very active in promoting its Kinder portfolio in children's clothes and toy shops and in major Russian retail chains.

Interestingly, Kinder chocolate lines are located near tills in supermarkets, a strategy that has contributed to underpinning impulse purchases of the brand through the grocery channel. Despite Ferrero's active role in promoting the category, sales of chocolate with toys in the Russian market are still fairly minor.

Retail value sales of these products are projected to reach the US$106 million mark in 2010, which represents just around 1% of the retail value of the entire chocolate category in the country.

Demand for chocolate indulgence expands rapidly in Brazil
In Brazil, sales of chocolate with toys are set to grow by 12% in retail volume terms in 2010, underpinned by strong demand for chocolate eggs over the Easter period. Unlike in 2009, the Brazilian macro-economic situation has helped this performance in 2010, through factors such as lower unemployment, a positive outlook for Brazilian GDP and higher levels of industry activity.
Increased consumer confidence and the elections in October 2010 have added to the positive scenario for the domestic economy.

Research shows that Brazilian manufacturers have succeeded in growing the consumer base of Easter eggs by expanding the range of offerings with a toy inside. As a result, Easter eggs have passed from being a chocolate product targeting adults to being purchased as a treat for Brazilian children.

The popularity of these products has been underpinned by the increasing number of licensed characters used as an efficient tool to promote local and international brands through the grocery channel. NestlÃ© SA leads the category, accounting for around a 40% share of total retail value sales in 2009, according to Euromonitor International estimates.

Interestingly, chocolate with toys and seasonal chocolate are seeing significant rises in average unit price as Brazilian manufacturers are opting to produce a greater volume of smaller eggs to make them more affordable to less affluent consumers.

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4 February 2011