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**International  
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Bureau**

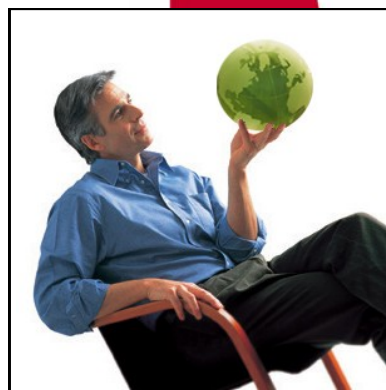
**MARKET INDICATOR REPORT | JULY 2011**

## **Global Pathfinder Report**

Baby Food



Source: Shutterstock





## ► EXECUTIVE SUMMARY

Consumers across the globe are becoming increasingly aware of the importance of baby foods in meeting the nutrient requirements of a child. Parents are looking to feed their children products that enhance their development throughout the early stages of life.

Baby food is primarily seen as a nutritional supplement to breast milk for babies from birth to three years of age. Its availability in both solid and liquid forms and in various tastes and flavours adds to their easy acceptance by both parents and babies alike. Time constrained modern parents, both in developed and developing countries, are shifting towards commercially available baby food for the sake of convenience. A concern for nutrition is also driving many of these parents towards packaged baby food, for its healthful attributes.

Consumers with babies and toddlers are more confident and demanding about how they feed their children. Faced with fast-paced modern lifestyles, consumers continue to seek convenience and simplicity. They are also demanding that companies communicate with them honestly and openly in regards to their baby food products. From understandable ingredient lists to complete transparency regarding their origin, consumers are looking to know exactly what's going into their children's mouths.

Major challenges for the baby food industry are low birth rates and static market conditions in developed countries, as well as allergies and intolerances of milk and milk products. However, opportunities for the baby food industry are promising, as there are large untapped markets in developing economies. New product developments alongside evolving food technology, are also expected to attract more customers in the future.

Asia, Europe and the United States (U.S.) hold a major share of the global baby food market. However, emerging economies such as China, India, Brazil, Russia, and Eastern Europe also represent a high growth rate.

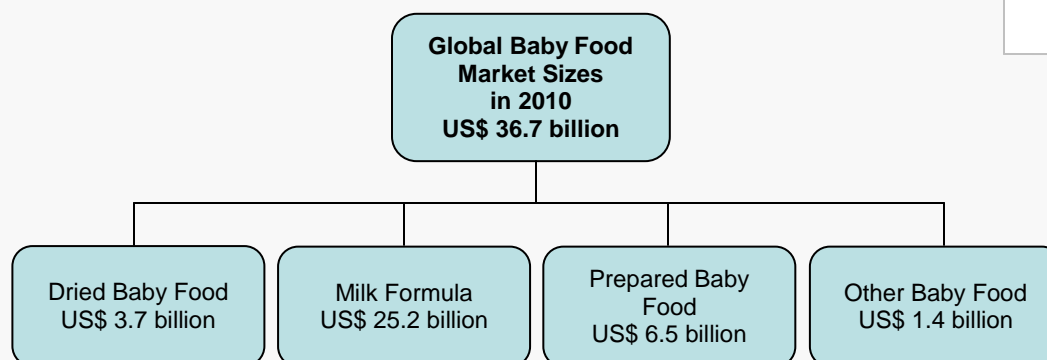
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Source: Shutterstock

► **GROWING DEMAND**



► The global baby food market is forecast to reach US\$55 billion by 2015; much of the projected growth is expected from Asia Pacific and Eastern Europe, followed by North America.

<b>Packaged Baby Food Market Sizes -Forecast - Retail Sales Value in US\$ million</b>						
	2010	2011	2012	2013	2014	2015
Asia Pacific	13,378	15,307	17,325	19,523	21,910	24,545
Western Europe	7,828	7,861	7,970	8,098	8,247	8,408
North America	6,563	6,669	6,863	7,114	7,355	7,608
Eastern Europe	2,926	3,411	3,995	4,664	5,424	6,229
Latin America	3,558	3,753	3,950	4,154	4,375	4,608
Middle East and Africa	2,114	2,315	2,525	2,754	3,009	3,285
Australasia	356	368	383	391	399	408

<b>Packaged Baby Food - Forecast Growth - Retail Sales Value</b>	
	2010-15 CAGR %
Eastern Europe	16.3
Asia Pacific	12.9
Middle East and Africa	9.2
Latin America	5.3
North America	3.0
Australasia	2.8
Western Europe	1.4

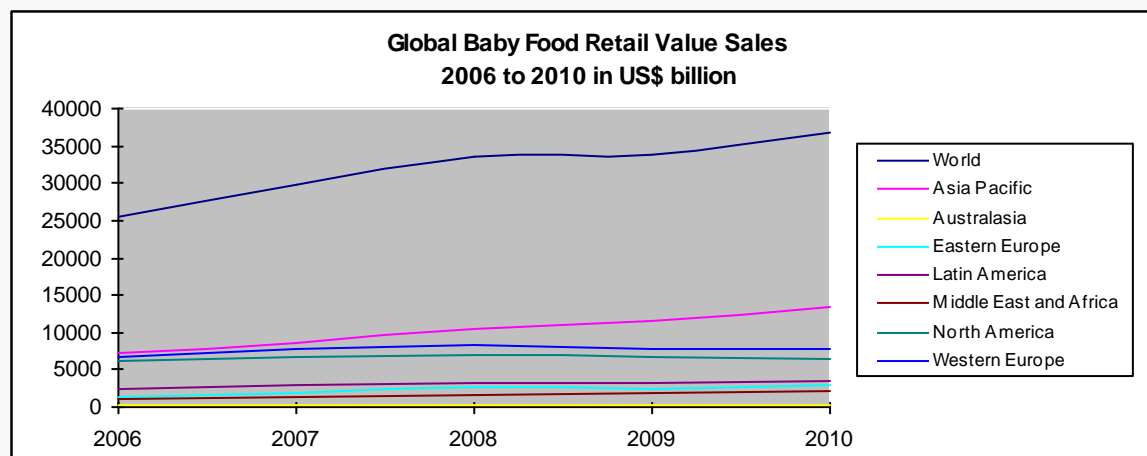
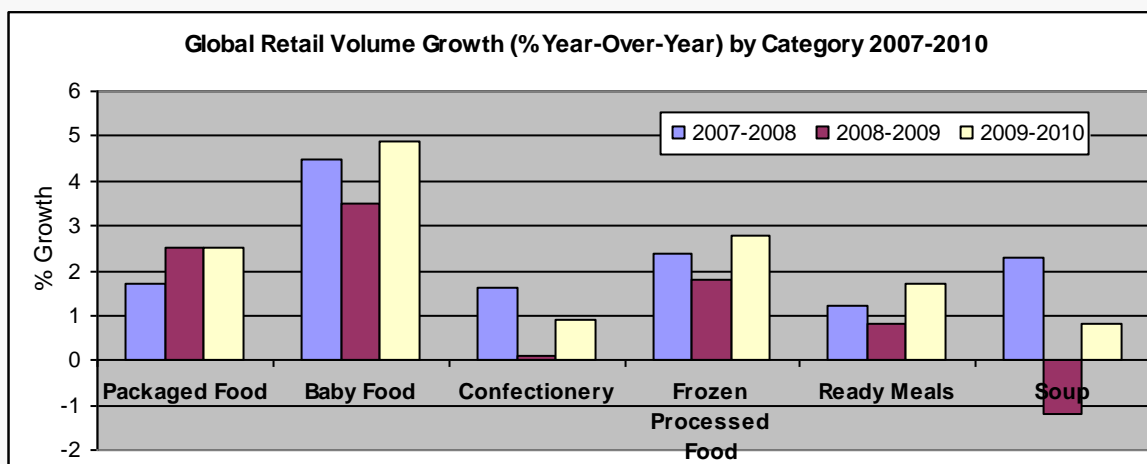
<b>Packaged Baby Food Market Sizes - Historic/Forecast - Retail Volume (Tonnes) - '000 tonnes</b>						
	2010	2011	2012	2013	2014	2015
Asia Pacific	1,064.6	1,170.8	1,280.7	1,395.3	1,513.6	1,637.8
Western Europe	827.4	833.2	840.6	849.3	859.5	870.8
Eastern Europe	333.2	351.0	369.1	387.5	406.2	424.4
North America	389.7	385.3	383.8	384.3	383.9	384.9
Latin America	283.8	292.1	299.4	306.2	313.3	319.9
Middle East and Africa	167.5	177.6	188.2	199.2	211.1	223.5
Australasia	23.4	23.8	24.1	24.3	24.4	24.5

Source for all: Euromonitor International, 2011



## ▶ MARKET TRENDS

- ▶ Baby food is increasingly reliant on emerging markets such as Brazil, Russia, China, and Argentina, each with positive growth of more than 10% in 2010. However, not all developing markets are showing the same vigorous growth.
- ▶ Western Europe is seeing flat to declining retail sales. This regional market is suffering from the combination of falling birth rates, increased breastfeeding driven by governmental initiatives, and continued economic uncertainty caused by possible cutbacks in order to control ballooning deficits.
- ▶ As a proportion of the total population, the number of children is falling globally. The number of households continues to rise (growing by an annual average of 2.1% for the past two decades) but households have fewer children. The average number of children per household on an international scale has fallen from 1.9 in 1980, to 1.2 in 2010. This means that many families will have greater spending power for a smaller number of children, resulting in greater expenditure per child, particularly in developed markets.
- ▶ Despite the global economic turmoil, baby food has performed quite well in relation to other food categories, in terms of both retail value and volume. Consumers are typically more willing to reduce their expenditure on other packaged food indulgences before cutting back on baby food. Baby food's performance in the last five years illustrates that baby food is generally recession-proof.
- ▶ Overall, packaged food categories such as confectionery, ready meals and soups bore the full brunt of contracting consumer confidence and spending power during the worst of the global recession in 2009. Global retail volumes for the packaged food category grew marginally as consumers reduced their consumption and reverted to basics.





## ▶ MARKET TRENDS (Continued)

▶ According to a Euromonitor report, baby food retail unit prices remained stable at around US\$12 per kg in 2010, largely unchanged from price levels seen each year going back to 2005. Furthermore, sales of private label baby food have remained fairly negligible.

▶ In countries where having only one child is increasingly the norm, the 'Little Emperor/Empress' trend is common. The child becomes the focal point of parental expenditure, with consumers choosing to purchase high-end goods for their children.



Source: Shutterstock

Population aged 0-4 year in International Region and Selected Countries, 2005-2015, in thousands			
	2005	2010	2015
<b>World</b>	<b>602,492.4</b>	<b>615,491.8</b>	<b>624,046.8</b>
Asia Pacific	317,296.3	312,019.2	311,462.0
China	69,542.5	65,900.8	65,832.3
India	124,808.0	122,627.4	120,857.4
Japan	5,599.5	5,411.0	4,875.9
South Korea	2,544.8	2,201.5	2,072.8
Australasia	1,569.9	1,765.9	1,854.3
Australia	1,285.5	1,452.3	1,541.8
New Zealand	284.3	313.5	312.5
Eastern Europe	15,726.9	17,717.4	18,342.9
Russia	6,866.6	7,979.1	8,544.6
Latin America (including Mexico)	54,878.8	52,725.4	50,299.2
Brazil	17,002.6	15,174.3	13,381.3
Mexico	10,455.2	9,898.6	9,294.0
Middle East and Africa	163,925.6	180,276.8	192,028.2
Egypt	7,497.3	8,776.0	10,109.4
United Arab Emirates	301.3	511.3	522.9
North America (excluding Mexico)	22,004.8	23,223.9	22,919.3
Canada	1,703.3	1,818.6	1,845.1
United States	20,301.4	21,405.4	21,074.1
Western Europe	27,090.2	27,763.3	27,140.9
France	3,838.1	3,953.8	3,909.1
Germany	3,656.3	3,397.2	3,034.1
Italy	2,733.4	2,844.8	2,789.8
Spain	2,171.5	2,450.6	2,490.9
United Kingdom	3,414.6	3,833.7	3,965.3

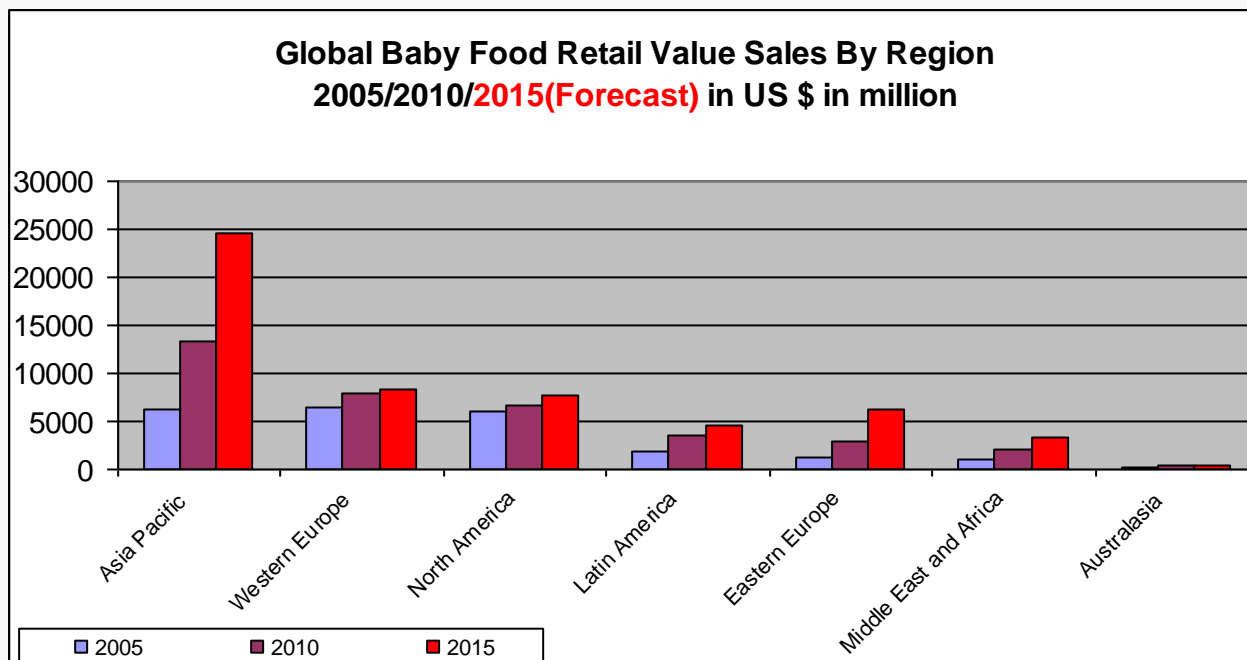
Source: Euromonitor International, 2011

## ► REGIONAL TRENDS

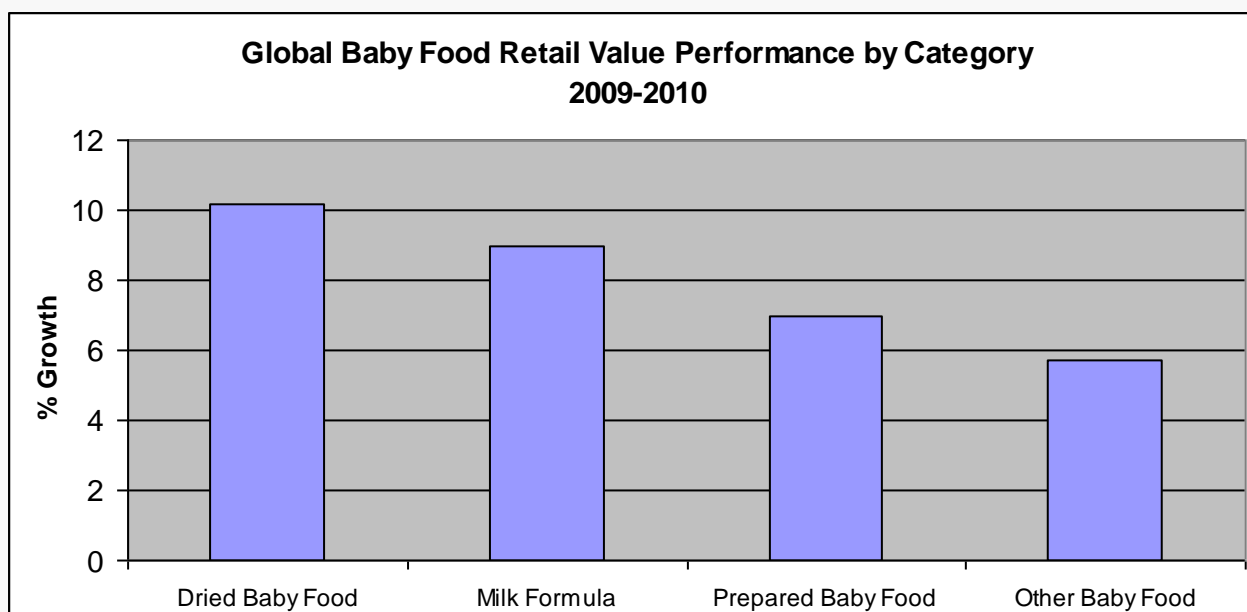


► Strong demand among Asia Pacific consumers drove the sales of dried baby food, with China accounting for 58% of the category's retail value in 2010.

► Milk formula also performed robustly in 2010, growing 5% in retail value globally. The growth for prepared baby food was weak by comparison, with sales up just 4% in 2010. Growth was hampered by the increasing popularity of homemade food in Western markets in particular, and by consumer cost-cutting strategies, such as being more selective in their purchases of packaged food.



Source: Euromonitor International, 2011

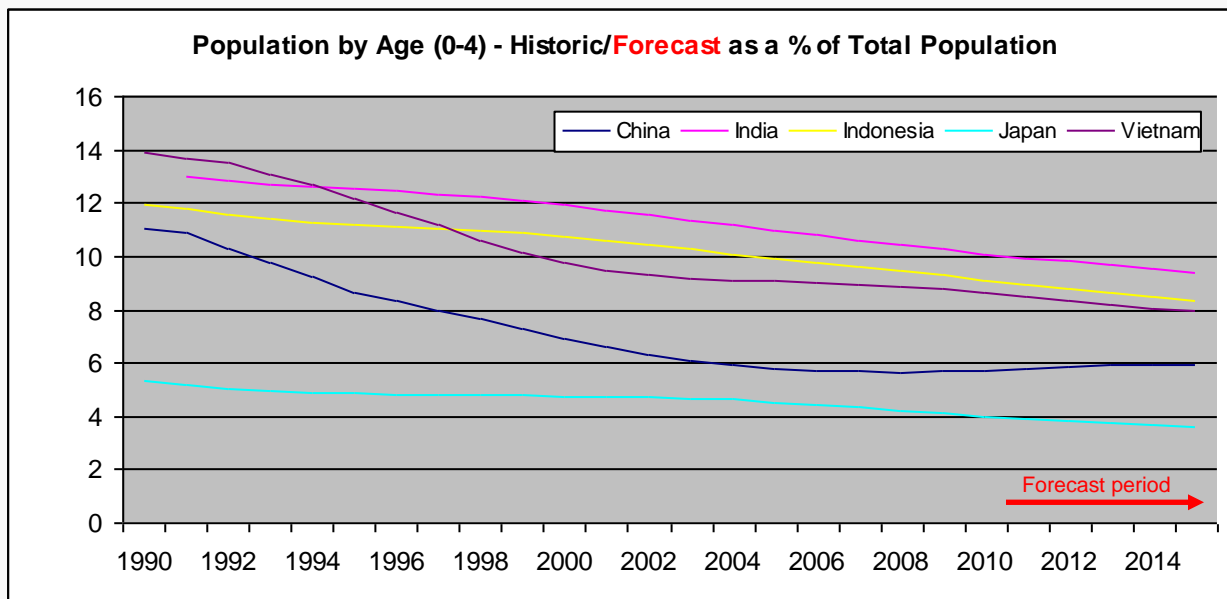


Source: Euromonitor International, 2011

## ► ASIA PACIFIC REGION



► Growth rates in the market value of baby foods are showing the strongest increases in the Asia Pacific region. The Chinese market in particular is projected to more than double from 2010–2015, as higher birth rates drive sales. The slowest growth has occurred in Japan, where market value is stagnating.



► Favourable economic prospects are likely to continue in China. The country's increasingly large middle class will definitely stimulate ongoing consumption of baby food products, as this consumer group is willing to pay a premium for better quality products. Organic baby food might be another potential growth point for China's baby food market.

► A robust birth rate is expected to make India an attractive market for baby foods. Growth will likely be driven by Indian women becoming increasingly reliant on packaged baby food. As more women take on full-time jobs and purchasing power increases, home-cooked meals will be supplemented with packaged baby food.

► In Indonesia, housewives are more empowered to make decisions, and are researching the benefits of baby food as a supplement beyond breast feeding, as well as the differences between brands.

► In Vietnam, consumer demand for baby food is expected to keep increasing as a consequence of a better economic outlook, and the rising demand for international premium brands. Consumers are now more comfortable with global products' higher prices.

<b>Asia Pacific - Packaged Baby Food Market Sizes by Selected Country - Historic/Forecast - Retail Sales Value in US\$ million</b>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Asia Pacific</b>	<b>9,015</b>	<b>10,481</b>	<b>11,767</b>	<b>13,378</b>	<b>15,394</b>	<b>17,467</b>	<b>19,715</b>	<b>22,170</b>	<b>24,880</b>
China	3,338	4,185	4,989	6,049	7,473	8,966	10,611	12,455	14,540
Indonesia	1,232	1,454	1,666	1,917	2,189	2,461	2,740	3,001	3,258
Vietnam	407	482	567	664	779	891	1,004	1,126	1,256
Japan	1,195	1,210	1,205	1,199	1,184	1,160	1,142	1,127	1,113
Philippines	577	643	663	689	722	763	811	865	925
Thailand	548	596	636	680	724	769	812	857	907
India	259	288	319	356	398	437	478	521	567
South Korea	500	513	520	524	529	536	544	553	563
Malaysia	283	331	358	387	413	440	467	494	522
Taiwan	322	344	352	372	389	403	416	427	437
Singapore	52	57	58	60	63	65	66	68	70

Source: Euromonitor International, 2011



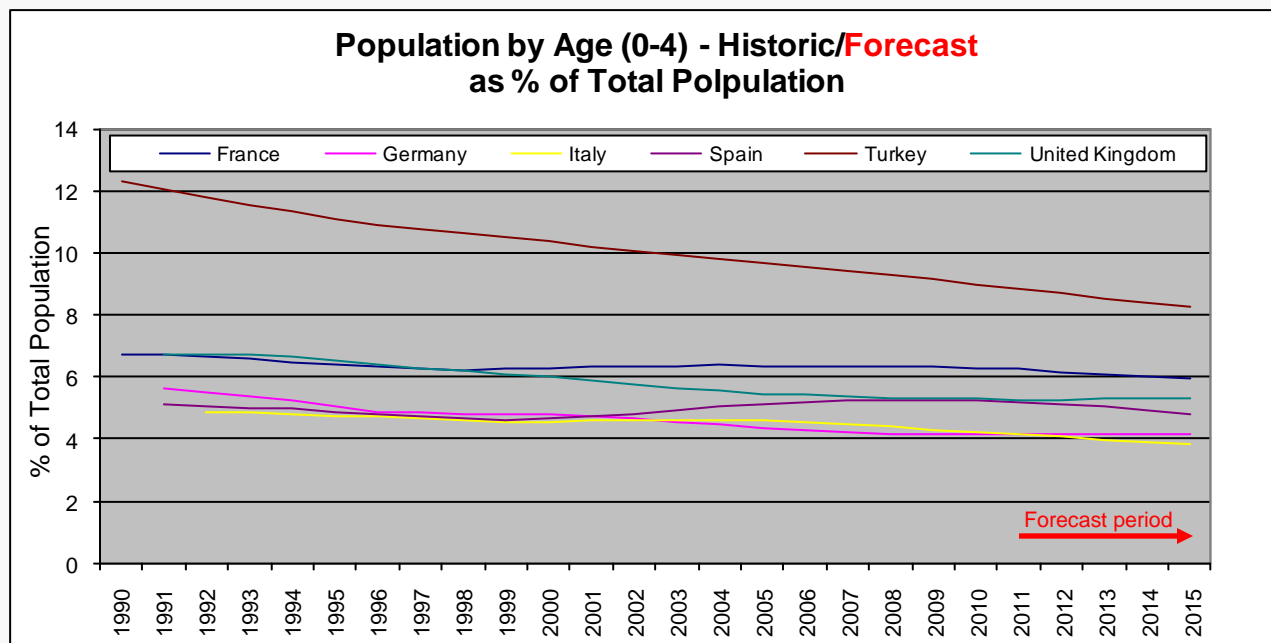
► ASIA-PACIFIC REGION (Continued)



Asia Pacific - Packaged Baby Food Market Sizes by Category and Selected Country - Historic/Forecast - Retail Sales Value in US\$ million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Dried Baby Food</b>									
<b>Asia Pacific</b>	<b>809.9</b>	<b>937.9</b>	<b>1070.6</b>	<b>1230.2</b>	<b>1437.6</b>	<b>1649</b>	<b>1880.6</b>	<b>2138.8</b>	<b>2424.6</b>
China	377.6	468.4	562.9	679.4	834.9	993.2	1166.5	1358.5	1568.4
India	94.7	109.5	123.3	138.1	155.2	171.3	188.6	207.1	226.8
Vietnam	56.8	67	79.7	94.1	112.8	132.7	155.4	183.5	218.7
Indonesia	68.6	77.5	85.6	93.8	102.3	110.6	118.9	127.4	135.9
Taiwan	63.1	66.3	69	71.5	74.5	77.1	79.4	81.5	83.4
Thailand	19.4	21.7	23.6	25.8	28.1	30.9	34.1	37.8	42.5
Japan	47.7	46.6	45.5	44.5	43.9	43.3	42.9	42.5	42.1
Malaysia	16.2	18.6	19.1	19.9	20.8	21.9	23	24.1	25.3
Philippines	15.6	16.6	17.4	18.1	18.8	19.9	21.1	22.4	23.9
South Korea	29.9	22.4	18.6	16.7	15.4	14.4	13.8	13.5	13.3
Singapore	3.5	3.8	3.9	4	4.1	4.2	4.3	4.5	4.6
<b>Milk Formula</b>									
<b>Asia Pacific</b>	<b>7747.1</b>	<b>9051.1</b>	<b>10178.9</b>	<b>11601.4</b>	<b>13372.4</b>	<b>15194.4</b>	<b>17169</b>	<b>19318.9</b>	<b>21693.8</b>
China	2918.2	3662.4	4358.9	5286.7	6533.2	7844.8	9291.6	10917	12762.2
Indonesia	1134.1	1342.4	1541.4	1779.1	2037.4	2295.8	2559.8	2806.8	3048.9
Vietnam	347.3	411.7	483.9	566.3	662.2	753	843.6	936.8	1031.2
Philippines	554.6	619.9	638.1	662.7	694.6	733.6	780	832.3	890.5
Thailand	521.8	566.8	605	646	687.9	729.6	768.7	809.2	853.3
Japan	859	870.8	872.9	873.3	862.5	843	828.3	816.5	806
South Korea	458.8	479	488.5	494.2	500.4	507.8	515.9	524.4	534.1
Malaysia	260	305.8	332.1	360.2	384.8	410	435.6	461.4	487.8
Taiwan	247.9	265.4	270.8	288.5	301.7	313	323.2	332.1	340.1
India	146.8	159.8	172.7	190.7	211.6	230.4	250.3	271.1	292.8
Singapore	45.4	49.1	50.5	52.4	54.3	56.1	57.8	59.5	61.1
<b>Prepared Baby Food</b>									
<b>Asia Pacific</b>	<b>313.2</b>	<b>338.8</b>	<b>356</b>	<b>377</b>	<b>404.9</b>	<b>435</b>	<b>467.5</b>	<b>503.2</b>	<b>542.2</b>
China	42.4	54.4	67.1	83.2	105	128.4	153.3	179.8	209.2
Japan	208.7	212.6	206.9	203.2	199.8	196.8	194.2	191.9	189.4
Indonesia	4.4	5.2	5.9	6.6	7.4	8.2	9	9.9	10.8
Thailand	6.8	7.2	7.5	7.9	8.3	8.7	9.3	10	10.8
Philippines	6.2	6.6	7.1	7.7	8.4	9	9.5	10.1	10.6
South Korea	5	5.1	5.3	5.5	5.8	6.1	6.5	6.9	7.3
Taiwan	5.2	6.5	6.2	6.1	6	6	6.1	6.2	6.2
Vietnam	2.2	2.7	3.1	3.5	4.1	4.6	5.1	5.6	6.1
Malaysia	1.9	2	2	2	2.1	2.2	2.3	2.4	2.5
Singapore	1.8	2	2	2.1	2.2	2.2	2.3	2.4	2.4
India	-	-	-	-	-	-	-	-	-
<b>Other Baby Food</b>									
<b>Asia Pacific</b>	<b>144.6</b>	<b>153.1</b>	<b>161.7</b>	<b>169.5</b>	<b>178.8</b>	<b>188.2</b>	<b>198.2</b>	<b>208.6</b>	<b>219.1</b>
Japan	79.4	80.3	79.3	78.3	77.4	76.6	76.2	75.8	75.3
Indonesia	25	29.1	33.1	37.2	42	46.8	51.8	56.9	62.3
India	17	18.9	23.3	26.9	31	34.8	38.8	42.9	47
South Korea	6.7	6.9	7.1	7.3	7.5	7.6	7.8	7.9	8
Taiwan	5.5	5.8	6	6.2	6.5	6.7	7	7.2	7.5
Malaysia	4.7	5	5.1	5.2	5.4	5.6	5.8	6	6.2
Singapore	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2	2
Vietnam	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3
Philippines	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
China	-	-	-	-	-	-	-	-	-
Thailand	-	-	-	-	-	-	-	-	-

Source: Euromonitor International, 2011





Source: Euromonitor International, 2011

- In France, the French trade association for baby food, Syndicat Français des Aliments de l'Enfance (SFAE), states that standard adult food could have a negative impact on babies' health. Standard food does not provide the right level of nutrients and vitamins for children less than three years old. Consequently, baby food manufacturers in France are improving recipes and formulations with more organic or naturally healthy ingredients in order to attract consumers to baby food.
- In Italy, consumers are less brand loyal and more open-minded toward private label products. The choice between one brand or another will increasingly depend on a brand's value for money.
- In Germany, the sales of baby food are projected to grow, particularly the more expensive organic and premium products. This growth will be driven by increased spending per baby, as well as rising purchases by health-conscious adult consumers for their children.
- In the United Kingdom, birth rates are expected to continue rising although at a slower rate than in the past. Premiumization in the baby food category is taking hold, as a large proportion of parents are willing to invest in high-quality products for their children. Organic baby food is a promising category for this sector.
- Turkey still has the highest birth rate in Western Europe. The large size of the baby population is a positive factor for growth in this sector. The baby food sector will grow into the future, given that these products are only purchased by a small fraction of the Turkish population. Launches of organic prepared baby food will also increase as parents question increasingly whether the vegetables and fruits they consume contain hormones.

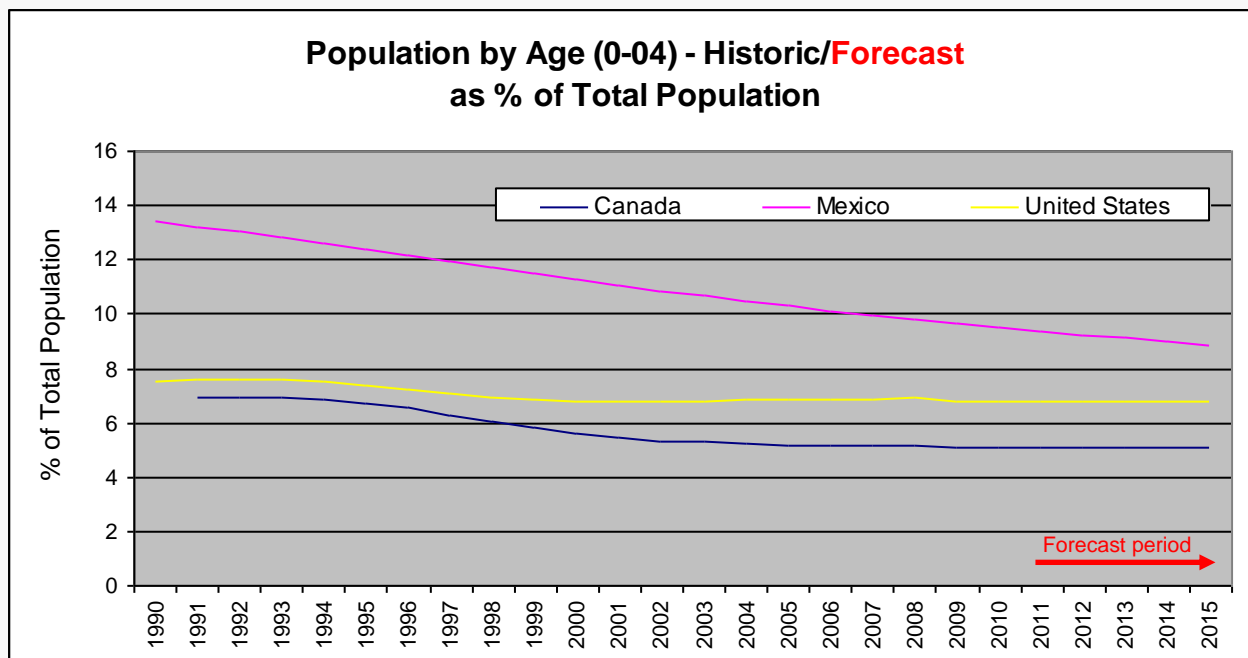


► **WESTERN EUROPE (Continued)**

Western Europe - Packaged Baby Food Market Sizes by Selected Country - Historic/ <b>Forecast</b> - Retail Sales Value in US\$ million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Western Europe</b>	<b>7,415</b>	<b>7,682</b>	<b>7,729</b>	<b>7,828</b>	<b>7,951</b>	<b>8,114</b>	<b>8,306</b>	<b>8,526</b>	<b>8,762</b>
France	1,773	1,793	1,763	1,752	1,763	1,791	1,835	1,894	1,959
Italy	1,323	1,316	1,255	1,239	1,229	1,238	1,255	1,284	1,315
Germany	1,075	1,097	1,118	1,140	1,162	1,184	1,204	1,222	1,237
United Kingdom	667	748	827	909	967	1,009	1,039	1,062	1,080
Spain	832	888	875	858	845	833	825	816	807
Turkey	285	319	331	349	372	409	456	512	578
Greece	194	209	220	225	228	236	245	254	267
Netherlands	218	216	216	216	217	220	223	226	230
Portugal	191	197	199	201	205	211	216	222	226
Belgium	183	186	185	185	185	185	187	190	193
Sweden	147	156	161	164	169	174	179	184	189
Austria	111	115	118	122	125	127	130	132	134
Ireland	102	109	116	121	125	130	134	137	141
Finland	100	107	112	109	112	114	117	121	124
Switzerland	87	90	90	90	92	94	96	99	103
Norway	63	66	69	72	76	79	82	85	88
Denmark	32	37	36	36	37	38	39	40	42

Western Europe - Packaged Baby Food Market Sizes by Category and Selected Country - Historic/ <b>Forecast</b> - Retail Sales Value in US\$ in million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Dried Baby Food</b>									
<b>Western Europe</b>	<b>752</b>	<b>769</b>	<b>768</b>	<b>769</b>	<b>778</b>	<b>787</b>	<b>800</b>	<b>815</b>	<b>833</b>
Germany	126	132	135	137	140	142	144	146	147
Spain	125	127	121	115	113	111	110	109	109
Turkey	62	70	72	75	79	84	92	102	113
France	77	76	74	71	69	67	65	63	61
Italy	75	71	68	68	67	67	66	65	65
United Kingdom	44	46	48	51	53	54	56	56	57
<b>Milk Formula</b>									
<b>Western Europe</b>	<b>3,127</b>	<b>3,329</b>	<b>3,379</b>	<b>3,452</b>	<b>3,517</b>	<b>3,609</b>	<b>3,712</b>	<b>3,829</b>	<b>3,960</b>
France	820	844	835	842	852	870	895	929	971
United Kingdom	351	397	444	496	528	553	572	585	596
Spain	449	487	484	476	471	465	461	458	455
Germany	345	362	372	383	394	405	417	428	438
Italy	352	377	357	348	342	341	344	349	355
Turkey	146	165	171	181	194	220	251	287	331
<b>Prepared Baby Food</b>									
<b>Western Europe</b>	<b>2,964</b>	<b>2,997</b>	<b>2,985</b>	<b>3,003</b>	<b>3,043</b>	<b>3,096</b>	<b>3,164</b>	<b>3,244</b>	<b>3,322</b>
France	833	830	812	799	803	815	836	863	889
Italy	785	760	728	724	723	734	751	777	804
Germany	463	462	467	475	482	489	495	499	501
United Kingdom	196	224	245	265	283	294	301	308	314
Spain	207	220	218	216	213	210	208	204	200
Turkey	14	16	18	21	23	27	31	36	42
<b>Other Baby Food</b>									
<b>Western Europe</b>	<b>572</b>	<b>588</b>	<b>597</b>	<b>604</b>	<b>613</b>	<b>622</b>	<b>630</b>	<b>638</b>	<b>647</b>
Germany	140	142	144	145	147	148	149	150	150
Italy	112	108	103	100	98	96	94	93	92
United Kingdom	75	81	91	98	104	108	111	113	114
Turkey	63	68	70	72	75	78	82	87	92
Spain	51	55	52	50	49	47	46	45	43
France	44	43	42	41	40	40	39	39	38

Source for both: Euromonitor International, 2011



North America - Packaged Baby Food Market Sizes - Historic/Forecast - Retail Sales Value in US\$ million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>North America</b>	<b>8,022</b>	<b>8,331</b>	<b>8,121</b>	<b>8,115</b>	<b>8,303</b>	<b>8,584</b>	<b>8,924</b>	<b>9,263</b>	<b>9,624</b>
United States	6,212	6,392	6,185	6,066	6,157	6,336	6,571	6,796	7,035
Mexico	1,340	1,459	1,447	1,552	1,635	1,722	1,812	1,910	2,017
Canada	470	480	489	497	511	526	542	557	572

Source: Euromonitor International, 2011

► In the United States, organic baby food sales are growing due to health concerns among parents. Consumers in the U.S. are worried about food safety, and are willing to spend more on organic baby food to avoid pesticides and other additives. Many health professionals believe that babies and children benefit more from eating organic food than adults because children are more vulnerable to toxins in their diets. As the economy improves and Americans become more confident about future prospects, birth rates will improve and value sales of baby food are expected to grow accordingly.

► In Mexico, opportunities may arise from the increasing female population working outside the home. Maternity leave amounts to only 45 days before the baby is born and 45 days after. Many women who work outside of the home have to return to work when their baby is still in the breast feeding stage. While almost all pediatricians encourage new mothers to breast feed, this becomes impossible once the child is placed in day care, or left with other family members. Thus, many consumers are replacing breast milk with baby formula.

► In Canada, sales of baby food are projected to grow, reaching nearly CAD\$537 million in 2015. Despite Canada's slow projected birth rate, other demographic changes and shifts in consumer behaviour will likely support the demand for baby food. Continuing demand for organic food, an increasing number of new migrants settling in Canada, and a reported increase in the number of children with food allergies, will all impact sales growth.

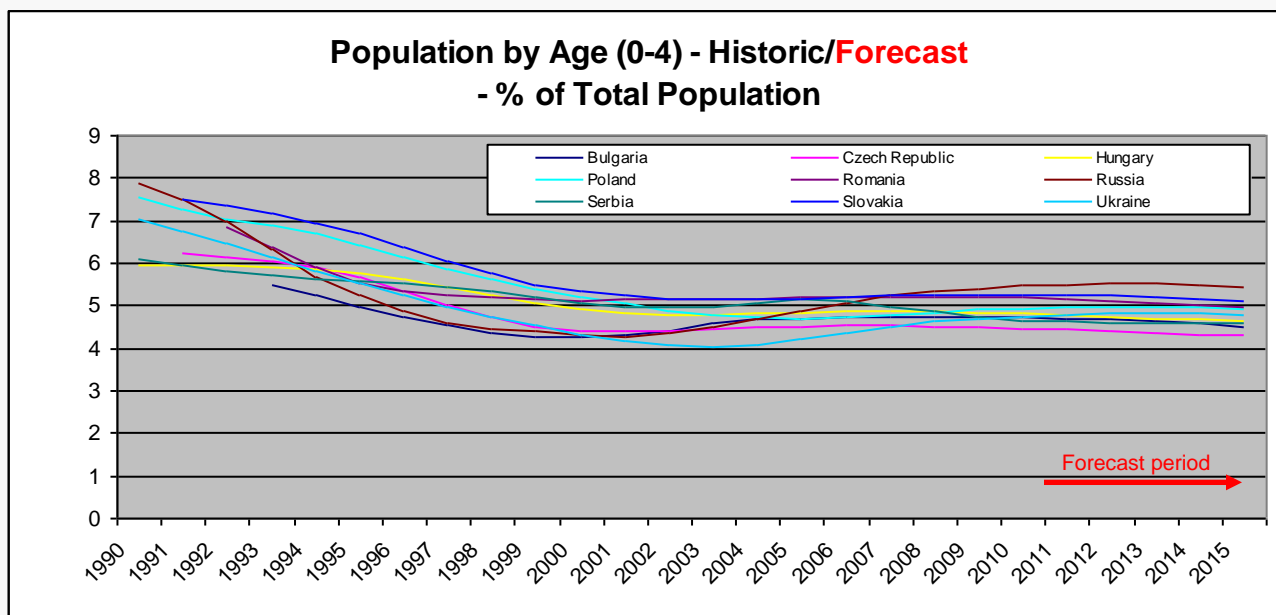


## ► NORTH AMERICA (Continued)

North America - Packaged Baby Food Market Sizes By Category and Country - Historic/ <b>Forecast</b> - Retail Sales Value in US\$ million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Milk Formula</b>									
<b>North America</b>	<b>228</b>	<b>227</b>	<b>226</b>	<b>239</b>	<b>242</b>	<b>247</b>	<b>252</b>	<b>258</b>	<b>263</b>
United States	160	158	156	166	166	168	169	171	172
Canada	42	44	45	46	48	50	52	54	55
Mexico	26	26	25	27	28	29	31	33	36
<b>Prepared Baby Food</b>									
<b>North America</b>	<b>6,218</b>	<b>6,484</b>	<b>6,253</b>	<b>6,084</b>	<b>6,211</b>	<b>6,416</b>	<b>6,669</b>	<b>6,935</b>	<b>7,215</b>
United States	4,683	4,820	4,591	4,319	4,359	4,473	4,632	4,797	4,969
Canada	322	329	336	341	351	362	373	383	393
Mexico	1,213	1,334	1,326	1,423	1,501	1,582	1,664	1,755	1,853
<b>Dried Baby Food</b>									
<b>North America</b>	<b>1,333</b>	<b>1,371</b>	<b>1,395</b>	<b>1,547</b>	<b>1,602</b>	<b>1,668</b>	<b>1,745</b>	<b>1,809</b>	<b>1,879</b>
United States	1,152	1,191	1,217	1,362	1,412	1,471	1,541	1,597	1,659
Canada	85	87	88	89	91	93	95	97	100
Mexico	96	93	90	96	100	104	109	115	121
<b>Other Baby Food</b>									
<b>North America</b>	<b>242</b>	<b>248</b>	<b>248</b>	<b>245</b>	<b>247</b>	<b>252</b>	<b>258</b>	<b>261</b>	<b>266</b>
United States	217	222	221	218	220	224	229	231	235
Canada	20	20	21	21	21	22	22	23	24
Mexico	6	6	6	6	6	6	7	7	7

Source: Euromonitor International, 2011

## ► EASTERN EUROPE



Source: Euromonitor International, 2011



► **EASTERN EUROPE (Continued)**

- The baby food sector in Russia is expected to increase by a 7% year-over-year average until 2015. The government policy of supporting a higher birth rate will undoubtedly have a positive effect in the country. The baby food market in Russia is still far from saturation, and Russians are likely to spend more money on their children. They will also be open to consuming more sophisticated products and choosing more premium brands, as disposable incomes continue to grow.
- Baby food in Poland is expected to develop further. The market is also still far from saturation. Parents are becoming better educated, and have less time to prepare meals for their children. Baby food is becoming increasingly popular, as a safe and convenient way of providing babies with tasty and nutritionally balanced food products.
- In Ukraine, mothers are still unsure of the quality of packaged baby food and are concerned about the presence of genetically modified ingredients and preservatives. According to research by the MASMI market research agency, 50% of mothers fed their children common dairy foods (standard practice in villages and small cities), and among them, 21% used kefir (a form of fermented milk). However, 25% did not use dairy products at all, and the remaining 25% of mothers bought children's milk, or special-purpose baby food.

<b>Eastern Europe - Packaged Baby Food Market Sizes by Selected Country</b> <b>- Historic/Forecast - Retail Sales Value in US\$ in million</b>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Eastern Europe</b>	<b>1,740</b>	<b>2,163</b>	<b>2,573</b>	<b>2,926</b>	<b>3,323</b>	<b>3,746</b>	<b>4,196</b>	<b>4,692</b>	<b>5,219</b>
Russia	884	1,182	1,520	1,792	2,109	2,445	2,799	3,191	3,602
Poland	301	331	352	376	403	434	469	508	555
Ukraine	106	148	167	196	217	238	258	277	295
Czech Republic	95	111	119	127	136	145	154	165	177
Hungary	68	73	76	79	82	86	90	94	99
Romania	34	39	49	54	57	61	66	70	75
Slovakia	38	40	39	40	42	43	45	46	49
Bulgaria	26	28	29	30	31	32	34	36	37
Serbia	18	20	21	23	25	27	30	33	36

Source: Euromonitor International, 2011



Source: Shutterstock



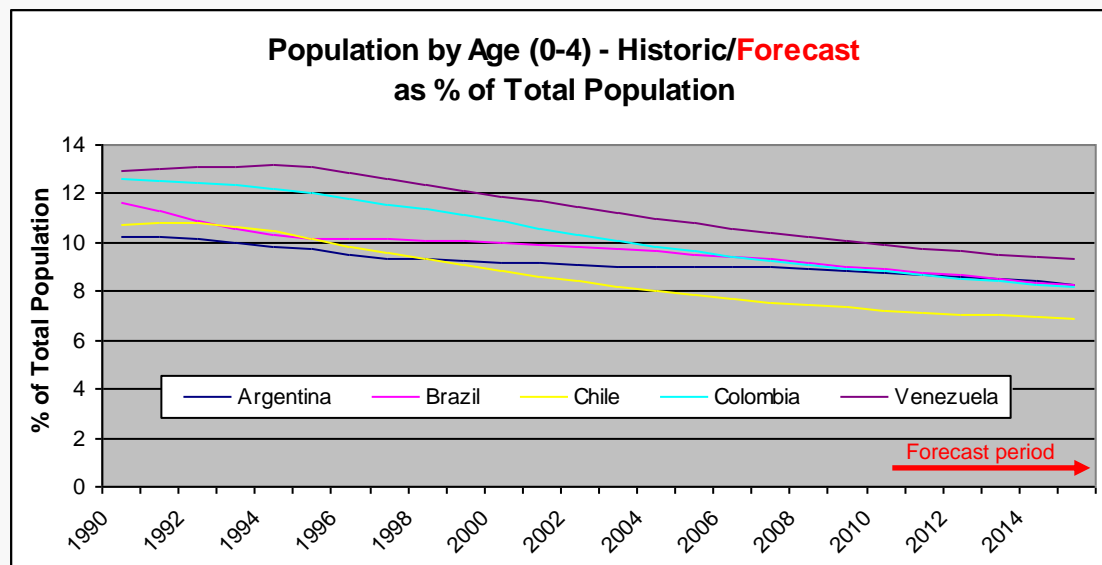
## ► EASTERN EUROPE (Continued)

Eastern Europe - Packaged Baby Food Market Sizes by Category and Selected Country - Historic/ <b>Forecast</b> - Retail Sales Value in US\$ million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Dried Baby Food</b>									
<b>Eastern Europe</b>	<b>258.4</b>	<b>309.9</b>	<b>350.1</b>	<b>385</b>	<b>425.9</b>	<b>473</b>	<b>526.6</b>	<b>585.5</b>	<b>648.4</b>
Russia	73.6	98.8	126.7	145.4	171.1	200.9	235.1	272.6	312.1
Poland	61.7	66.9	71	75.6	80.9	86.9	93.9	101.9	111
Ukraine	19	28.7	33.6	40.5	45.1	50.1	55.1	60	64.6
Czech Republic	27	32.2	33.9	35.5	37.5	39.9	42.4	45.5	48.9
Romania	5.3	6.6	9	10.3	11.1	11.9	12.8	14	15.5
Slovakia	9	9.1	8.4	8.6	8.7	8.9	9.1	9.4	9.6
Bulgaria	7.3	7.6	7.8	8	8.2	8.4	8.7	8.9	9.2
Hungary	5	5.1	5.2	5.3	5.5	5.7	5.9	6.2	6.4
Serbia	2.8	3	3.3	3.6	4	4.4	4.9	5.4	6
<b>Milk Formula</b>									
<b>Eastern Europe</b>	<b>739.1</b>	<b>882.8</b>	<b>1040.4</b>	<b>1171.1</b>	<b>1319.3</b>	<b>1480.1</b>	<b>1651.3</b>	<b>1840.2</b>	<b>2043.7</b>
Russia	381.1	473.5	604.8	703.3	820.9	948.9	1085.2	1237.5	1399.5
Poland	113.9	123.9	130.5	137.7	145.7	154.6	164.7	175.9	189.4
Ukraine	61.2	81.6	87.1	100.5	110.2	119.4	127.8	136.2	144.4
Czech Republic	34.3	37.5	39.8	42	44.6	47.3	50.3	53.6	57.2
Romania	26.3	30	36.3	39.7	42.1	45.1	48.3	51.3	54.5
Hungary	32	34.9	36.4	38	39.7	41.5	43.5	45.7	48.1
Slovakia	14.6	15.7	16.4	16.8	18.2	19.2	20.3	20.9	22.4
Serbia	6.3	7.1	7.8	8.3	9.1	9.9	10.9	11.9	13.1
Bulgaria	8.3	8.7	9	9.1	9.3	9.7	10.2	10.7	11.3
<b>Prepared Baby Food</b>									
<b>Eastern Europe</b>	<b>547.6</b>	<b>734.5</b>	<b>906.7</b>	<b>1058.5</b>	<b>1226.4</b>	<b>1398.3</b>	<b>1577.5</b>	<b>1774.3</b>	<b>1982</b>
Russia	331.1	485	633.5	762.2	905.7	1051	1201	1365	1535.7
Poland	79.7	88.8	95.9	104.1	113.5	124.2	136.7	151	167.6
Czech Republic	29.6	36.4	40.4	44.2	48.2	52	55.5	59.6	64.4
Ukraine	13.7	21.6	25.8	30.7	34.7	38.7	42.3	45.6	48.8
Hungary	22.3	24.1	25.3	26.3	27.3	28.5	29.9	31.6	33.7
Serbia	8.1	8.8	9.4	10.1	11.1	12.2	13.3	14.5	15.9
Slovakia	11	11.4	11.4	11.4	11.6	11.8	12.1	12.6	13.1
Bulgaria	8	8.6	9.2	9.7	10.1	10.6	11.3	12	12.9
Romania	2.2	2.6	2.9	3.2	3.5	3.7	4	4.4	4.9
<b>Other Baby Food</b>									
<b>Eastern Europe</b>	<b>195.1</b>	<b>235.9</b>	<b>275.3</b>	<b>310.9</b>	<b>351.4</b>	<b>394.6</b>	<b>440.7</b>	<b>491.7</b>	<b>544.9</b>
Russia	98.2	124.6	155.4	181.3	211.5	243.7	277.9	315.8	354.6
Poland	45.2	51.4	54.7	58.6	62.9	67.9	73.3	79.5	86.6
Ukraine	12	16.5	20.3	24.2	27.3	30	32.5	35	37.6
Hungary	8.8	9	9.1	9.3	9.6	9.9	10.3	10.7	11.1
Czech Republic	4.1	4.6	4.8	5	5.2	5.5	5.8	6.2	6.6
Bulgaria	2.6	2.8	3	3.1	3.3	3.4	3.6	3.8	4
Slovakia	3.2	3.4	3.1	3	3.1	3.2	3.4	3.5	3.7
Serbia	0.6	0.6	0.7	0.7	0.8	0.9	1	1.1	1.2
Romania	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4

Source: Euromonitor International, 2011



## ► LATIN AMERICA



► In Brazil, with an increasing number of women participating in the workforce, it is becoming very common for mothers to provide their babies with healthy and nutritious packaged foods, as they cannot breast feed for long.

► In Colombia, improving economic conditions and the introduction of healthier and functional products will both contribute to the growth of baby food sector.

► In Venezuela, a growing population and higher birth rates are fuelling development and growth in the baby food market. In addition, increasing wealth among the general population supported by many socially orientated initiatives (the world-famous Bolivarian Missions, for example) will also affect increases in baby food consumption.

► In Argentina, prepared baby food addresses the trend towards healthier food for children and is very suited to on-the-go consumption. For this reason, it is expected to see strong demand amongst middle and high income consumers.

► In Chile, mothers are becoming more demanding with regard to what they feed their babies. Demand for baby food that is natural, fortified and offers health benefits is rising.



Source: Shutterstock

Latin America - Packaged Baby Food Market Sizes by Selected Country - Historic/Forecast - Retail Sales Value in US\$ million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Latin America*</b>	<b>2,710</b>	<b>3,004</b>	<b>3,177</b>	<b>3,558</b>	<b>3,881</b>	<b>4,231</b>	<b>4,622</b>	<b>5,081</b>	<b>5,611</b>
Brazil	718	817	911	1,068	1,188	1,305	1,422	1,549	1,678
Venezuela	64	84	109	158	217	297	408	560	766
Argentina	69	90	118	156	178	203	231	263	298
Colombia	173	185	193	202	213	225	238	250	264
Chile	65	70	72	76	81	84	88	92	96

\*The total Latin American market size as listed here includes data from Mexico, which for the purposes of this report, has also been categorized within the North American section.

Source: Euromonitor International, 2011





► **LATIN AMERICA (Continued)**

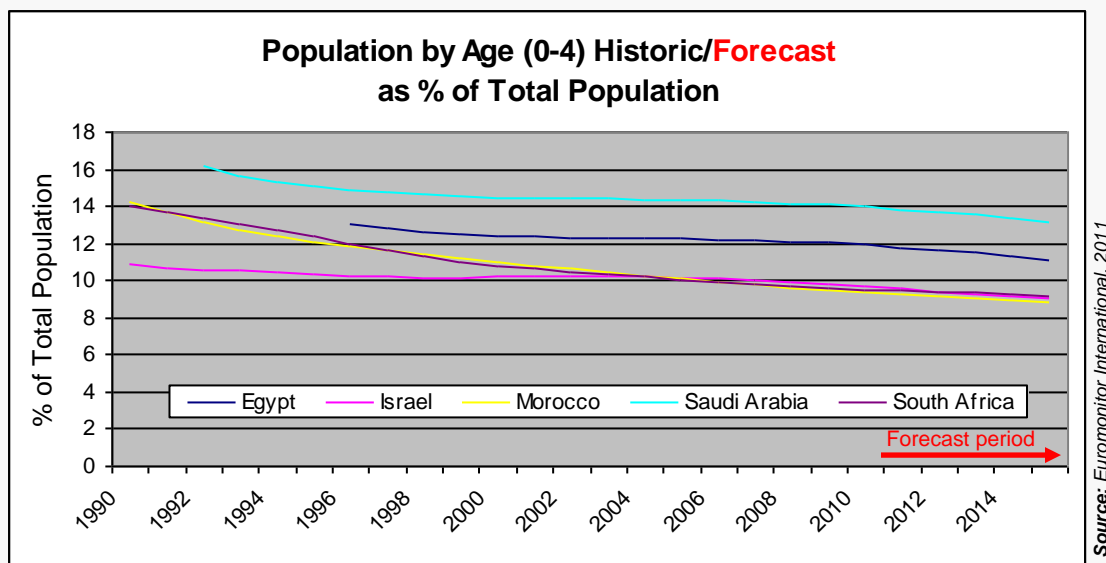
Latin America Market Sizes by Category and Selected Country - Historic/ <b>Forecast</b> - Retail Sales Value in US\$ million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Dried Baby Food</b>									
<b>Latin America</b>	<b>556.9</b>	<b>618.7</b>	<b>638.3</b>	<b>699.5</b>	<b>752.1</b>	<b>804.4</b>	<b>865.3</b>	<b>931.5</b>	<b>1,007.5</b>
Brazil	429.4	485.4	498.9	525.8	556.1	580.1	604.6	623.4	638.3
Venezuela	9.8	11.2	15.6	36.6	50.1	68.4	93.4	127.2	172.1
Colombia	41.5	41.1	39.5	40.2	41.1	42	42.9	43.7	44.6
Chile	25.4	27	27.5	28.7	30.4	31.8	33.2	34.6	35.9
Argentina	6.3	7.7	9	12.6	13.6	14.6	15.6	16.6	17.8
<b>Milk Formula</b>									
<b>Latin America</b>	<b>1,857.4</b>	<b>2,070.9</b>	<b>2,200.7</b>	<b>2,480.3</b>	<b>2,707.6</b>	<b>2,953.5</b>	<b>3,221.4</b>	<b>3,540.5</b>	<b>3,908.9</b>
Brazil	182.2	213.5	285.9	403.6	479.8	556.6	633	725	823.4
Venezuela	43.5	57.3	71	93.5	127.8	175.1	240.5	331.2	453.7
Argentina	62.3	81.5	101.7	127.6	140.6	154.5	169.4	185.4	202.7
Colombia	113.4	123.6	132.5	139.3	147.6	156.2	165.1	174.3	183.8
Chile	28.5	30.8	32.6	34.2	36.4	37.8	39.3	41.3	43.2
<b>Prepared Baby Food</b>									
<b>Latin America</b>	<b>285.8</b>	<b>304.1</b>	<b>327.9</b>	<b>365</b>	<b>405.6</b>	<b>455.3</b>	<b>514.2</b>	<b>585.1</b>	<b>667.9</b>
Brazil	106.7	117.4	125.2	135.8	147.8	161.6	175.2	189.6	203
Venezuela	10.5	15.3	22.2	28.3	38.9	53.5	73.7	101.9	140.1
Argentina	0.6	0.7	7.3	16.1	23.7	33.7	46.2	60.9	77.2
Colombia	16.9	18.6	19.7	21.1	22.9	25	27.3	29.7	32.4
Chile	10.2	10.9	11.5	12.2	13.1	13.9	14.6	15.4	16.1
<b>Other Baby Food</b>									
<b>Latin America</b>	<b>9.4</b>	<b>9.8</b>	<b>10.5</b>	<b>12.6</b>	<b>15.2</b>	<b>18</b>	<b>20.9</b>	<b>23.9</b>	<b>26.6</b>
Brazil	-	0.2	0.9	2.7	4.6	6.6	8.8	10.9	12.9
Colombia	1.1	1.2	1.3	1.5	1.7	2	2.3	2.7	3.1
Chile	0.7	0.8	0.8	0.8	0.8	0.9	0.9	1	1
Argentina	-	-	-	-	-	-	-	-	-
Venezuela	-	-	-	-	-	-	-	-	-

\*The total Latin American market size as listed here includes data from Mexico, which for the purposes of this report, has also been categorized within the North American section.

Source: Euromonitor International, 2011



## ► AFRICA AND THE MIDDLE EAST



► In Saudi Arabia, growing awareness amongst parents of baby food formulation is resulting from improved access to health care. Furthermore, baby food retail sales grew by 25% in 2010 owing to the large population of children aged between 12 and 36 months, as well as mothers' inclination to provide their babies with the best possible nutrition.

► In South Africa, Euromonitor predicts a 21% constant value growth and a 16% volume growth between 2010 and 2015, as the economy recovers and consumers increase their purchases of baby food products. Convenience will still be key, with the increasing number of working mothers in South Africa. Products that are quick and easy to use, as well as nutritious, will fare better within the baby food sector.

► In Israel, baby food is expected to increase in constant value by an average of 3% year-over-year between 2010 and 2015. Furthermore, the availability and willingness to purchase higher quality products amongst consumers, as well as the use of new technology and higher quality ingredients, will boost sales of premium products in this country.

► In Morocco, as the economy is expected to continue improving towards 2015, growth will come from the fast-growing, prepared baby food industry. The recent launch of Halal-labelled Vitameal by Agro Food Industry will also attract consumer interest in this sector and help boost baby food sales.

► In Egypt, higher income earners are expected to remain the main consumers of baby food. Baby food is seen as too expensive by the majority of the Egyptian population, and packaged baby food is perceived as an inferior alternative to breast milk. To stimulate growth, education on the health benefits of baby food is needed.

<b>Africa and the Middle East - Packaged Baby Food Market Sizes by Selected Country - Historic/<b>Forecast</b> - Retail Sales Value in US\$ million</b>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Middle East and Africa</b>	<b>1,328</b>	<b>1,624</b>	<b>1,861</b>	<b>2,114</b>	<b>2,363</b>	<b>2,630</b>	<b>2,921</b>	<b>3,243</b>	<b>3,593</b>
Saudi Arabia	352	480	579	685	784	890	1,008	1,143	1,293
South Africa	225	265	300	342	382	421	457	490	520
Israel	129	139	142	145	151	157	164	172	181
Morocco	81	85	89	93	97	102	107	113	119
Egypt	35	38	40	42	46	50	54	58	64

Source: Euromonitor International, 2011



► AFRICA AND THE MIDDLE EAST (Continued)

Africa and the Middle East - Packaged Baby Food Market Sizes by Category and Selected Country - Historic/ <b>Forecast</b> - Retail Sales Value in US\$ million									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Dried Baby Food</b>									
<b>Middle East and Africa</b>	<b>260</b>	<b>297</b>	<b>331</b>	<b>357</b>	<b>385</b>	<b>416</b>	<b>450</b>	<b>487</b>	<b>527</b>
Saudi Arabia	69	84	95	100	105	110	116	123	130
South Africa	41	46	54	62	69	76	82	88	93
Israel	18	19	21	22	23	24	25	27	28
Morocco	16	16	17	17	18	18	19	20	21
Egypt	10	12	13	14	15	16	17	19	20
<b>Milk Formula</b>									
<b>Middle East and Africa</b>	<b>956</b>	<b>1,202</b>	<b>1,389</b>	<b>1,601</b>	<b>1,806</b>	<b>2,026</b>	<b>2,266</b>	<b>2,533</b>	<b>2,826</b>
Saudi Arabia	261	370	453	550	639	735	843	966	1,103
South Africa	140	169	191	218	243	267	290	312	332
Israel	89	96	97	98	102	106	111	116	122
Morocco	63	67	70	73	76	80	85	89	95
Egypt	24	25	26	27	29	32	35	38	42
<b>Prepared Baby Food</b>									
<b>Middle East and Africa</b>	<b>87</b>	<b>98</b>	<b>109</b>	<b>120</b>	<b>131</b>	<b>143</b>	<b>155</b>	<b>166</b>	<b>177</b>
South Africa	40	44	50	57	64	71	77	83	88
Israel	19	20	21	22	22	23	24	26	27
Saudi Arabia	9	11	13	14	15	16	17	17	18
Morocco	2	2	2	2	3	3	3	3	4
Egypt	1	1	1	1	1	1	1	2	2
<b>Other Baby Food</b>									
<b>Middle East and Africa</b>	<b>24</b>	<b>28</b>	<b>32</b>	<b>36</b>	<b>41</b>	<b>46</b>	<b>51</b>	<b>57</b>	<b>63</b>
South Africa	5	5	5	6	6	7	7	7	7
Israel	3	3	4	4	4	4	4	4	5
Saudi Arabia	13	15	18	22	25	29	33	38	42
Morocco	-	-	-	-	-	-	-	-	-
Egypt	-	-	-	-	-	-	-	-	-

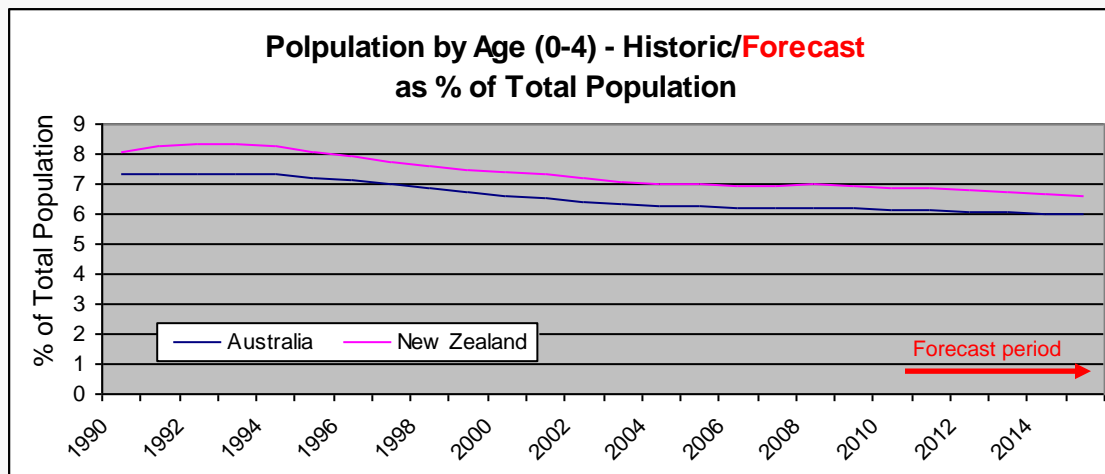
Source: Euromonitor International, 2011



Source: Shutterstock



## ► AUSTRALASIA



<b>Australasia - Packaged Baby Food Market Sizes - Historic/Forecast - Retail Sales Value in US\$ million</b>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Australasia</b>	<b>264.1</b>	<b>304</b>	<b>334</b>	<b>355.8</b>	<b>375.7</b>	<b>395.5</b>	<b>413.3</b>	<b>430.7</b>	<b>448</b>
Australia	216.8	251.3	278	298.7	317.4	335.9	352.1	367.7	382.9
New Zealand	47.3	52.7	56.1	57.1	58.3	59.6	61.2	63	65.1

Source: Euromonitor International, 2011

► In Australia, the rising birth rate is a major factor in the growth in baby food sales. This growth is also attributable to parents being more inclined towards premium products such as organic baby food and fortified milk formula, which are regarded as more beneficial for development. Consumers are increasingly willing to spend money on products that best facilitate the development of their newborns and toddlers.

► In New Zealand, heightened consumer awareness of what they're feeding their children is increasing sales of more natural and healthier baby foods. The continuing trend of mothers returning to the workforce soon after pregnancy, is also increasing demand for more convenient baby food products.

<b>Australasia Market Sizes by Sub-Sector - Historic/Forecast - Retail Sales Value in US\$ million</b>									
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Dried Baby Food</b>									
<b>Australasia</b>	<b>8.5</b>	<b>9.6</b>	<b>10.2</b>	<b>10.7</b>	<b>11</b>	<b>11.5</b>	<b>11.9</b>	<b>12.3</b>	<b>12.7</b>
Australia	7	8.1	8.7	9.2	9.5	10	10.4	10.8	11.1
New Zealand	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6
<b>Milk Formula</b>									
<b>Australasia</b>	<b>140.7</b>	<b>163.6</b>	<b>175.2</b>	<b>184.3</b>	<b>194.1</b>	<b>204.1</b>	<b>213.6</b>	<b>223.2</b>	<b>233</b>
Australia	112.1	130.8	140.5	148.9	157.7	166.5	174.7	182.5	190.3
New Zealand	28.6	32.8	34.7	35.4	36.4	37.5	38.9	40.7	42.7
<b>Prepared Baby Food</b>									
<b>Australasia</b>	<b>95</b>	<b>107.2</b>	<b>120.5</b>	<b>128.9</b>	<b>135.9</b>	<b>142.8</b>	<b>148.5</b>	<b>154.2</b>	<b>159.7</b>
Australia	79.9	91.1	103	111.2	118.1	124.8	130.5	136.2	141.7
New Zealand	15	16.1	17.5	17.7	17.8	17.9	18	18	18
<b>Other Baby Food</b>									
<b>Australasia</b>	<b>20</b>	<b>23.6</b>	<b>28.2</b>	<b>31.9</b>	<b>34.6</b>	<b>37.2</b>	<b>39.2</b>	<b>40.9</b>	<b>42.5</b>
Australia	17.8	21.3	25.8	29.4	32.1	34.6	36.5	38.2	39.7
New Zealand	2.2	2.3	2.4	2.5	2.5	2.6	2.7	2.7	2.8

Source: Euromonitor International, 2011

The Government of Canada has prepared this report based on primary and secondary sources of information. Although every effort has been made to ensure that the information is accurate, Agriculture and Agri-Food Canada assumes no liability for any actions taken based on the information contained herein.

**Global Pathfinder Report: Baby Food**

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