



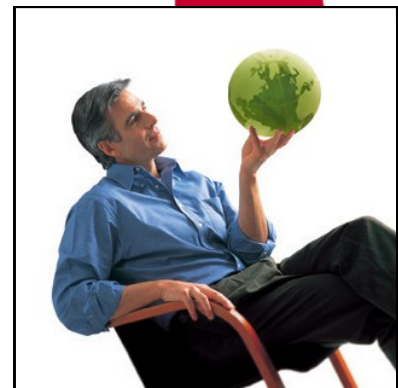
Agriculture and
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**International
Markets
Bureau**

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Packaged Food Sales in Turkey



Packaged Food Sales In Turkey



▶ EXECUTIVE SUMMARY

The negative effects of the global economic crisis were mostly felt by Turkey in 2009, causing a slowdown of sales value and volume growth in the packaged food sector. The majority of consumers opted for cheaper brands or even unpackaged products, which are considered less expensive, while reducing expenses for non-essential goods. However, from 2011 to 2015, packaged food retail sales in Turkey are forecast to increase by 23.2% with a compound annual growth rate (CAGR) of 5.4%.

The recession in Turkey actually helped growth in various categories of the packaged food industry, including sweet and savory snacks. This is mainly because consumers affected by the crisis preferred to stay home rather than eat out.

Artisanal companies continued to dominate the processed food market, with a 57% market share in 2009*. This is a slight increase over the 56.5% recorded in 2008. The main market segments where artisanal companies prevailed were bakery and dairy products, with market shares of 92.5% and 35% respectively.

Bakery products are the top packaged food sector, and are forecast to see their sales increase by 13.9% over the 2010-2014 period. The three sectors expected to have the fastest growth between 2010 and 2014 are soup, chilled processed food, and ice cream with increases of 66.6%, 60.3% and 50.5%, respectively.

▶ CONSUMER TRENDS

- ▶ Despite the effects of the global economic crisis experienced by Turkey in 2009, consumer expenditure on all food and beverages still grew. In 2008-2009, expenditures had increased by 3.7%, while in 2009-2010, they grew by 11.4%.
- ▶ Urbanization and a young population that responds well to innovation are expected to create greater demand for convenient food products.
- ▶ The population of Istanbul (the most populous city in Europe), is 99% urbanized, has the highest purchasing power in the country and an income level that continues to grow. Istanbul and other western provinces of Turkey represent about half of household expenditures, thereby attracting foreign investors wishing to enter the Turkish market.
- ▶ Although independent small grocers, including bakkals (a Turkish word for neighbourhood grocery store), continue to be the main distribution channels for food, they lost share to supermarkets/hypermarkets and discounters which offer “one-stop” shopping, competitive prices and more product variety.
- ▶ Even though sales of packaged food are expected to increase for at least the 2011-2015 period, a preference for cheaper products remains. Consumers are not yet confident enough to return to their pre-crisis consumption habits and will likely continue to buy mostly what they consider essential, and avoid spending on luxury products such as chilled processed and frozen processed food.

*Note: At the time of publishing this report, 2010 market share data is not available.

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“ In terms of volume, ice cream products will experience the strongest growth from 2010-2014 with 46%. ”



▶ ECONOMIC AND SOCIOECONOMIC TRENDS

- ▶ Turkey's real gross domestic product (GDP) growth is forecast to grow from 3.7% in 2010 to 4% in 2011. This should translate to an increase in the disposable incomes of consumers, and in turn, to positive value and volume growth of packaged food sales.
- ▶ Artisanal products are still popular in Turkey due to their affordability and widespread availability (especially in rural regions), through independent small grocers, such as bakkals, which are the main distribution channels for food.
- ▶ Turkish consumers tend to prefer locally produced, freshly baked bread, rather than packaged products. They perceive packaged bread as having a different taste than freshly made bread.
- ▶ To attract consumers in Turkey, packaged bread companies tend to focus on hygiene and the value-added nutritional claims of their products. Companies in the dairy sector put emphasis on the health benefits of packaged milk by advertising the extremely hygienic conditions under which the milk is produced. In the long term, packaged dairy products are forecast to grow due to the increasing awareness and interest in food hygiene among consumers.
- ▶ The retail value share of private label packaged food increased in 2009 due to the rising demand of affordable products, and the growing number of chained supermarkets/hypermarkets and discount retailers that expanded their range of private label products.

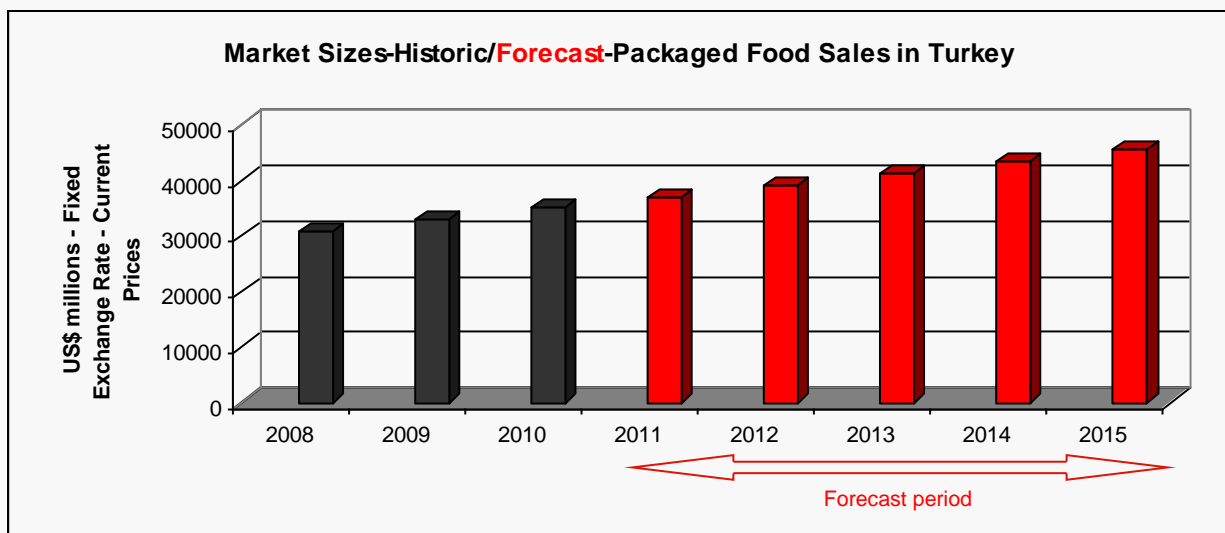


% Penetration of Artisanal Companies by Top Segment in Turkey – 2005-2009

Packaged Food Sectors	2005	2006	2007	2008	2009
Bakery Products	93.2	92.9	92.6	92.4	92.5
Dairy Products	43.2	41.9	38.3	36.2	35.4
Spreads	22.3	21.1	19.7	18.5	17.8
Ice Cream Products	8.6	8.4	8.1	8.5	9.0
Oils and Fats	5.1	4.5	4.0	3.7	3.5
Sweet and Savoury Snacks	2.8	2.7	2.6	2.6	2.5
Sauces, Dressings and Condiments	3.0	2.8	2.6	2.4	2.3

Source: Euromonitor, 2010, Packaged Food.

▶ MARKET TRENDS



Source: Euromonitor, 2010, Turkey Packaged Food.



▶ **PACKAGED FOOD TABLE: TURKEY**

**Top Packaged Food Sales in Turkey - Retail Sales Price (RSP) - US\$ Million
Fixed 2010 Exchange Rates**

Categories	2008	2009	2010	2011	2015
Baked Goods	16,068.1	17,560.7	18,626.4	19,243.0	21,424.1
Yoghurt and Sour Milk Drinks	2,058.8	2,091.7	2,159.5	2,248.0	2,775.3
Vegetable and Seed Oil	1,609.0	1,711.4	1,848.9	1,998.3	2,538.6
Chocolate Confectionery	974.1	1,077.0	1,196.5	1,326.8	1,890.9
Cheese	832.0	873.1	947.7	1,035.7	1,568.0
Biscuits	800.3	851.2	907.6	968.8	1,226.8
Drinking Milk Products	792.2	803.8	862.0	934.4	1,308.8
Impulse Ice Cream	608.0	641.2	685.4	744.2	1,175.7
Chilled Processed Meat	467.9	631.7	679.1	774.0	1,213.8
Olive Oil	526.4	563.3	619.6	706.1	1,226.9
Spreadable Oils and Fats	498.5	509.7	531.0	552.8	627.4
Rice	478.3	495.8	523.8	588.5	869.0
Butter	465.9	470.1	474.8	479.5	511.0
Sugar Confectionery	363.5	373.2	392.2	414.4	487.6
Fruit Snacks	330.0	343.3	359.9	394.3	572.3
Gum	315.7	327.2	338.5	350.1	397.9
Dried Pasta	317.1	311.4	308.6	307.6	328.1
Nuts	272.7	284.8	298.9	327.4	437.4
Take-Home Ice Cream	236.8	254.6	276.5	304.0	522.3
Chocolate Spreads	238.6	255.3	274.0	291.8	363.5
Tomato Pastes and Purées	217.8	243.0	251.7	261.1	343.5
Chips/Crisps	188.6	206.2	224.3	251.9	366.3
Tortilla/Corn Chips	178.6	193.7	210.1	235.5	348.9
Honey	180.5	181.3	182.2	183.0	186.5
Milk Formula	164.7	171.3	181.4	194.2	331.2
Margarine	125.9	131.1	139.7	147.9	178.0
Dehydrated Soup	84.7	100.6	115.6	135.0	214.7
Extruded Snacks	97.4	104.5	111.5	123.1	170.8
Retail Artisanal Ice Cream	82.3	91.6	84.8	85.4	92.7
Breakfast Cereals	62.9	71.7	81.9	92.3	136.7
Pickled Products	77.2	79.1	81.7	88.1	112.7
Canned/Preserved Vegetables	71.5	74.4	75.3	80.7	99.0
Dried Baby Food	69.7	71.8	74.6	79.2	112.6
Other Baby Food	68.3	70.1	72.2	74.7	92.3
Jams and Preserves	60.8	63.7	67.1	70.7	82.7
Herbs and Spices	55.7	60.4	65.1	71.2	96.2
Other Sweet and Savoury Snacks	48.4	55.3	62.7	71.1	110.9
Other Dairy	57.3	59.2	61.9	64.9	82.7
Ketchup	42.8	47.5	52.3	58.4	86.0
Mayonnaise	40.9	45.9	51.8	61.1	103.5
Dessert Mixes	40.8	44.0	48.7	55.1	83.0
Bouillon/Stock Cubes	43.5	46.0	48.5	53.7	78.2
Popcorn	37.1	38.9	40.7	43.8	55.7
Ice Cream Parlours	41.7	36.1	36.3	37.6	43.3
Vinaigrettes	31.3	31.9	32.8	35.3	44.4

“
Baked goods
are expected to
reach sales of
over US\$21
billion in 2015.
”

Source: Euromonitor, 2010, Turkey Packaged Food.

←→
(Forecast Period)



▶ KEY MARKET SEGMENTS: 2009-2010

▶ BAKERY PRODUCTS

In 2010, this sector's sales grew from US\$18.4 billion to US\$19.5 billion, while retail volume grew from 11.8 to 12.1 million tonnes.

Forecasts for 2010-2014

Retail sales of bakery products are forecast to increase by 13.9%. By the end of 2014, sales of baked goods are expected to increase by 13.1%, while chilled biscuits sales will grow by 27.9%, and breakfast cereals by 52.6%.

Main Sectors 2009-2010

Baked good sales increased from US\$17.6 billion to US\$18.6 billion.

Biscuit sales increased from US\$851.2 million to US\$907.6 million.

Breakfast cereal sales increased from US\$71.7 million to US\$81.9 million.

Main Producers and their Turkish Brands

Artisanal baked goods held 97.4% of the market in 2009. The remaining market share was fragmented between private labels which held only 0.1% of the total market, and other companies.

The leading company in the biscuits market was Yildiz Holding AS, holding a 57% market share in 2009. Its leading brand was Ülker. However, the biscuits brand Eti, made by company Eti Gıda Sanayii ve Ticaret AS, was the leading brand overall with 23% of total brand shares.

Nestlé Gıda Sanayii AS held 65% of the breakfast cereals market in 2009. Its main brand was Nesquik.

▶ DAIRY PRODUCTS

In 2010, this sector's sales increased from US\$3.8 billion to US\$4.0 billion. Sales volumes increased from 2.8 million tonnes to 2.9 million tonnes.

Forecasts for 2010-2014

Retail sales of dairy products are expected to grow by 31.4% in value. Yogurt and sour milk drinks will grow by 21.1%. Cheese sales will increase by 48.1% and drinking milk products will grow by 39.3% over the period.

Main Sectors 2009-2010

Yogurt and sour milk sales increased slightly from US\$2.1 billion to US\$2.2 billion.

Cheese sales went from US\$873.1 million to US\$947.7 million.

Drinking milk product sales increased from US\$803.8 million to US\$862 million.

Main Producers and their Turkish Brands

There is no clear leader in the yogurt and sour milk market.

Bahçivan Gıda Sanayi Ve Tic AS was the leader in the cheese market, holding 13.4% of retail sales. Its lead brand was Bahçivan. Artisanal cheese products held 7.5% of the market.

Pinar Süt Mamülleri Sanayi ve Ticaret AS held an 18% share of the market for drinking milk products in 2009. The company's main brand was Pinar.

▶ OILS AND FATS

In 2010, sales in the oils and fats sector grew from US\$3.4 billion to US\$3.6 billion, while retail volume stayed stable at 1 million tonnes.

Forecasts for 2010-2014

Oils and fats are expected to see an increase of 31.4% in value over the period. Vegetable and seed oils are forecast to grow by 29.9%, olive oil by 72.2%, and spreadable oils and fats by 14.6%.

Main Sectors 2009-2010

Sales of vegetable and seed oils rose from US\$1.7 billion to US\$1.8 billion.

Olive oil sales increased from US\$563.3 million to US\$619.6 million.

Sales of spreadable oils and fats increased from US\$509.7 million to US\$531.0 million.

Main Producers and their Turkish Brands

Yildiz held 8.8% of the market for oils and fats in 2009. Its main brand was Ülker. Private label brands held 20.7% of the market.

Marsan Gıda San ve Tic AS held 8.4% of the market in 2009. Its main brands were Luna and Ona.

Unilever Sanayii ve Ticaret Türk AS held 8.3% of the market for oils and fats in 2009. Its main brands are Sana and Becel. Artisanal companies represented an 8.1% share of the total market for oils and fats.



▶ KEY MARKET SEGMENTS: 2009-2010

▶ CONFECTIONERY

In 2010, sales have increased in value from US\$1.8 billion to US\$1.9 billion, while sales volume grew from 156 to 164 thousand tonnes.

Forecasts for 2010-2014

This sector is forecast to grow by 34.7% in the next four years. Chocolate confectionery sales will increase by 45.5%. Sales of sugar confectionery are expected to increase by 19.6%, and gum sales will increase by 13.7%.

Main Sectors 2009-2010

Chocolate confectionery sales increased from US\$1.1 billion to US\$1.2 billion.

Sugar confectionery sales increased from US\$373.2 million to US\$392.2 million.

Gum sales increased from US\$327.2 million to US\$338.5 million.

Main Producers and their Turkish Brands

Ülker Gıda Sanayi ve Ticaret AS was the leader in the chocolate confectionery market, holding 55% of the market in 2009. Its main brand was Ülker.

Kent Gıda Maddeleri Sanayii ve Ticaret AS held 46% of the sugar confectionery market in 2009. Its top brands were Ölips and Miss.

The market for gum was dominated by Dandy Gıda Sanayii ve Ticaret AS, which held 53% of the market in 2009. Its main brands included Farim and First. Perfetti Van Melle Group was second, with a 29% market share.

▶ SWEET AND SAVOURY SNACKS

In 2010, sales in this sector grew from US\$1.25 billion to US\$1.33 billion. Sales volume rose from 184 thousand tonnes to 192 thousand tonnes.

Forecasts for 2010-2014

Sweet and savoury snack sales are expected to grow by 45.1% over the period. Fruit snack sales will increase by 45.3%, while nut sales will grow by 37.8%, and chip and crisp sales will increase by 50.5%.

Main Sectors 2009-2010

Fruit snack sales increased from US\$343.3 million to US\$359.9 million.

Nut sales increased from US\$284.8 million to US\$298.9 million.

Chip and crisp sales increased from US\$206.2 million to US\$224.3 million.

Main Producers and their Turkish Brands

Frito-Lay Gıda Sanayii ve Ticaret AS was the market leader in the sweet and savoury snacks market in 2009, holding 26%. Its top three brands included Doritos, Lay's and Ruffles.

Tadim Gıda Maddeleri Sanayii ve Ticaret AS held 16% of the market for sweet and savoury snacks in 2009. Its main brand was Tadim.

Marsa Kraft Gıda Sanayii ve Ticaret AS held 8% of the sweet and savoury snacks market in 2009. Its main brands were Cipsos and Patos.

▶ ICE CREAM

In 2010, sales in this sector grew, from US\$1.02 billion to US\$1.08 billion, while retail volume increased slightly from 117 thousand tonnes to 125 thousand tonnes.

Forecasts for 2010-2014

Ice cream sales are forecast to increase by 50.5% by the end of 2014. Impulse ice cream sales will increase by 52.6%, take-home ice cream sales by 63.6%, and retail artisanal ice cream sales by 6.5%.

Main Sectors 2009-2010

Impulse ice cream sales increased from US\$641.2 million to US\$685.4 million.

Take-home ice cream sales increased from US\$254.6 million to US\$276.5 million.

Retail artisanal ice cream sales declined from US\$91.6 million to US\$84.8 million.

Main Producers and their Turkish Brands

Unilever Sanayii ve Ticaret Türk AS led the impulse ice cream market with 68% of sales. Its major brands included Cornetto and Magnum.

Unilever Sanayii ve Ticaret Türk AS was also the leader in the take-home ice cream market, holding 82% of total sales. Its main brands in take-home ice cream products were Algida, Carte d'or and Viennetta.

There is no leading artisanal company or brand, since artisanal ice cream is made by specialty shops.



▶ **KEY MARKET SEGMENTS: 2009-2010**

▶ **DRIED PROCESSED FOOD**

Main Sectors 2009-2010

In 2010, dried processed food sales have increased from US\$0.96 billion to US\$1.0 billion. Sales volume has increased slightly from 550 to 555 thousand tonnes.

Rice sales rose from US\$495.8 million to US\$523.8 million.

Dried pasta sales decreased from US\$311.4 million to US\$308.6 million.

Dehydrated soup sales increased from US\$100.6 million to US\$115.6 million.

Forecasts for 2010-2014

Sales of dried processed food are expected to see an increase in value of 38.2% over the period. Rice sales will grow by 50.5%, dried pasta sales will increase by 3.4% and dehydrated soup sales will increase by 68%.

Main Producers and their Turkish Brands

Reis Tarimsal Urunler San ve Tic AS led the dried processed food market with a market share of 11.4% in 2009. Its leading brand was Reis.

Barilla G e R Fli SpA held 10.3% of the dried processed food market in 2009. Its main brand was Filiz.

Ülker Gıda Sanayi ve Ticaret AS held the third spot in the dried processed food market, with an 8.9% shares. Its main brand was Bizim. Private label represented 8.1% of the total market for dried processed food.

▶ **CHILLED PROCESSED FOOD**

Main Sectors 2009-2010

In 2010, this sector's sales increased in value from US\$637.5 million to US\$685.2 million, while retail volume increased from 34.2 to 34.7 thousand tonnes.

Chilled processed meat sales increased from US\$631.7 million to US\$679.1 million.

Chilled fish and seafood sales increased slightly from US\$5.4 million to US\$5.6 million.

Chilled ready meal sales stayed constant at US\$0.4 million.

Forecasts for 2010-2014

Chilled processed food sales are forecast to increase by 60.3% by the end of 2014. Chilled process meat sales are expected to increase by 60.4%, sales of chilled fish and seafood by 46.5% and chilled ready meals by 108.2%

Main Producers and their Turkish Brands

Pinar Entegre Et ve Yem Sanayii AS led the market for chilled processed food with a share of 22% in 2009. The company's leading brand was Pinar.

Tat Konserve Sanayii AS held 17% of the market for chilled processed food in 2009. Its main brand was Maret.

Aytac Gıda AS held 9.5% of the market for chilled processed food in 2009. Its main brand was Ayetac.

Company Shares (by Global Brand Owner) - Retail Sale Price Value - % Breakdown

Turkey Packaged food companies	2005	2006	2007	2008	2009
Yildiz Holding AS	6.4	6.8	7.4	7.6	7.6
Unilever Group	3.2	3.3	3.6	3.3	3.2
Yasar Holding AS	1.8	1.8	1.7	1.6	1.6
Eti Gıda Sanayii ve Ticaret AS	1.4	1.4	1.5	1.5	1.5
Sütas AS	1.3	1.4	1.4	1.4	1.3
Danone, Groupe	0.9	0.9	1.3	1.2	1.2
Cadbury Plc	-	-	-	1.2	1.2
Tat Konserve Sanayii AS	1.1	1.1	1.1	1.1	1.1
PepsiCo Inc	1.0	1.0	1.0	1.1	1.1
Marsan Gıda San ve Tic AS	0.8	0.9	0.8	1.0	0.9
Savola Group	-	-	-	0.8	0.8
Anadolu Group	0.2	0.2	0.3	0.7	0.8
Artisanal	59.4	58.4	57.4	56.5	56.9
Private Label	1.4	1.5	1.7	2.2	2.8

Source: Euromonitor, 2010, Turkey Packaged Food.

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.

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