



CONFECTIONERY CONUNDRUM:

Finding balance between
quality, health and indulgence

Make no bones about it – 2020 was a rough year. The global pandemic has left consumers hyper-aware of their health, with many uncertain about how at-risk they might be due to COVID-19.

So concerns about diet, weight gain and sugar intake, as well as how they might impact overall health and immune function are more prevalent than ever. But at the same time, most people need a break now and then, and since socializing with friends and family is tough right now, they are looking for occasional relief... and finding it with indulgent treats.

Although rather contradictory, these attitudes are entirely understandable. People are tired, and once in a while they want to be able to enjoy a treat without reading the ingredient list or checking the calorie count. It does leave manufacturers and brands in the confectionery space with a tricky line to walk, but they're not alone. Demand for "clean," high-quality, better-for-you products produced in sustainable ways is now common across many food and beverage categories – and these concepts are now driving innovation in the confectionery space.

Regardless of what their individual health needs and concerns might be, these consumer attitudes are prompted by a simultaneous desire for both quality and indulgence. They see indulgent treats as a way to reward themselves for getting through the day or achieving an objective.

Meeting these diverse needs has become an important baseline in the currently booming confectionery landscape. The global market for confectionery products (which includes three key categories: chocolate confectionery, non-chocolate confectionery and gum products) was valued at \$210.3 billion in 2019 and is projected to reach \$270.5 billion by 2027 on a CAGR of 3.6%, according to data from Allied Market Research.¹ In the U.S. market alone, overall confectionery sales are expected to reach \$52.6 billion by 2020.²

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So where do confectionery products fit in this new world? Health considerations are important, with about six in ten consumers now saying they are more conscious about their overall health, and just as many stating a growing awareness of their immune function. According to insights from FMCG Gurus, there is at the same time an inconsistency between beliefs and actions. Nearly 40% of consumers say they have purchased more chocolate recently compared to previous months, and also note that they are turning to chocolate and other sugary treats as a way to satisfy their mental well-being in these tricky times.³ In fact, the researchers found that more than half of global consumers reported purchasing more comfort foods, like confectionery, as a result of the COVID crisis.

The elemental point is, consumers now simply want it all from confectionery treats, and this is prompting emergence of several important trends in the space. Here's a look at how these demands are informing new product development in confectionery products:

Premium potential

Perhaps first and foremost, if consumers are going to eat a treat, they want it to be of good quality. Flavor and taste are essential components of quality and indulgence, and more than half of consumers are looking for products that offer something new, adventurous or experimental.⁴

This can mean a number of things, but the trend is now particularly evident in gourmet and artisanal positioning, especially in chocolate. Young consumers, for example, are connoisseurs of chocolate and are looking for products that not only provide sophisticated flavors, but that are also made by small, local brands and push the envelope with respect to flavor and chocolate combinations.



In other confectionery categories, this might mean products that feature unusual qualities, such as an unexpected or exotic sensory experience, including hot, spicy, fruity or floral flavors, or popping candies.

Consumers are also increasingly willing to pay a premium for products of high quality with the attributes they desire.⁵ In confections, this ranges from lower sugar content to sustainably sourced ingredients. Products in new formats and made in small batches are also gaining traction in the market. Consumers may want to try a small batch of something different and exotic, or they might also gravitate toward smaller portions or single-serve products that are easy to take on-the-go, as well as provide automatic portion and calorie control. Product personalization may, in fact, be the next frontier of quality and premiumization as confectioners provide consumers with opportunities to create their own unique chocolates or design a new and novel confection.

An un-guilty pleasure

As with most other food and beverage categories, healthier, better-for-you options are also pervading confectionery. There has been a definitive shift toward new or reformulated confections that offer guilt-free indulgence. Many of these attributes overlap with demands for premium quality and great taste, but many consumers are also looking at treats through the lens of health. According to Persistence Market Research, as consumers strive to eat more healthfully, they expect confectionery sales to be driven by treats with less-processed, more natural ingredients and added health value.⁶

Sugar reduction, for instance, has been a top-of-mind issue across many food categories – confection in particular. Nearly three in four U.S. consumers consistently say they are limiting or avoiding sugar in their diet for health reasons.⁷ What's more, data from Innova Market Insights suggests that three in five U.S. consumers would rather cut back on sugar than consume artificial sweeteners.⁸ That leaves product developers with a triple task – to improve healthfulness, cut back on sugar naturally and avoid compromising expectations for taste and texture.

Fortunately, there are now many ways to reduce sugar in treats, with a next generation of alternative sweeteners. Stevia and erythritol are among the top solutions. Stevia is one of the most popular solutions, with several ingredients offering varying levels of sugar reduction. The earliest stevia-based sweeteners could achieve sugar and calorie reductions between 30% and 70%. Newer generations of these ingredients featuring the sweetest components of the stevia leaf, the steviol glycosides Reb M and Reb D, can now reduce calories by up to 100% in certain applications.

Erythritol is another versatile sweetener which is naturally present in fruits like berries and certain vegetables. Erythritol is often paired with sweeteners like stevia, because it has a sugar-like aftertaste and helps mask some of the off-notes that come from the other high-intensity sweeteners. Abundant research also shows that this zero-calorie sweetener has no impact on the human body metabolically, systemically, or in the microbiome. Plus, it is even available as a Non-GMO Project verified ingredient.*

Desire for less sugar in confectionery has also led to innovation in the category, as product formulators have worked with natural sweeteners and functional ingredients to take the focus off sweetness while also adding value. Ingredients like coffee cherries and other botanicals have the potential to add new flavor notes that might reduce the need for sweetness while adding health benefits. Chocolate itself – especially dark chocolate – is an antioxidant-rich ingredient with an emerging health halo that is seeing adoption in a variety of different indulgent products.

Sensible sustainability

Sustainability in foods and beverages is a growing movement, and even the confectionery category is jumping on-board as consumers adopt sustainable ideals. At its root is a desire for transparency about where foods and beverages come from. About six in 10 consumers now note the desire for transparency, saying they are looking for products that meet requirements for ethical production, environmental friendliness and label-friendly ingredients.⁹

In the confectionery category, this is surfacing through products that contain label-friendly ingredients instead of artificial additives. Again, chocolate is at the center of new developments as many companies improve their sourcing standards for cocoa. Cargill, for example, has recently introduced its CocoaWise centralized data platform to provide customers with fast and easy access to sustainability information about its cocoa supply chain.¹⁰

As the company works to provide sustainably sourced cocoa, the platform will strengthen this collaboration and move the industry toward a more transparent and sustainable supply chain.

Beyond chocolate, there are also a number of label-friendly ingredients that provide desired function in confectionery applications. Pectin, a natural compound in plants and especially abundant in apples and citrus fruits, has become a go-to solution in a number of treats. As a food ingredient, it is used as a gelling or thickening agent and as a stabilizer. In many confection applications, pectin is used as a label-friendly alternative to gelatin.

It is fairly clear that thinking outside the box will be an ongoing and critical strategy in the confection space. The ultimate goal is to have consumers feel like they are getting both nutrition and function in their treats, without sacrificing that indulgent moment and a much-needed reward.

*There is no single definition of “non-GMO” in the USA. Contact Cargill for source and processing information.

¹ Allied Market Research. “Confectionery Market by Product Type.” October 2020. <https://www.alliedmarketresearch.com/confectionery-market>

² Conway, J. “Confectionery in the United States.” Statista Research. October 9, 2020. <https://www.statista.com/topics/2709/confectionery-industry/>

³ FMCG Gurus Blog. “War on Sugar to Intensify.” October 1, 2020. <https://fmcggurus.com/blog/fmcg-gurus-war-on-sugar-to-intensify/>

⁴ FMCG Gurus Blog. “Sensory Appeal and Consumer Demand.” June 16, 2020. <https://fmcggurus.com/blog/fmcg-gurus-sensory-appeal-and-consumer-demand/>

⁵ Mellentin, J. “Ten Key Trends in Food, Nutrition and Health 2020.” *New Nutrition Business*. <https://www.new-nutrition.com/>

⁶ Persistence Market Research. “Chocolate Market: Global Industry Analysis and Forecast 2016-2024.” <https://www.persistencemarketresearch.com/market-research/chocolate-market.asp>

⁷ International Food Information Council. “2020 Food and Health Survey.” June 9, 2020. <https://foodinsight.org/2020-food-and-health-survey/>

⁸ Innova Market Insights. “Sugar Reduction Hits the Sweet Spot.” January 20, 2020. <https://www.innovamarketinsights.com/sugar-reduction-hits-the-sweet-spot/>

⁹ Innova Market insights. “Innova Identifies Top 10 Food and Beverage Trends to Accelerate Innovation in 2021.” Oct. 21, 2020. <https://www.innovamarketinsights.com/innova-identifies-top-10-food-and-beverage-trends-to-accelerate-innovation-in-2021/>

¹⁰ Cargill, Inc. Press Release. “CocoaWise Portal Keeps Sustainability Data at the Fingertips of Cargill’s Cocoa and Chocolate Customers.” October 1, 2020.

Claims: The labeling, substantiation and decision making of all claims for your products is your responsibility. We recommend you consult regulatory and legal advisors familiar with all applicable laws, rules and regulations prior to making labeling and claims decisions.