

State of Treating

2023

A BITE-SIZED TASTE

NCA's State of Treating 2023 report combines proprietary NCA consumer survey findings with 2022 syndicated category and channel performance data. This collection of insights is intended to provide a deeper understanding of consumer wants and needs in an uncertain economic environment, corresponding shifts in the retail landscape and opportunities for the future to support continued category growth.

This Bite-Sized Taste is a brief summary of the findings presented in the full State of Treating 2023 report, available online at CandyUSA.com/StateOfTreating.



Produced by NCA & 210 Analytics



Made possible by: *Blommer*
— CHOCOLATE COMPANY —

Category data provided by:  IRI

NCA Sweet Insights: State of Treating 2023®
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THE 2022 MARKETPLACE

Supply chain disruption, 40-year high inflation and lingering COVID-19 concerns continued to affect confectionery shopping and consumption patterns in 2022. Consumers described life as “expensive” and “somewhat stressful.” Despite double-digit category inflation, **74% of consumers agree that confectionery remains an affordable treat.** However, 45% of consumers applied one or more money-saving measures in 2022, switching between types, brands, pack sizes and stores.

	DOLLARS	CHANGE vs 2021	CHANGE vs 2019	UNITS	CHANGE vs 2021	CHANGE vs 2019	VOLUME	CHANGE vs 2021	CHANGE vs 2019
Chocolate	\$18.2B	+9.1%	+24.2%	6.4B	-4.2%	-4.4%	2.1B lbs.	-2.6%	+0.3%
Non-chocolate	\$10.3B	+13.8%	+34.0%	4.6B	+0.2%	+5.2%	1.9B lbs.	+0.0%	+5.6%
Gum/Breath Fresheners	\$3.6B	+13.8%	-8.8%	1.5B	+0.8%	-27.7%	6.8B*	+1.8%	-22.1%

Source: IRI, MULO+C, 52 weeks ending 1/1/2023 | *Gum volume is equalized based on the number of pieces/sticks of gum

Boosted by inflation, **sales reached \$42.6 billion in the total market** according to Euromonitor, whose sales projections take the total category to \$54.3 billion by 2027. Units and volume in IRI-measured channels had mixed performances.



CONFECTIONERY MOMENTS

While life is expensive, the majority of consumers also describe it as “amazing” and “getting better.” And amazing is just the space where candy lives. **Consumers see chocolate and candy as a fun part of life (81%)** and 78% believe confectionery sharing and gifting are great traditions. Enjoyment occasions include everyday treating for no particular reason to holidays or special celebrations, such as birthdays, trips or movie nights. Consumers report having a confectionery treat an average of 2.4 times a week, which is consistent with government data that shows Americans enjoy chocolate and candy two to three times per week, averaging about 40 calories and just 1 teaspoon of added sugar per day.¹

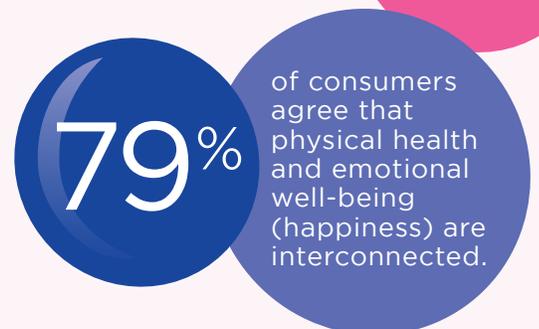
Total CMG	Valentine's Day	Easter	Halloween	Winter Holidays
Total performance				
\$ Sales	\$4.4B	\$5.1B	\$6.0B	\$6.8B
% change vs YA	+11.6%	+9.2%	+12.9%	+13.8%

Source: IRI, Total U.S., All outlets, 7 w.e. 2/20/2022, 7 w.e. 4/17/2022, 8 w.e. 10/30/2022 and 8 w.e. 1/1/2023



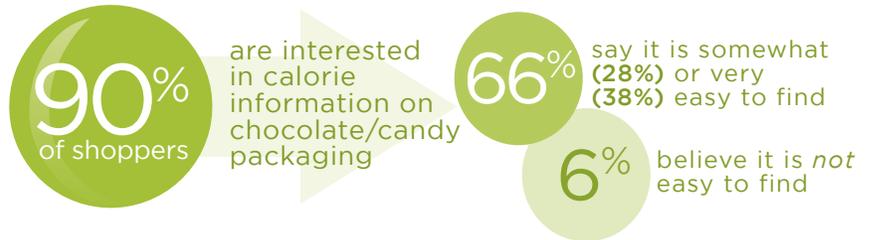
EMOTIONAL WELL-BEING

Confectionery enjoys very high permissibility: **86% of Americans agree that it is fine to occasionally treat yourself with chocolate or candy.** Portion size variety further supports permissibility, according to 78% of consumers, and the confectionery industry has committed to providing more portion and package size variety. Three-quarters of consumers feel candy manufacturers do a good job offering a variety of portion sizes.



PORTIONS AND PRODUCTION CLAIMS

Additional portion guidance may help consumers with balanced treating, as 32% of consumers are unsure what constitutes an appropriate amount of chocolate or candy to eat at one time. **Nine in 10 consumers are interested in calorie and portion information.** When determining the appropriate portion size, consumers mostly look at total calories (28%) and total sugar (22%). Interest in claims, such as natural, organic, non-GMO, etc., dropped versus 2022. Sugar-free remains an area that delivers growth for both chocolate and non-chocolate.



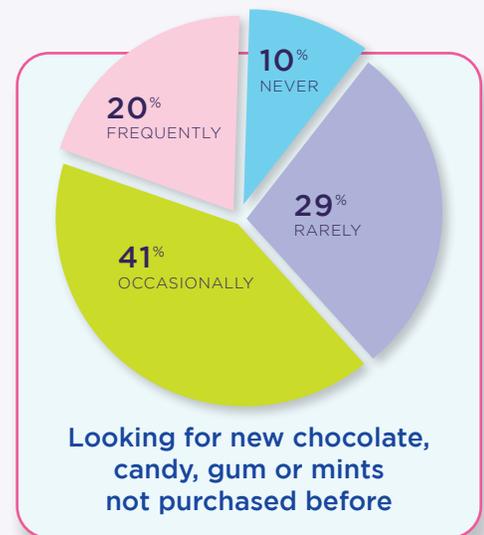
PARENTS AND CONFECTIONERY

The majority (78%) of parents have candy in the house throughout the year and engage in discussions with their children about balanced treating year-round (48%) or during the candy holidays (33%). Additionally, most take responsibility for the candy and hand it out as they feel is appropriate (40%), or they decide on an appropriate frequency for treating and let the kids decide what and when (38%).

THE CONFECTIONERY PURCHASE

More people looked for promotions in 2022, while fewer credited secondary displays with driving their purchases. Consumers like BOGOs and value packs the most. Consumers say mood, price and brand drive the confectionery purchase decision, with younger shoppers weighing mood the most and Boomers emphasizing brand.

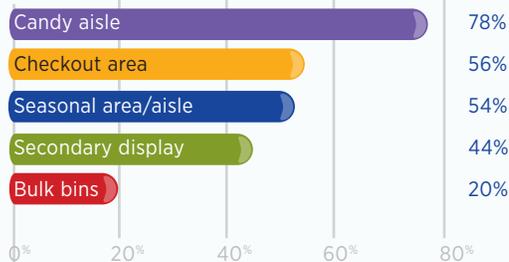
Innovation, both line extensions and completely new items, can drive engagement and sales growth with **61% of shoppers occasionally or frequently looking for confectionery products they have not had before.** Price investment along with eye-catching displays and sampling are the top ways to support trial.



CONFECTIONERY CHANNEL CHOICES

Consumers buy confectionery in three to four different channels, led by supercenters/mass and supermarkets. A mere 8% buy confectionery only online, but 32% buy in person and online. Convenience stores and supercenters/mass had the strongest performances in 2022.

BUYING CONFECTIONERY ITEMS FROM...



CONFECTIONERY AT CHECKOUT

A majority of consumers like having the option to purchase confectionery at checkout, regardless of whether they make front-end purchases or not. Rather than restriction, most consumers would like to see a variety of portion and pack sizes, while fewer than half have a desire for more reduced-sugar options, portion/calorie caps or candy-free lanes. Support for a ban on confectionery at checkout is low at 24% of consumers.



SOCIAL MEDIA

Candy consumers are active social media users, with 59% searching Facebook, YouTube and Instagram for confectionery-related ideas or inspiration for gifting, baking or crafting. TikTok is the lead platform among Gen Z. Closing the gap between inspiration and purchase can be a powerful way to drive additional sales in 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

ESG can influence the confectionery purchase, especially among younger shoppers; however, the industry's efforts often go unnoticed. Transparency is the currency of trust. Communicate about all company efforts using the package label, website and social media.



Top 5 preferred ways of learning about a brand's ESG practices

	2023
Package label	43%
Brand's website	34%
Social media	30%
Signage in the store	25%
Store's website	25%

STUDY METHODOLOGY

Shopper insights were collected using an online survey conducted in December 2022 among a national sample of 1,567 consumers between the ages of 18 and 75. The survey findings are overlaid with IRI retail measurement and household panel data. Future market predictions are provided by Euromonitor. The study was conducted by 210 Analytics, LLC. Unless otherwise attributed, data throughout this report are provided by NCA and 210 Analytics.



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