

Sector Insight Biscuits

Dual offensive

Biscuit brands are striking a balance between indulgent appeal and tapping into health concerns. By Jane Bainbridge

THE BACKGROUND Despite being hit by growing consumer interest in healthier foods, the sweet biscuit market is on the rise. While manufacturers have introduced lower-fat variants to cater to this health trend, they have also added luxury ranges with which consumers can 'treat' themselves when they do indulge. These are the two categories in which growth is expected, though the sector may soon come under greater pressure from confectionery brands as they continue to introduce biscuit-chocolate hybrids.



Sweet biscuits: the market is expected to grow to total sales of £1.4bn during 2005

Changes are afoot in the biscuit sector; the traditional ritual of having a plain digestive with a cup of tea is giving way to an indulgence in premium products or 'healthy' biscuits low in salt or fat.

After a few rocky years the sweet biscuit market has improved, as manufacturers have invested in new product development and marketing support.

The sweet and savoury biscuits market is expected to reach £1.7bn in 2005, up 20% since 2000, of which sweet biscuits will account for £1.4bn in sales, according to Mintel.

The impact of the ageing population on the sector follows the trends seen in other food sectors: greater disposable income means trading up to premium biscuits is common.

The heaviest purchasers of biscuits tend to be households with children. Almost 15% of the population eat biscuits every day and therefore fall into the high-use category. This proportion peaks among men and the retired.

Almost 40% of the population are classed as light users, eating biscuits

once a week or less. The majority of this category are women and the under-45s. A key challenge, then, is to find a way of encouraging 16- to 44-year-old women to eat sweet biscuits more often.

Health concerns

In line with other food markets, the government has called on biscuit manufacturers to lower the salt and fat content of products. This has led to growth in the low-fat and healthy categories, as well as the premium market, where biscuits are viewed as a treat.

The fortunes of many brands rest on stealing share from, or losing it to, those outside the biscuit sector. The chocolate biscuit countlines category – those that are individually wrapped – is the biggest in the sector at an estimated £369m in 2005, but has fallen 14% since 2000. This is a result of the rise in cereal bars, which offer an acceptable alternative to chocolate consumption. Schools are a key driver in this shift, with many imposing bans on chocolate, crisps and fizzy drinks on the premises.

Sweet biscuit manufacturers by value sales and share

	2005		2001		01-05 % change	
	£m	%	£m	%		
1	McVitie's (including Jacob's*)	332	23	244	21	36.1
2	Burton's (including Cadbury)	216	15	166	14	30.1
3	Nestlé	156	11	115	10	36.2
4	Fox's	134	9	111	9	20.7
5	Masterfoods	53	4	50	4	6.0
6	Jacob's*	n/a	n/a	40	3	n/a
7	Tunnock's	30	2	26	2	15.4
8	Bahlsen	14	1	6	1	133.3
	Other brands	238	17	31	3	667.7
	Own-label	258	18	392	33	-34.2
	Total	1431	100	1180	100	21.3

Source: Mintel *Purchased by United Biscuits (owner of McVitie's) in 2004

Rank	Brand	2005 £m	2005 %	2001 £m	2001 %	% change
1	McVitie's	69	4.8	67	5.3	3.0
2	McVitie's Chocolate Digestives	44	3.1	39	3.1	12.8
3	McVitie's Jaffa Cakes	31	2.2	44	3.5	-29.5
4	Penguin	30	2.1	38	3.0	-21.1
5	Cadbury range	29	2.0	25	2.0	16.0
6	McVitie's Hobnobs	29	2.0	31	2.5	-6.5
7	McVitie's Digestives	28	2.0	36	2.8	-22.2
8	Go Ahead!	25	1.7	27	2.1	-5.7
9	Rocky	24	1.7	23	1.8	4.3
10	Maryland Cookies	21	1.5	18	1.4	15.4
11	Blue Riband	18	1.3	20	1.5	-7.7
12	McVitie's Rich Tea	18	1.3	18	1.4	1.1
13	Tunnock's Caramel Wafer	17	1.2	19	1.5	-8.1
14	Jammie Dodgers	10	0.7	19	1.5	-45.9
15	Jacob's Club	10	0.7	12	0.9	-16.7
16	Echo	9	0.6	18	1.4	-49.4
17	Wagon Wheels	8	0.6	27	2.1	-70.4
18	Bisc&	643	44.9	399	31.6	61.1
	All other brands	286	20	309	24.4	-7.4
	Own-label	1431	100	1265	100	13.1
	Total					

Source: Mintel

The brand performance of the everyday biscuit category, which includes digestives, rich tea and non-chocolate variants, and the everyday treats market, which covers biscuits with cream, jam or half-chocolate, has improved recently, but own-label has suffered. The category is estimated to be worth £252m in 2005, a fall of 7% since 2000. The market has been hit by brand owners fighting

own-label on price, and customers becoming accustomed to seeking out packs on promotion.

Many shoppers always opt for the same biscuits, but limited-edition flavours and packaging, and product formats such as tube packs or mini versions, have sparked additional interest.

Special treat biscuits, such as Tesco's Finest and McVitie's Boosters, are often

clarity and biscuits