



## EXECUTIVE SUMMARY

### National Confectioners Association's (NCA) Confectionery Industry Trend Report 2009

NCA's inaugural Industry Trend Report reveals that confectionery makers are experimenting with flavors, flexibility and variety, and thinking outside the bar to provide consumers with chocolate and candy innovation. With insight from industry experts, including top manufacturers, market researchers, award-winning chocolatiers, nutritionists and confectionery makers, the Industry Trend Report 2009 captured the confectionery trends and influences that will foster growth of the industry through 2014 – and the forecast is sweet.

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#### **What's the next BIG thing?**

Top line trends include a chocolate explosion, health benefits, flavor fusions and international influences. Further, experts predict:

- The next “big” trend in confections will be healthier confectionery options, according to 88 percent of insiders interviewed.
- Eco-friendly manufacturing efforts, like recyclable packaging, will be a leading influence, 65 percent of experts said.

#### ***Better for You, Inside and Out***

Since 2005, the confectionery industry has responded to market demands by introducing hundreds of portion-controlled, calorie-controlled, reduced-fat, sugar-free and fortified products. And there is no sign of a slow down. Forty-three percent of experts said health-related influences will be *the* leading influence on new product development in the confectionery industry overall. Within the health category, drivers include:

- 35 percent of industry leaders cited portion control as the leading influencer, followed by 25 percent who said fortified products (confections with added vitamins, minerals or protein) will drive the category.
- Skin care products will be the next big market expansion when it comes to non-edible cocoa products, including skin care, soap and shampoos, lotions and anti-aging products.
- Oral health care will drive the chewing gum category. One-fourth of experts say sugar-free options will become increasingly common, along with dental professionals backing and the American Dental Association approvals.

#### ***Choc-full-of-it***

Chocolate, America's favorite flavor, will emerge as one of the largest growth drivers for the industry in new, delicious and exciting ways.

- Chocolate and cocoa will pop up more frequently as a key ingredient in main courses alongside salmon, chicken and steak, as reported by 73 percent of experts.

- Flavor infusions that combine chocolate and spices, salts, herbs and floral flavors will become increasingly popular as consumers embrace pairings, according to 43 percent of insiders.
- Sweet and savory chocolate duos, like chocolate and bacon, and even chocolate and cheese combos will be popular in stores and on menus. In fact, 78 percent of experts said chocolate and these sweet and savory duos will provide the most surprising flavor combinations.
- Chocolate will drive the organic market, 70 percent of experts reported.
- More than one-third of experts said consumers will become more knowledgeable about the global origin of the chocolate they enjoy.

Experts also forecast that the potential health benefits of chocolate will continue to be evidenced. Nearly half of those surveyed say consumers can expect to see more research into the potential health benefits of milk and dark chocolate, including exploration of naturally occurring cocoa compounds and positive effects on mood and blood pressure levels.

### ***Out-of-the-Box Innovation***

As classic candies remain tried and true favorites overall, a maturing American palate is trending toward twists, turns and more innovative product creations.

- Limited edition candies will prevail. Thirty-five percent of experts said experimentation with new flavors of classic favorites will be a leading trend within limited edition candies.
- Intense flavors and interactive innovations are two of the leading influences on new kids' candy creations, insiders said.
  - Experts commented that this dynamic category is unique and different from all other products in the market, catering to the more attention-grabbing, fun and entertaining products that kids like.

### ***Global Influences***

International influences are spicing up the global confectionery market and shaping U.S. product development.

- One in three industry experts said U.S. trends will have the greatest impact on the dark chocolate market globally.
- Fifty-eight (58) percent of experts said international spices and ethnic flavors will have a large influence on new U.S. products and flavors.
- Insiders named Europe the birthplace for international confectionery trends now and in the coming years.
- Experts cite Japan as an emerging influencer in the global candy industry.

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**About the National Confectioners Association (NCA):** Founded in 1884 in Chicago by representatives of 69 confectionery manufacturing firms, the National Confectioners Association is one of the oldest, most respected trade associations in the world. Today NCA has more than 600 members and is the major association representing the entire confectionery industry, offering education and leadership in manufacturing, technical research, public relations, retailing practices, government relations and statistical analyses. NCA fosters industry growth by advancing and promoting the interests of the confectionery industry, its customers and its consumers.

**About NCA's Confectionery Industry Trend Report 2009:** These in-depth interview findings are from a diverse mix of 40 elite confectionery experts from among the most knowledgeable within the confections industry (e.g., chocolate and confectionery experts/specialists, representatives of culinary institutes, chefs, experts within NCA's staff, specialty retailers, manufacturers, bloggers, and editors/publishers of food and candy magazines). The telephone interviews were conducted from November 5 to December 5, 2008, and averaged 45 minutes in length. Because these in-depth interviews were qualitative in nature and do not represent a randomly selected sample of those working within the confectionery industry, a sampling margin of error cannot be reported.