

DESSERTS AND CONFECTIONS



“The desserts and confections market performed well during the pandemic as consumers leaned into indulgence for comfort, but consumers are aspiring to make improvements to their health and diets. Brands are in a position to align dessert and confection innovation to meet these aspirations through encouraging mindful indulging practices, opting for lighter textures and formats, as well as renovating sweetener systems to make treats more permissible. Flavor innovation will also play a role in maintaining engagement with consumers in this transitional period. Co-branding and blurring the lines between treat categories gives consumers the best of both worlds in desserts and candy while creating novelty by mashing up products in an unexpected but delightful way.” – Alyssa Hangartner, Mintel

KEY TAKEAWAYS

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COVID-INDUCED INDULGENCE WILL SLOW, PUSHING CONSUMERS TOWARD LIGHTER, NATURALLY SWEETENED TREATS

As consumers transition into their post-pandemic lifestyles, many are aspiring to make improvements to their diets. Consumers are interested in seeing more naturally sweetened products featuring ingredients like real fruit and honey in desserts and confections. Interest in desserts with lighter textures, including whipped and fluffy, outweighs interest in those with dense and thick textures.

ELEVATE EXISTING FOUNDATIONS WITH CO-BRANDED OPTIONS AND CATEGORY BLURRING

Consumers no longer have to make a choice between their favorite treats. Brands have been mixing and matching dessert and candy flavors in new product innovation, blurring the lines between categories. The power of nostalgia and novelty is at play in recent innovation, with unique mashups featuring classic cereals, candy and even soda.

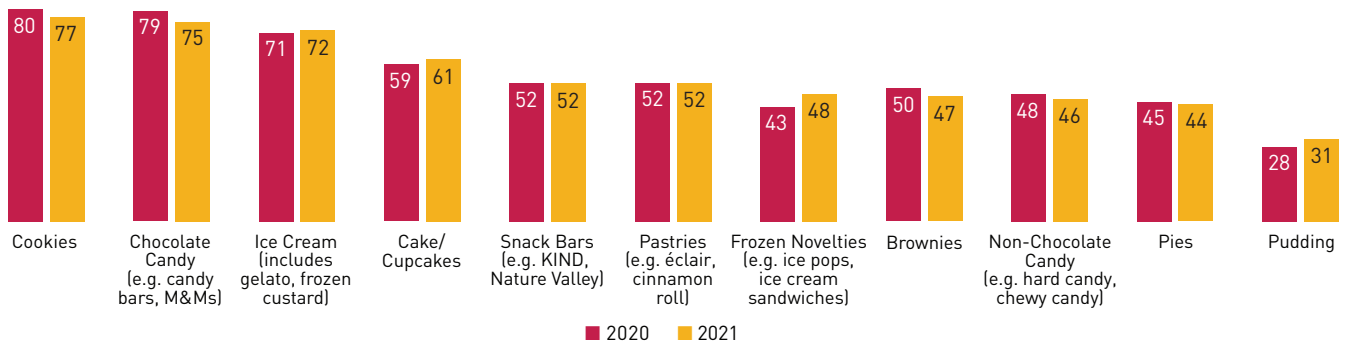
NUDGE FURTHER INTO TROPICAL AND INTERNATIONAL FRUIT FLAVORS

Tropical fruits are trending in several categories, including desserts and confections, and they make adventurous flavors more approachable. Looking forward, keep an eye on trending cuisine growth to indicate potential for dessert and confection flavors. Fruit flavors popular in Asian and Latin cuisines are positioned well for growth as consumers become more experienced with the variety of flavors in these cuisines.

FROZEN TREATS FOUND A SWEET SPOT DURING THE PANDEMIC

As consumers spent most of their time at home, closer to their freezers, frozen novelties and ice cream varieties had the chance to solidify their place in consumer routines, while impulse varieties, like candy and snack bars, either stalled or lost consumers.

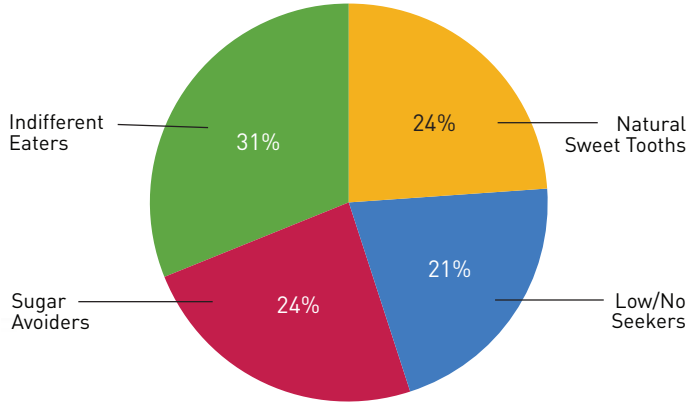
“WHICH OF THE FOLLOWING HAVE YOU EATEN IN THE PAST THREE MONTHS? PLEASE SELECT ALL THAT APPLY.” *In percent*



CONSUMER APPROACH TO SUGAR

Nearly seven in 10 consumers are doing something to control sugar in their diet, but they are split evenly on how they approach sugar across all food and drink types.

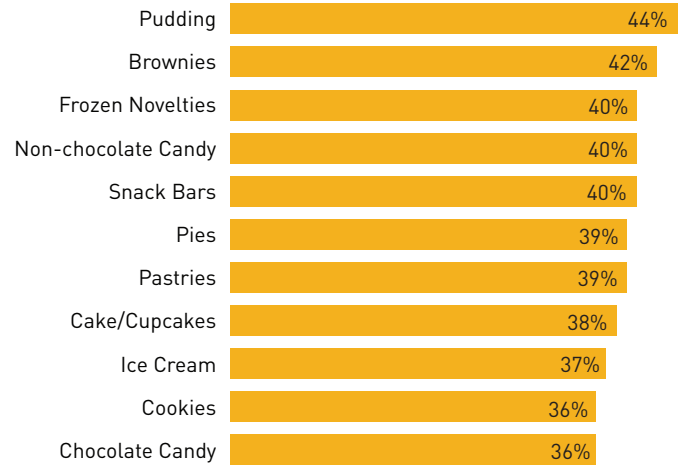
“WHICH OF THE FOLLOWING STATEMENTS BEST DESCRIBES YOUR CURRENT APPROACH TO SUGAR AND SWEETENERS IN FOODS?”



BLUR CATEGORY LINES IN PUDDING AND BROWNIES

Brownies and pudding, while consumed by a smaller segment of consumers, are ripe for innovation featuring co-branding and blurred lines between confection and dessert categories. Leverage the popularity of ice cream, chocolate candy and cookies to inspire new flavors in pudding and brownies.

“WHICH OF THE FOLLOWING HAVE YOU EATEN IN THE PAST THREE MONTHS? PLEASE SELECT ALL THAT APPLY.”



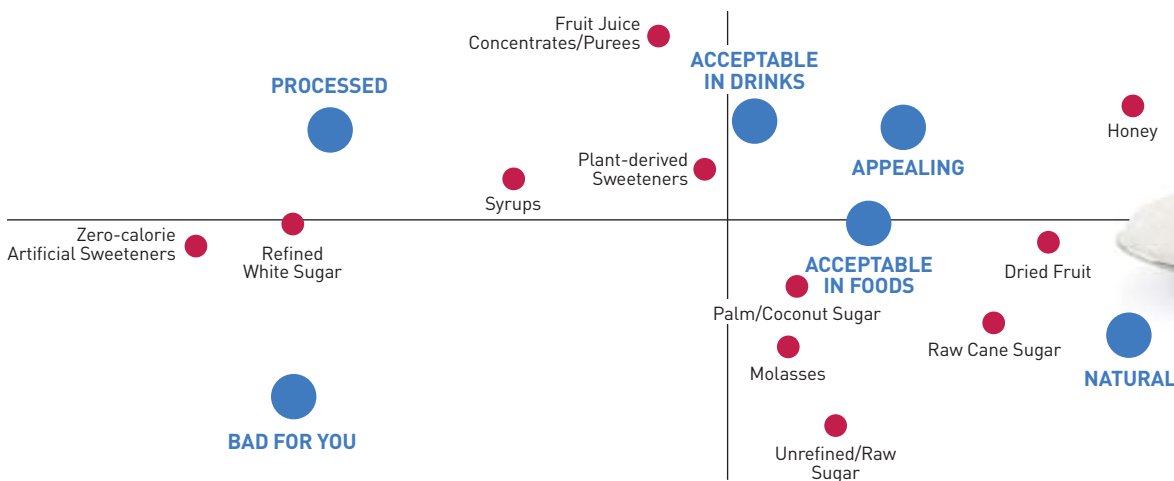
Percent of those who said they are interested in dessert and candy mashups (e.g. cookie flavored candy, candy flavored ice cream). Base: 1,961 internet users aged 18+ who have eaten desserts or candy in the past three months, April 2021.

Brands and foodservice operators have been criss-crossing product categories to deliver consumers a playful, nostalgic experience. Nostalgia is a powerful driver behind dessert and confection selection, and 34% of consumers are interested in dessert and candy mashups. Nostalgia leverages the power of positive associations and creates the opportunity to appeal to an already wide and established audience.

ARTIFICIAL SWEETENERS STRUGGLE TO COMPETE WITH REFINED SUGAR

Although consumers aspire to cut back on sugar, artificial, zero-calorie sweeteners are failing to prove an acceptable replacement to refined white sugar. According to a correspondence analysis of perceptions of sugar and sweetener types, while white sugar has a poor reputation, zero-calorie artificial sweeteners are seen as less acceptable in food and drink and less natural than traditional sugar.

“WHICH OF THE FOLLOWING TYPES OF SUGAR AND SWEETENERS DO YOU THINK ARE... PLEASE SELECT ALL THAT APPLY PER STATEMENT.”



41%

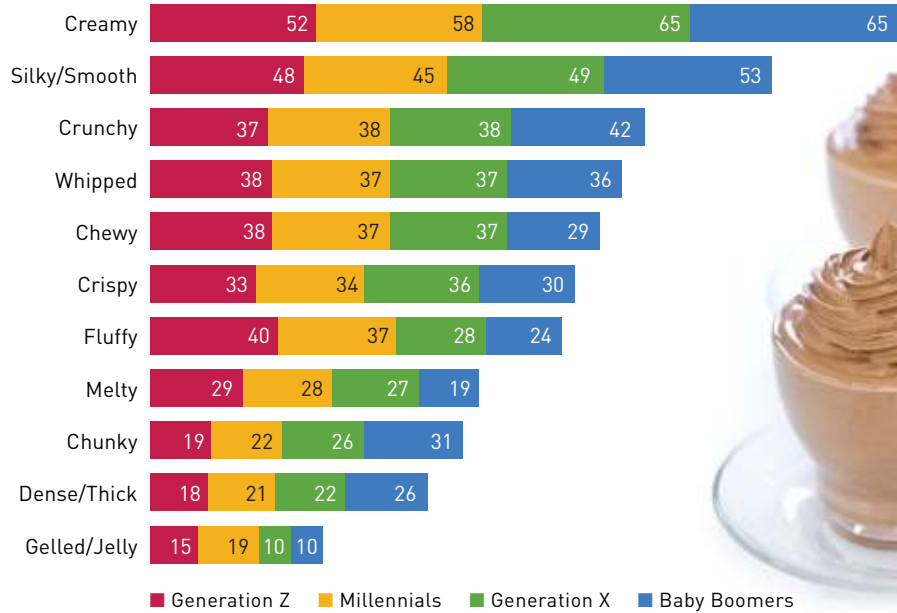
Tropical flavors have been growing in adjacent categories, including non-alcoholic and alcoholic beverages, and are following suit in desserts and confections. Fruit flavors also have an opportunity to double down with BFY renovations, as 41% of consumers would like to see more desserts that are naturally sweetened (e.g. fruit, honey).



LIGHTER TEXTURES DEFY GENERATION BOUNDARIES

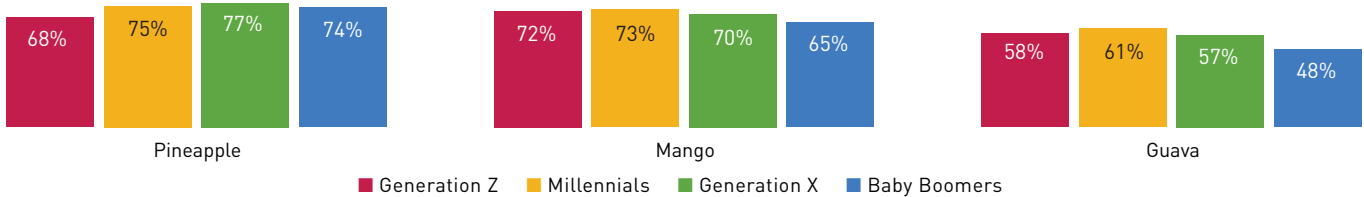
Whipped, smooth and crispy textures resonate nearly equally across all generational groups, indicating a trend toward consumers equating lighter textures as a healthier option as opposed to overly heavy, dense textures.

“WHICH OF THE FOLLOWING TEXTURES DO YOU MOST PREFER IN DESSERTS? PLEASE SELECT UP TO FIVE.” *In percent*



Base: 1,961 internet users aged 18+ who have eaten desserts or candy in the past three months, April 2021.

“HOW WOULD YOU DESCRIBE YOUR EXPERIENCE WITH, AND INTEREST IN, THE FOLLOWING FLAVORS OR INGREDIENTS IN DESSERTS OR CANDY?”

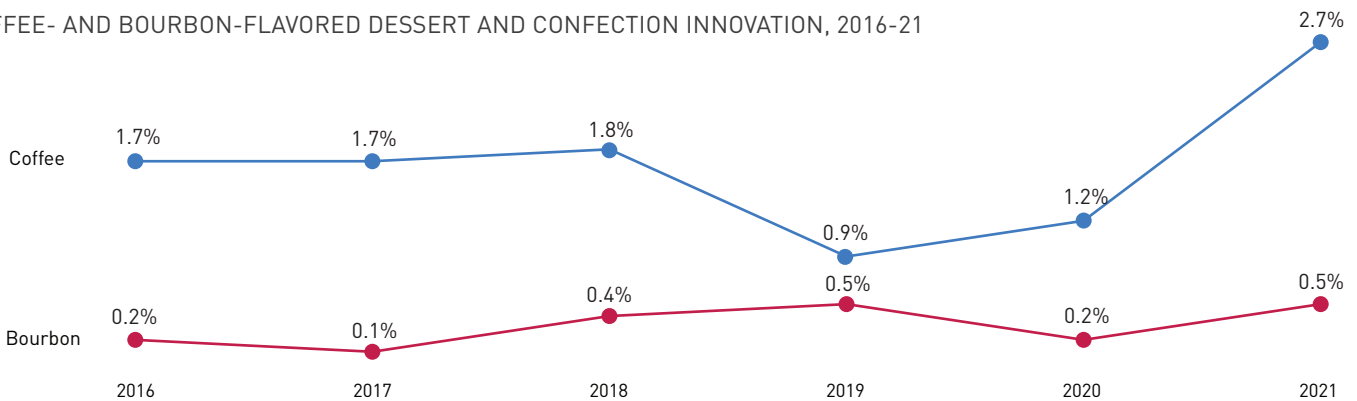


Data Source: Lightspeed/Mintel. Survey base is 2,000 internet users aged 18+, 2021.

BRANDS FIND INSPIRATION IN PREMIUM CRAFTED BEVERAGES

Desserts and confections are gaining additional value through premium flavors tied to artisanal, crafted beverages such as espresso and bourbon. Prior to 2020 both bourbon and espresso had grown 18% on dessert menus within the U.S. from Q4 2017-Q4 2019, and coffee as a dessert and confection flavor has grown significantly among CPG innovation, making up 2.7% of all new product launches in 2021.

COFFEE- AND BOURBON-FLAVORED DESSERT AND CONFECTION INNOVATION, 2016-21

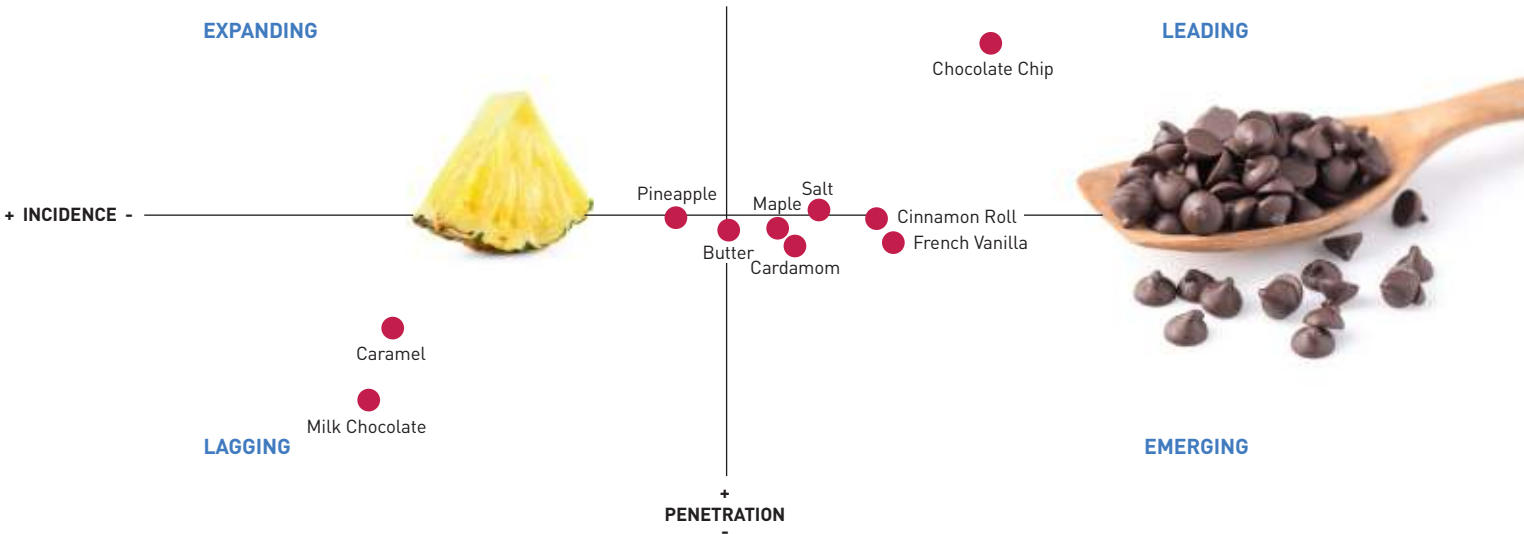


Data Source: GNPD.

FOODSERVICE OPERATORS DIFFERENTIATE THROUGH SPECIALIZED VARIATIONS ON CLASSIC FLAVORS

Although much of the innovation that took place in the foodservice industry within 2020 into 2021 was operational, dessert and confection flavors that started to emerge and lead were specialized versions of classic flavor profiles and tapped into the power of nostalgia.

MENU MATRIX OF DESSERT FLAVORS IN FOODSERVICE, Q4 2017-Q4 2020

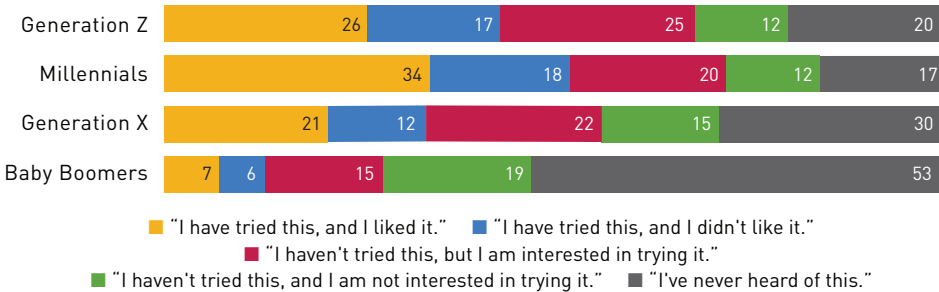


This matrix shows relative positioning and performance of menu attributes and illustrates the attribute's positioning based on change in menu incidence (number of menu mentions) and change in menu penetration (number of restaurants menuing) according to Mintel Menu Insights data.

MATCHA IS A POTENTIAL STAND-IN FOR FAMILIAR TEA FLAVORS

Matcha has been gaining traction and becoming more popular in desserts and confections. Matcha has grown 144% in CPG dessert and confection launches in the U.S. from 2016 to 2020, according to GNPD, and 54% of Millennials and 51% of Gen Z have either tried and liked or would like to try matcha, indicating room for both trial and long-term adoption.

"HOW WOULD YOU DESCRIBE YOUR EXPERIENCE WITH, AND INTEREST IN, MATCHA AS A DESSERT AND CONFECTION FLAVOR?" In percent

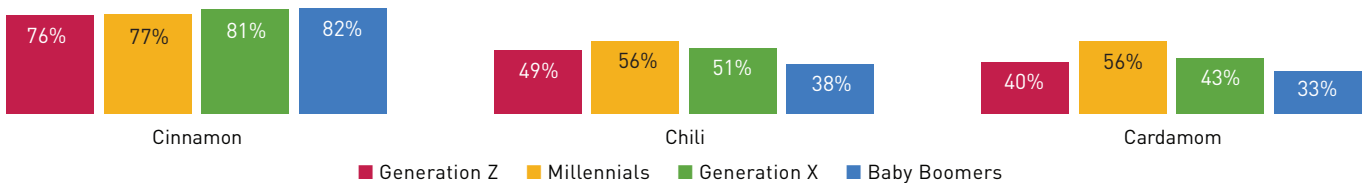


Fewer than one in five consumers have dessert when eating Asian cuisine. Brands and operators have an opportunity to encourage consumption of Asian desserts, as nearly 60% of consumers have eaten Chinese cuisine and 30% have eaten Japanese cuisine in the last three months. Dessert and confection flavors often found in Asian cuisines including ube, lychee, yuzu and dragon fruit are still budding in retail, and consumer awareness is relatively low.

SPICED FLAVOR PROFILES ADD DIMENSION TO CHOCOLATE AND FROZEN TREATS

Millennials are a core target for emerging spices like chili and cardamom in desserts as this group tends to be the first to adopt new flavor trends. Cardamom in particular is an emerging flavor in desserts on U.S. menus, growing directionally in number of menu instances from Q4 2017-Q4 2020, according to MMI.

"HOW WOULD YOU DESCRIBE YOUR EXPERIENCE WITH, AND INTEREST IN, THE FOLLOWING FLAVORS OR INGREDIENTS IN DESSERTS OR CANDY?"

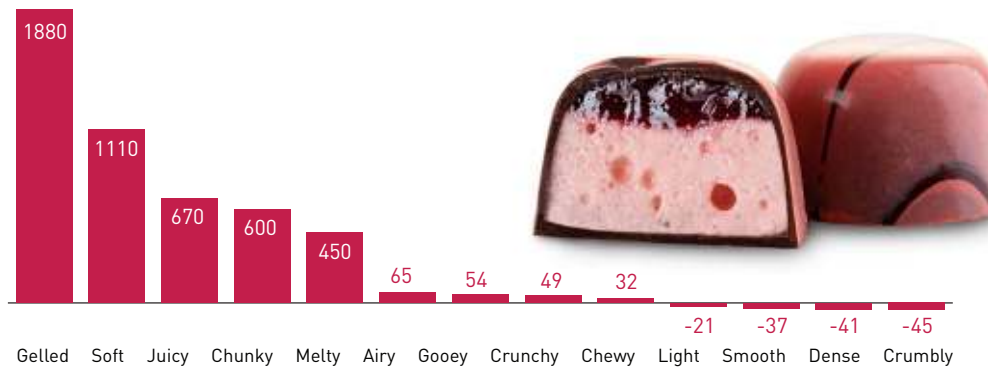


Data Source: Lightspeed/Mintel. Unless otherwise noted, survey base is 2,000 internet users aged 18+, April 2021.

TEXTURE IS GROWING BUT CONSUMERS HAVE YET TO LEAN IN

The rising influence of Asian cuisines, where gelled dessert and confection textures are common in products like almond jelly or boba, will increase the availability of and offer opportunities for consumers to experiment with gelled textures.

PERCENTAGE CHANGE IN DESSERT AND CONFECTION TEXTURES AMONG NEW PRODUCTS, 2016-20 *In percent*



Data Source: GNPD.

THE FUTURE OF DESSERTS AND CONFECTIONS IS NOT SUPER SWEET

Consumers want it all when indulging: healthier ingredient upgrades and a thoroughly enjoyable flavor experience. Interest in chocolate-coated treats and sweet and salty flavor combinations indicates a trend toward more complex flavor combinations with even some BFY nods through these less sweet flavor profiles.

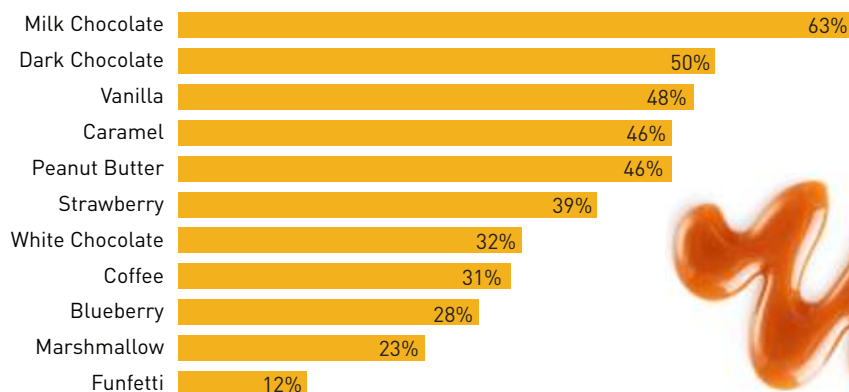
"WHICH OF THE FOLLOWING STATEMENTS ABOUT DESSERTS OR CANDY DO YOU AGREE WITH? PLEASE SELECT ALL THAT APPLY."



CONSUMERS OPT FOR TRADITIONAL DESSERT, CANDY FLAVORS

Nearly half of all consumers have eaten at least one of the top five dessert and confection flavors, indicating the prevalence and consumer fondness for traditional flavors.

"WHICH OF THE FOLLOWING FLAVORS OF DESSERT OR CANDY HAVE YOU HAD IN THE PAST THREE MONTHS? PLEASE SELECT ALL THAT APPLY."



Data Source: Lightspeed/Mintel. Unless otherwise noted, survey base is 1,961 internet users aged 18+ who have eaten desserts or candy in the past three months, April 2021.



POPULAR FLAVOR OFFERINGS

FRUIT

Pineapple
Blood Orange
Blueberry
Cherry
Dragon fruit
Guava
Key Lime
Kiwi
Mango
Meyer Lemon
Raspberry
Strawberry
Tangerine
Yuzu

CLASSICS

Butterscotch
Candy Bar Varietals
Chocolate Chip
Cookie
Chocolate Malt
Fudge Brownie
Milk Chocolate
Peanut Butter
Red Velvet
Rocky Road
Ruby Chocolate
Salted Caramel
Snickerdoodle
Vanilla Bourbon
Vanilla Cake
Vanilla Milkshake
Whipped Cream
White Chocolate

SPICED

Cardamom
Chai
Cinnamon
Chili
Nutmeg

INTERNATIONAL

Alfajores
Baklava
Beignet
Black sesame
Churro
Horchata
Matcha
Mexican Coffee
Milk Tea
Taro
Tiramisu
Ube

SEASONAL/ NOSTALGIC

Apple Crisp
Birthday Cake
Caramel Apple
Cinnamon Roll
Cotton Candy
Espresso
Fruit Loops type
Funnel Cake
German Chocolate
Cake
Hot Chocolate
Maple Bourbon
Maple Pecan
Orange Creamsicle
Peppermint Mocha
Pumpkin Spice
Rocket Pop
Rootbeer Float
S'mores
Strawberry
Shortcake

BOTANICALS

Cherry Blossom
Elderflower
Hibiscus
Honey
Lavender
Mint
Orange Blossom
Rose
Rosemary

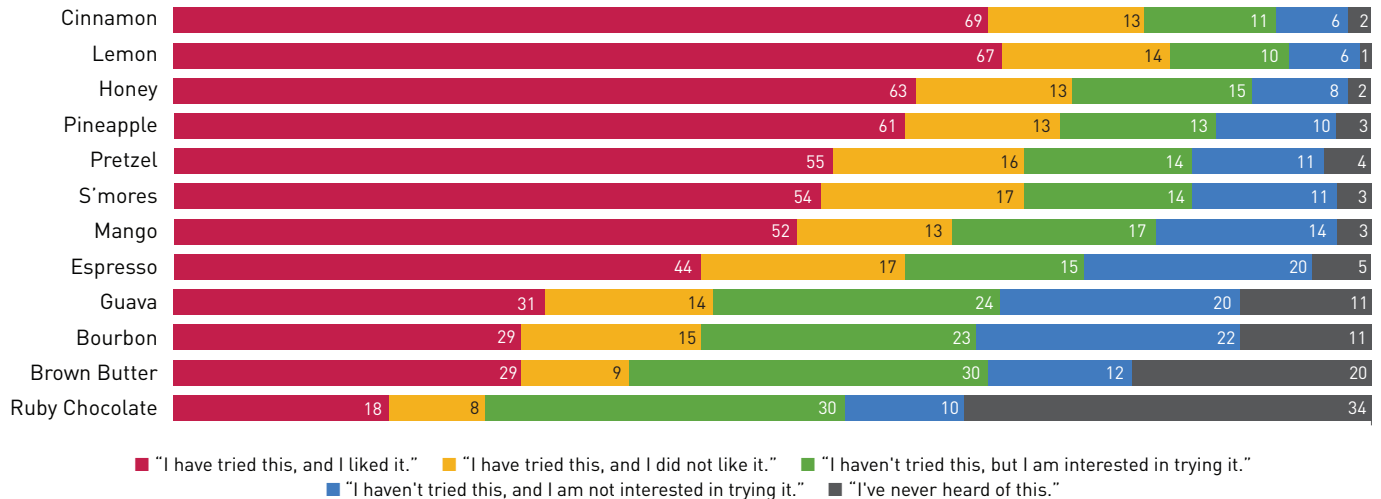


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NEAR

CREATE APPROACHABLE ADVENTURE

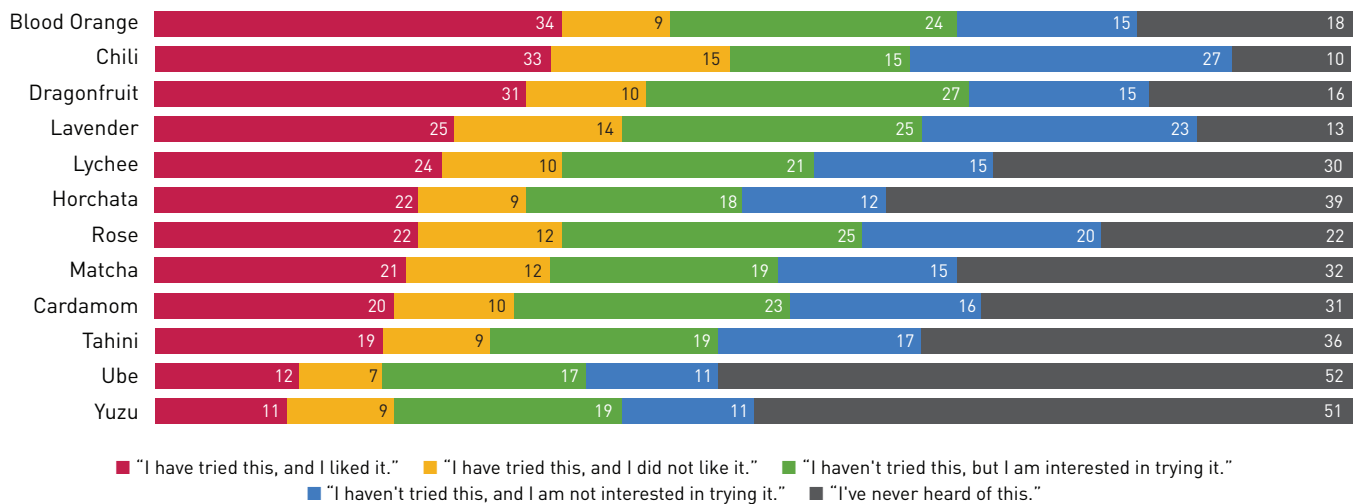
In a category based primarily on enjoyment and pleasure, consumers tend to be slightly more risk averse when trying a new dessert or candy flavor, so watching adjacent categories for flavor growth can indicate potential for flavor success in the near term. *In percent*



FUTURE

INTERNATIONAL CUISINES WILL INFLUENCE THE NEXT BIG DESSERT AND CANDY FLAVORS

Experience with internationally rooted flavors in desserts and confections is still relatively low, with less than a third trying and liking most of the emerging international flavors explored. However, interest is there, and flavors that are popular in trending cuisines, such as Asian and Latin varieties, are likely to grow in awareness and trial in the coming years. *In percent*



Data Source: Lightspeed/Mintel. Survey base is 2,000 internet users aged 18+, April 2021.