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Final Report

Confectionery sector's leading trade fair a major event for the international trade

ISM 2008: A highly effective business platform and showcase for new products

- Approx. 34,000 specialist buyers from Germany and 143 other countries
- Strong interest in organic confectionery products
- New products generate momentum for the sector

During the four days of the trade fair, confectionery products and snack items were the focus of interest of the approx. 34,000 buyers from 143 countries who came to Cologne for the International Sweets and Biscuits Fair (ISM) from 27th to 30th January 2008. A total of 1,675 suppliers from 70 countries presented a comprehensive spectrum of products — from chocolate and sugar confectionery to sweet baked goods and hearty snack items. In all, 63 per cent of the visitors came from abroad, as did 81 per cent of the exhibiting companies. The consensus among suppliers was that they engaged in intensive discussions and negotiations with trade visitors who were well-informed and influential decision-makers. In addition to the decision-makers from German trading companies and the new channels, the top buyers, importers and distributors of confectionery products also journeyed to Cologne for the fair. That explains the optimistic expectations for the post-fair business in Germany and abroad — despite rising costs of raw ingredients and materials and the resulting concerns regarding price disputes. With new products in all categories, the suppliers succeeded in generating significant momentum for the confectionery sector in 2008.

“The number of visitors at the fair and their impressive credentials show that ISM plays a key role as a highly effective business platform for the international



ISM
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confectionery trade”, confirmed Wolfgang Kranz, Executive Vice President of Koelnmesse.

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“This year we did not have the synergy effects of ProSweets Cologne, which boosted overall visitor turnout in 2006 and 2007, because this trade fair for the supplier industry did not take place in 2008, based on its scheduling cycle. But,” added Kranz, “in 2009 the event will once again take place in parallel to ISM.”

Prominent visitors at ISM 2008 included Federal Minister Horst Seehofer, who visited the fair on Tuesday and went on a tour of the event. Seehofer was impressed by the commitment, creativity and imagination of the confectionery industry. The majority of trade visitors from abroad were from the 27 countries that now belong to the EU. Also well-represented were the EFTA countries and Eastern European nations. The usual large number of buyers from the NAFTA region — primarily from the United States — used ISM as an information and ordering platform, as did those from Asia, South America and Central America, and the Middle East.

The exhibiting companies report that they are very pleased with the business contacts they made at the trade fair. “In addition to meeting my important existing customers here, I can also attract new customers”; said one supplier. The consensus was that the productive discussions and negotiations established a solid basis for post-fair business.

Making its debut at ISM was the “Organic Avenue” — a combined presentation of organic confectionery products that reflected the growing importance of this trend segment, as did the very well-attended panel discussion that addressed the future of organic confectionery in supermarket product assortments. This theme also was supplemented by a special show that impressed many people in attendance at ISM, featuring design ideas by students at the Cologne International School of Design (KSID).

In addition to organic products, premium-quality products were also in the spotlight. Chocolates made with select raw ingredients, for example, are enhanced with spices, herbs and other ingredients or by means of special storage methods, and growth continues in the segment including dark chocolate and chocolate with high cocoa content. In the fine baked goods

segment, many products stand out by virtue of their sophisticated recipes and ingredients of the highest quality.

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Products that enhance good health are attracting interest, with ingredients — like those in a fruit gum presented — that strengthen teeth, protect the body's cells and prevent fatigue, to name just a few examples.

“But first and foremost, sweets have to taste good”, is the motto of the sector, which will be gathering next year once again at ISM in Cologne.

ISM 2008 in figures:

A total of 1,675 companies from 70 countries participated in ISM 2008, including 81 per cent from abroad. The fair occupied a gross exhibition space of 110,000 m². The participants included 251 exhibitors and 62 additionally represented companies from Germany as well as 1,283 exhibitors and 79 additionally represented companies from abroad. Some 34,000 trade visitors from 143 countries attended ISM 2008, with 63 per cent of the visitors coming from abroad.

More information is available on the Internet at: www.ism-cologne.de / www.ism-cologne.com

The 39th ISM will take place from 1st to 4th February 2009.

For the third time, ProSweets Cologne – the International Supplier Fair for the Confectionery Industry – will be held during ISM.

Trends at the 38th ISM in Cologne

Nature combined with beauty

Maca is a medicinal plant from the Andes. It is cherished as a revitalising and refreshing food throughout South America, as well as in Japan and the U.S.A.. Now, a Swabian chocolate manufacturer has transformed maca into a fine praline in the form of the famous Inca pyramids which it presented at the International Sweets and Biscuits Fair. This is an example of how the

confectionery industry transforms the challenges and wishes of consumers for healthy and soothing foods into attractive, premium confectionery. Another world premiere at the confectionery industry's leading trade fair was a fruit gum containing sugar which strengthens enamel thanks to a salt hydrate blend rich in calcium in ionised form.

The up-to-date generation can look forward to a host of innovations to meet three particular requirements following the experiences of the last few days in Cologne's trade fair halls: Lifestyle in the form of premium enjoyment and fine design, soothing, healthy ingredients and sustainability. The situation of farmers and producers has never been integrated so closely into a confectionery fair as it has this year. Cocoa pods in all shades, bright green forests of cocoa plantations, plants such as quinoa, amaranth, Jerusalem artichoke or maca, or undulating fields and smiling potatoes were a reminder of the origins of chocolate, biscuits and crisps. Discussions on cultivating and raw ingredient conditions were not purely limited to prices, going far beyond this to address social and economic projects which small, medium-sized and large companies are developing together with farmers and cooperatives. This effort is also underlined by the diversity of the organic range, which attracted particular attention from the ISM participants, as well as additional fair trade products such as a new quinoa biscuit.

The return to natural and pure ingredients was in evidence throughout all segments. Many manufacturers have changed their recipes and, for example, only use natural flavourings. However, classical native plants and flowers are enjoying a new level of interest. For example, one of the low-profile stars of ISM was elderberry, which has long been valued as a home remedy. Elderberry was used as a filling for chewing gum alongside other innovative fillings such as honey or Alpine herbs, but also in premium dark chocolate, as flowers on bars, which were also decorated with edible violets, rose petals or nasturtiums. The trade visitors were enthused by the floral works of art. Therefore, it should not be long until the floral chocolates are available on the shelves of the chocolate shops. With flavours such as raspberry-balsamic, tomato-salt, olive pieces and olive oil, rosemary, lavender, oregano or thyme – fine chocolates now form exquisite harmonies with herbs and fruits, but also combine beautifully with Shiraz, Merlot or Pinot grapes soaked in wine. "Sage-flavoured chocolate

sounds exotic, but tastes wonderful," according to a representative from a specialist confectionery retail chain.

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In the coming months, sales of chocolate drinks are also expected to soar, in the opinion of ISM visitors. As with coffee, the new types of chocolate drinks are winning enthusiastic customers thanks to their proven special qualities and the concept of "origins". Customers also like their convenient shapes, such as the fantastically shaped solid chocolate-drink products on a stick, and the elegant gift packaging for products such as the "ChocoSpresso". In the premium segment, the suppliers of fine marzipan and exquisite nougat are keeping pace with the efforts of the chocolate makers and presenting new and unusual innovations in terms of product quality and technological sophistication. Here too, classic marzipan products are being combined with trendy new ingredients such as chili, cranberries, ginger etc. to produce unbelievable compositions.

In some cases, the positive qualities of chocolate are being intensified — for example, in Choc+ -, a type of chocolate which thanks to its probiotic cultures supports the body's own immune system.

In the baked goods and salty snacks segments, concepts such as antioxidants, Omega-3 fatty acids and many others are being added to suppliers' vocabularies. Here too, the topics of whole foods, whole-grain products and spelt are increasingly dominating the areas of innovations and the latest trends. But that's not all: today, baked goods need to not only taste good but also have a surprise effect. One good example is edible paper, that magically creates tattoos on consumers' tongues in the shape of romantic symbols or other striking images. In the salty snacks and crisps segment, customers can look forward to a new wave of Asian products, with lots of items such as rice crackers and wasabi peas. By contrast, many other innovations in this segment are based on the concept of "everything is natural".

Motto for products for children is "Back to school"

And what kinds of products are being produced especially for children? The producers of sugar confectionery have recently moved somewhat out of the limelight, but in Cologne they presented a cornucopia of new products. With fun items such as edible spiders and insects, the suppliers have of course hit the bull's-eye in this age of TV reality shows. Apart from that, many exhibitors

have taken "Back to school" as their merchandising motto. For example, the traditional but ever-new classic lollipop — which celebrated its glorious 50th birthday at the ISM — aims to regain its top position as an cult product in classrooms by offering variants based on playful ideas that are bold and unexpected. A pen with a built-in radio and lollypop is sure to be very popular among kids between the ages of six and 14, as will other cleverly combined features.

Clearly the most popular licensed figure this year is the "sponge head": SpongeBob is found as a motif in every imaginable confectionery product context. From an advent calendar to sweets and baked goods to candy floss — SpongeBob is a sensation as a figure and represented by stickers and tattoos. His only real competition this year is from the "Wilde Kerle" ("The Wild Things") characters, which also are a very popular promotional motif in the sweet sector now with the current premiere of the "Wilde Kerle" film in cinemas.