



CANDYLAND

TRENDS IN NON-CHOCOLATE CONFECTIONERY

2018 • TREND INSIGHT REPORT

Non-chocolate confections are going through a time of revitalization and significant growth. There are more innovative flavors, shapes, and packaging than ever before for consumers to choose from for their snacking occasion. Candy companies are collaborating to address consumer demand for sugar reduction. Let's take a look at non-chocolate confectionery, where the future means immersive experiences, new textures – and capturing the attention of the next purchasing powerhouse group: Gen Z.

MARKET OUTLOOK

Non-chocolate confectionery dollar sales reached an impressive \$7.9 billion in 2017. Chewy candy alone grew 32% between 2012-2017. In fact, chewy confectionery represented over half of the sugar confectionery dollar sales in 2017. Licorice and novelty candy followed with 24% of dollar sales. Seasonal candy and hard candies rounded out the category at 15% and 9% dollar sales, respectively. Solid growth across the non-chocolate confectionery category is expected through 2022.

Gummies and chewy candy are on track to hit \$5 billion by 2022.



TOP FLAVOR TRENDS

Over 60% of consumers claim favorite flavors drive their choice in non-chocolate confectionery purchases. It's a space that shows loyalty to tried-and-true flavors as well as an interest in the new and different: Nearly half of consumers say they are open to trying new flavor varieties. For consumers who increased their consumption of non-chocolate confections, 63% cited a better selection of flavors as the primary reason.

What's up, watermelon

1 in 10 launches in the sour-flavored sugar confections category showcased watermelon in 2017

Chewy and gummy trending flavors: tropical blends, pineapple, champagne, and sour

Hard candy trending flavors: raspberry, pineapple, cherry, apple, orange

Seasonal Top Flavors: sour, cake/pie/tart, pineapple & berry & mango, and strawberry

PRODUCTS OF NOTE



LIFESAVERS
Gummies Exotics
Flavors of the World



Laffy Taffy Guava and
Pineapple



SweetTarts Extreme
Sour Chewy

TOP 10 SUGAR CONFECTIONS FLAVORS

Strawberry
Cherry
Orange
Watermelon
Grape
Fruit
Lemon
Sour*
Berry
Apple (Green)

Mintel GNPD

TOP 4 CONSUMPTION OCCASIONS INCLUDE

Snacking (over 50%)
Personal Rewards
On-the-go
Holidays

REDUCING SUGAR BUT NOT TASTE

Almost 85% of consumers are taking sugar reduction seriously by limiting the amount in their diets. According to Mintel, the main reason for sugar reduction is weight control.

In response to consumers' calls for healthier products, several confections companies are collaborating with each other and with the Partnership for a Healthier America to create more transparent communication around how confections can be a part of a balanced diet. Portion guidance is a major part of this initiative with companies focusing on two main areas. First, companies are actively reformulating products to offer reduced, low, or sugar-free options. Resources are going towards understanding new technologies that will allow for reducing sugar even more. For example, Nestle announced a technology that restructures sugar, causing it to dissolve faster, resulting in a sweet taste that requires less sugar content.

The second area of focus: Leading candy companies are committing to offering packages of their single serve products with 200 calories or less. Efforts are being made to include easy-to-read nutrition information, including the amount of added sugars, on the front-of-pack.

PRODUCTS OF NOTE



Hershey's Sugar-free
Twizzlers Twists



Haribo Fruitilicious
30% less sugar

27% of consumers
are eating less
non-chocolate
confections to
reduce sugar in
their diets.

BUILDING AN EXPERIENCE

Textures and unique sensations in non-chocolate confectionery are creating new experiences (and sharing occasions) for consumers. According to Mintel, over a quarter of consumers increased their sugar confectionery consumptions because of the selection of textures available.

Many of these textures come with associated emotions or nostalgia for consumers. For example, soft and creamy textures are often perceived as comforting and indulgent while candy packed with spice & heat is more adventurous and daring. Mixing textures such as chewy candy with a powder dip makes playing with food permissible while creating new ways to share with others.

PRODUCTS OF NOTE



Sour Patch Kids FIRE



Chupa Chups Crazy Dips Popping Candy & Lollipop



NEXT GEN S

MILLENNIALS

Sugar confections resonate across major demographics including age, gender, and household income. This versatility presents a wide range of opportunities for confections companies to engage with more consumers. To expand options for Millennial adults, more mature, premium flavor profiles, including mocktail-inspired flavors, are popping up in the marketplace.

PRODUCTS OF NOTE



Sugarfina Skinny Margarita



Project 7 Champagne Dreams

GEN Z

But what about GenZers? Roughly defined as being born between 1995-2010, they have notable (and growing) purchasing power and influence. By 2020, Gen-Zers will account for 40% of all consumers. Understanding what drives their buying habits is vital in remaining on the forefront of changing marketplace landscapes.

Similar to the Millennial generation before them, GenZers want their favorite flavors but with a twist. They are open to novelty products and experiences, but companies must create non-chocolate confections that quickly entice these consumers – more quickly than ever, in fact. According to Forbes, the attention span of Gen-Zers when on their multiple social media outlets is 8 seconds, compared to 12 seconds for Millennials. The best bet is to play to the strengths of non-chocolate confections. This segment's propensity for variety, innovation and delivering new experiences is a way to secure Gen Z's interest – and the future with it.

What's Next for Non-Chocolate Confectionery?

Consumers are looking to non-chocolate confections as exciting snacking occasions that deliver on familiar flavors in new ways. The variety in formats within non-chocolate confections provides a great platform to engage consumers with new and different products; however, efforts to reduce sugar and promote transparency must also take centerstage as consumers seek to take a balanced approach to confections in their diets. But who exactly are those consumers? Millennials are still major purchasing players today, but that will quickly shift in the coming years as GenZers become ever more influential in the marketplace.

YOU DESERVE MORE. LET'S GET STARTED.

What does true partnership look like? You deserve a flavor partner ready to turn these trends into the tangible.

Let FONA's market insight and research experts get to work for you. Translate these trends into bold new ideas for your brand. Increase market share and get to your "what's next." Our technical flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. Let's mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

From concept to manufacturing, we're here for you — every step of the way. Contact our sales service department at 630.578.8600 to request a flavor sample or chat us up at www.fona.com/contact-fona/

SOURCES

- *Mintel Reports*
- *Mintel GNPD*
- *Candy & Snack Today*
- *Nielsen Product Insider*
- *Packaged Facts*
- *Forbes, Difference Between marketing to Millennials and Gen z*
- *Forbes, Candy Manufacturers Trying to Find a New Sweet Spot.*
- *Food Business News*