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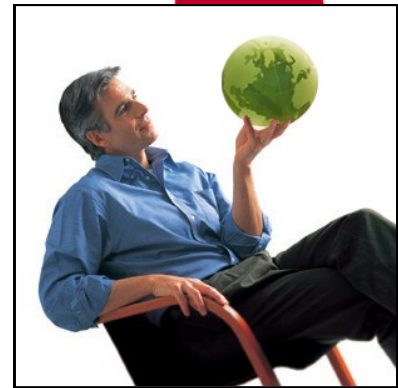
Agriculture et  
Agroalimentaire Canada

**International  
Markets  
Bureau**

**MARKET INDICATOR REPORT | NOVEMBER 2011**



## **Bakery Products** in Western Europe





▶ **CONSUMER TRENDS**

- ▶ Of all Western European countries, individuals in Turkey consume the most bakery products per capita in volume terms (including frozen bakery items and desserts). However, consumers in Switzerland spend the most on bakery products per capita.
- ▶ From 2005 to 2010, several Western European countries have seen volume sales for bakery products decline, including frozen bakery and desserts. These countries include Spain, France, the United Kingdom (U.K.), Sweden, Italy and Ireland. However, the market is expected to pick up with only very small declines forecast for Italy, the U.K. and France from 2011 to 2015.
- ▶ In value terms, bakery product sales are expected to achieve healthy growth in Western Europe from 2011 to 2015. The total Western European bakery market is expected to grow 8.6% from 2011 to 2015.
- ▶ Sales in the past have been hampered by the development of health-oriented lifestyle trends, and by rising obesity rates in developed countries. There has also been a decline in sales due to the recession and consumers purchasing less non-essential food items.
- ▶ There are significant markets for health and wellness-oriented bakery products, with high-fibre bread being the most popular.
- ▶ Private label has established major gains in Western Europe's bakery, desserts and breakfast cereals market. When analyzing new product introductions in the Western European market from January 2011 to July 2011 within this category, around 30% of product launches were private label. The popularity of discount grocery retailers in main Western European markets has helped sales of both new and existing private label products.
- ▶ Gluten-free, ethical, vegetarian, and no additives or preservatives are all very popular product claims and characteristics in this developed market.
- ▶ By channel, retail sales for bakery, desserts and cereals are the highest in hypermarkets and supermarkets. Some popular grocery retailers in Western Europe include Carrefour, Auchan, Tesco, the Metro Group, and the Schwarz Group. However, the Metro Group relies mostly on its cash and carry outlets that cater to the restaurant, hotel and institutions segment.
- ▶ Due to rising obesity rates, some consumers are choosing to purchase crackers and health and wellness-oriented biscuits over cookies.
- ▶ Artisanal baked goods dominate top markets such as France, Italy and Turkey. However, artisanal baked goods are less popular in other main markets such as the U.K. and Germany.

▶ **INSIDE THIS ISSUE**

<i>Consumer Trends</i>	2
<i>Retail Sales</i>	3
<i>Health and Wellness Bakery Products</i>	4
<i>Brand and Company Shares</i>	4
<i>Distribution Channels</i>	5
<i>New Products</i>	5
<i>Trade Data</i>	7



## ▶ RETAIL SALES



- ▶ In 2010, bakery product sales, including frozen bakery and desserts, reached a value of US\$145.9 billion in Western Europe.
- ▶ In the table below, baked goods as a category represents the market for breads, rolls, pastries, and cakes. Frozen bakery products include morning goods, pizza crusts, pastry shells, and frozen breads. Frozen desserts include frozen cakes, pies, and tarts, but excludes ice cream desserts.

### Market Sizes of Bakery Products in Western Europe Retail Value in US\$ millions - Current Prices

Categories	2005	2006	2007	2008	2009	2010
Bakery Products	125,540.1	128,388.0	131,962.9	137,764.6	140,501.0	142,586.6
Baked Goods	105,011.5	107,459.0	110,429.3	115,198.5	117,479.4	119,056.5
Biscuits	14,212.1	14,441.6	14,793.0	15,469.7	15,766.3	16,122.5
Breakfast Cereals	6,316.5	6,487.4	6,740.5	7,096.4	7,255.3	7,407.6
Frozen Bakery	1,298.3	1,320.6	1,360.6	1,420.0	1,439.4	1,455.6
Frozen Desserts	1,669.1	1,709.6	1,762.4	1,837.6	1,870.6	1,906.1
<b>Total</b>	<b>128,507.5</b>	<b>131,418.2</b>	<b>135,085.9</b>	<b>141,022.2</b>	<b>143,811.0</b>	<b>145,948.3</b>

Source: Euromonitor, 2011

- ▶ Italy is expected to become the largest Western European market for bakery products and frozen bakery/desserts. However, Norway is forecast to be the fastest-growing market, with an expected growth of 21.4% in value sales from 2011 to 2015. The United Kingdom is expected to be both a large and fast-growing market over the forecast period.

### Market Sizes of Bakery Products and Frozen Bakery and Desserts in Western Europe by Country Forecast Retail Value in US\$ millions - Current Prices

Geographies	2011	2012	2013	2014	2015	2011-2015 % Growth
<b>Western Europe</b>	<b>147,849.2</b>	<b>150,345.9</b>	<b>153,443.8</b>	<b>157,083.4</b>	<b>160,564.3</b>	<b>8.6</b>
Italy	25,639.0	26,039.3	26,708.4	27,580.7	28,469.9	11.0
France	22,522.4	22,876.2	23,257.3	23,658.1	24,057.2	6.8
Germany	21,855.4	21,624.9	21,518.2	21,504.4	21,556.9	-1.4
Turkey	20,325.1	21,044.1	21,687.7	22,371.0	22,814.8	12.2
United Kingdom	14,551.0	15,149.7	15,801.5	16,480.0	17,162.3	17.9
Spain	10,137.6	10,144.2	10,253.8	10,459.7	10,628.6	4.8
Netherlands	4,973.0	5,033.1	5,101.8	5,183.1	5,265.7	5.9
Belgium	4,726.1	4,813.1	4,906.4	4,997.7	5,083.1	7.6
Greece	3,875.9	4,005.0	4,170.9	4,339.2	4,527.0	16.8
Austria	3,871.3	3,946.2	4,026.2	4,116.0	4,205.0	8.6
Switzerland	3,345.3	3,386.4	3,438.5	3,499.9	3,547.2	6.0
Sweden	2,466.4	2,509.5	2,555.4	2,604.4	2,657.2	7.7
Finland	2,145.4	2,197.0	2,252.4	2,310.7	2,375.2	10.7
Norway	2,057.6	2,161.8	2,268.4	2,380.5	2,498.4	21.4
Denmark	1,846.4	1,820.4	1,807.0	1,805.9	1,814.7	-1.7
Portugal	1,545.0	1,584.9	1,631.8	1,683.3	1,740.6	12.7
Ireland	1,506.2	1,535.8	1,567.3	1,600.2	1,633.2	8.4

Source: Euromonitor, 2011



## ▶ HEALTH AND WELLNESS BAKERY PRODUCTS

- ▶ The health and wellness bakery products market represented approximately 17.4% of the total bakery products market (not including frozen products).
- ▶ Germany is the most popular market for health and wellness bakery products. In 2010, it held 23.5% of the Western European market. The U.K. and France are the second and third-largest health and wellness bakery products markets in the region.

**Market Sizes of Health and Wellness (HW) Bakery Products in Western Europe**  
Retail Value in US\$ millions - Current Prices

Categories	2005	2006	2007	2008	2009	2010
<b>Total HW Bakery Products</b>	<b>21,468.8</b>	<b>22,169.5</b>	<b>22,976.9</b>	<b>23,844.9</b>	<b>24,412.9</b>	<b>25,051.5</b>
HW Bread	12,454.8	12,865.3	13,293.4	13,677.2	13,954.5	14,281.2
HW Cakes	213.7	225.6	238.5	248.8	256.7	262.5
HW Biscuits	2,103.9	2,174.2	2,246.8	2,324.6	2,404.1	2,490.4
HW Breakfast Cereals	6,244.7	6,411.3	6,662.0	7,008.6	7,158.6	7,324.3
Other HW Baked Goods	451.7	493.1	536.2	585.7	639.0	693.1

*Source: Euromonitor, 2011. Note: Does not include frozen bakery and desserts.*

## ▶ BRAND AND COMPANY SHARES

- ▶ In 2009, artisanal producers held 58.6% of the bakery products market in Western Europe, while private label producers held almost 12%.
- ▶ According to Datamonitor, Kuchenmeister held almost 20% of the cakes and pastries market in Western Europe in 2009. Kraft held 24.5% of the cookies market, and 32.6% of the crackers market. Barilla held 20.3% of the morning goods market, and 23.7% of the breads and rolls market. Finally, Kellogg's held 58.2% of the breakfast cereals market in 2009.

**Top Brand Shares (by Global Brand Name) of Bakery Products in Western Europe**  
Retail Value % Breakdown

Brand	Company (Global Brand Name)	2005	2006	2007	2008	2009
Mulino Bianco	Barilla Holding SpA	1.2	1.2	1.2	1.3	1.4
Warburtons	Warburtons Ltd	0.7	0.7	0.8	0.8	0.8
Golden Toast	Barilla Holding SpA	0.6	0.6	0.6	0.6	0.6
LU	Kraft Foods Inc	-	-	0.5	0.5	0.5
Hovis	Premier Foods Plc	-	-	0.6	0.5	0.5
Kingsmill	Associated British Foods Plc	0.5	0.5	0.4	0.5	0.4
Harry's	Barilla Holding SpA	0.4	0.4	0.4	0.4	0.4
Bimbo	Sara Lee Corp	0.4	0.4	0.4	0.4	0.4
Kellogg's Special K	Kellogg Co	0.3	0.4	0.4	0.4	0.4
Pasquier	Brioche Pasquier SA	0.3	0.3	0.3	0.3	0.3
Artisanal	Artisanal	58.5	58.3	58.3	58.6	58.6
Private label	Private Label	11.4	11.6	11.6	11.7	11.9

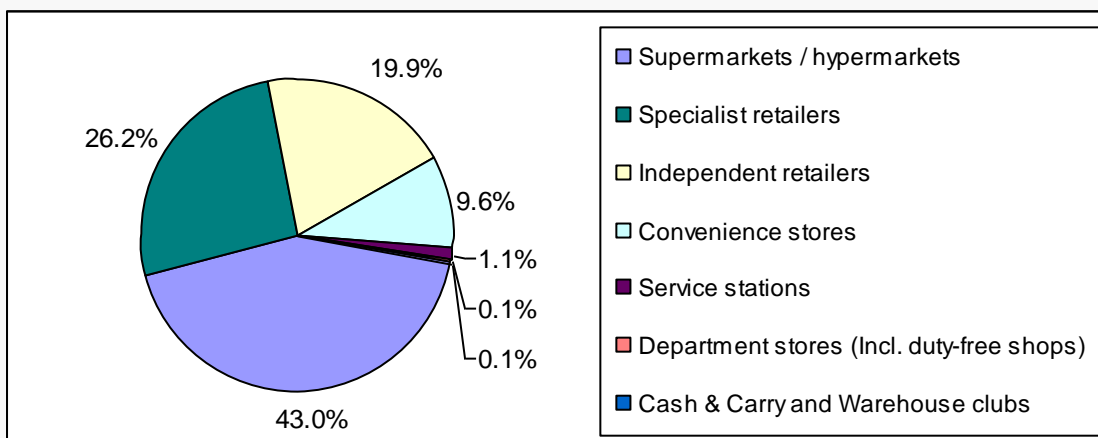
*Source: Euromonitor, 2011. Note: Brand shares do not include frozen bakery and desserts; 2010 figures are not yet available.*



## ▶ DISTRIBUTION CHANNELS

- ▶ In 2009, 43% of all bakery product sales in Western Europe were through supermarkets or hypermarkets. By segment, 53.7% of cakes and pastries were sold in specialist retailers, while 65.1% of cookies, 67% of crackers, 36% of morning goods, 77.2% of breakfast cereals, and 35.5% of breads and rolls were sold in supermarkets and hypermarkets.

**Distribution Shares of Bakery Products in Western Europe  
Retail Value, 2009**



*Source: Datamonitor, 2010. Note: Does not include frozen bakery or frozen desserts.*

## ▶ NEW PRODUCTS

- ▶ The following are two examples of new bakery products that entered the Western European market within the past year, from Mintel Global New Products Database (2011).



**Wholegrain Biscuits**  
Country: Italy  
Company: Kraft Foods  
Price: US\$3.00



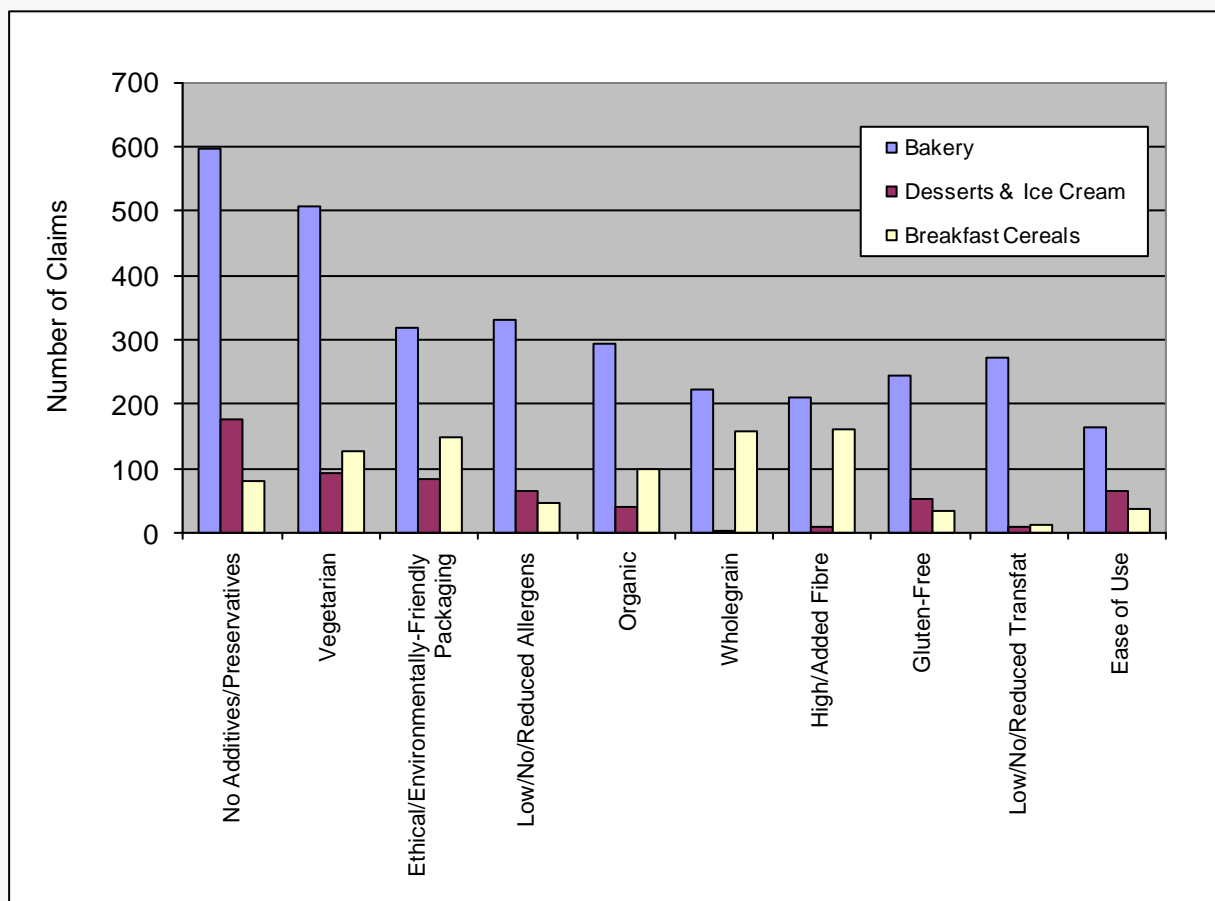
**White Chocolate and Cranberry Cookies**  
Country: France  
Company: Scamark (private label)  
Price: US\$2.03

▶ **NEW PRODUCTS (continued)**



- ▶ A total of 5,259 new bakery, cereal and dessert products entered the Western European market between January 2011 and July 2011.
- ▶ The U.K. was the most active country in Western Europe, accounting for over a fifth (22%) of the region's bakery launches, followed by Germany (16%), France (13%), Italy (12%), and Spain (9%).
- ▶ From January 2011 to July 2011, the “no additives/preservatives claim” was the most popular for bakery and desserts in Western Europe. The most popular product claims for breakfast cereals were “wholegrain” and “high/added fibre.”

**New Western Europe Product Introductions in Bakery, Desserts and Breakfast Cereals  
January 2011 to July 2011 – By Claims**



Source: Mintel GNPD, 2011

- ▶ When broken down into sub-categories, sweet biscuits and cookies contribute 25% of all bakery, dessert and cereal launches in Western Europe. A total of 18% of all new products were in the cakes, pastries and sweet goods sub-category, 14% were in bread and bread products, and 9% were in baking ingredients and mixes.

## ▶ TRADE DATA



- ▶ According to Statistics Canada, Canada exported over CAD\$1.7 billion worth of bakery products to the world in 2010. The proportion of these exports that went to Western Europe was roughly 1%. Approximately 95% of all Canadian bakery product exports were sent to the United States in 2010.
- ▶ The EU27 imported around US\$633.6 million worth of bread, pastries, sweet biscuits, waffles, wafers, pharmacy product casings, gingerbread, rusks, and other baked goods from countries outside of the EU27 in 2010. Canada's share of this market was US\$19 million, or 3% in 2010.
- ▶ The EU27 imported around US\$338.9 million worth of food products for the use of bakery product preparation from countries outside of the EU27. Canada's share of this market was US\$2.7 million, or 0.8% in 2010.

EU27 (External Trade) Imports from World Commodity 1905: Pastry, Cakes, Biscuits and Other Bakers' Wares, Whether or Not Containing Cocoa; Communion Wafers, Empty Cachets For Pharmaceutical Use Sealing Wafers, Rice Paper and Similar Products						
Partner Country	CAD \$			% Share		
	2008	2009	2010	2008	2009	2010
<b>World</b>	<b>627,198,860</b>	<b>631,968,005</b>	<b>633,556,647</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Switzerland	148,429,095	150,739,459	137,735,282	23.7	23.9	21.7
Turkey	81,232,081	82,829,241	80,163,274	13.0	13.1	12.7
China	46,366,204	59,210,280	66,958,896	7.4	9.4	10.6
United States	48,970,956	41,310,238	49,609,492	7.8	6.5	7.8
Thailand	34,725,232	37,012,558	36,123,614	5.5	5.9	5.7
Norway	22,526,593	21,865,624	22,495,461	3.6	3.5	3.6
Croatia	18,737,099	21,781,254	21,600,134	3.0	3.5	3.4
Vietnam	19,155,869	18,300,721	20,191,634	3.1	2.9	3.2
Canada	23,703,986	20,152,584	19,031,799	3.8	3.2	3.0
Singapore	12,843,616	13,455,591	18,743,551	2.1	2.1	3.0

Source: Global Trade Atlas, 2011

EU27 (External Trade) Imports from World Commodity 1901: Malt Extract; Food Preparations of Flour, Groats, Meal, Starch or Malt Extract, Not Containing Cocoa or Containing Less than 40% Cocoa						
Partner Country	CAD \$			% Share		
	2008	2009	2010	2008	2009	2010
<b>World</b>	<b>390,590,493</b>	<b>401,620,383</b>	<b>338,862,639</b>	<b>100</b>	<b>100</b>	<b>100</b>
Switzerland	232,395,399	234,598,379	211,913,922	59.5	58.4	62.5
United States	39,478,774	49,094,064	36,995,696	10.1	12.2	10.9
Croatia	25,434,969	29,075,561	26,279,322	6.5	7.2	7.8
China	11,340,500	10,885,203	9,178,353	2.9	2.7	2.7
India	21,815,192	19,993,666	7,229,057	5.6	5.0	2.1
Singapore	12,607,707	11,212,667	6,725,208	3.2	2.8	2.0
Australia	3,089,617	4,138,807	3,797,292	0.8	1.0	1.1
Turkey	3,186,323	3,726,459	3,782,441	0.8	0.9	1.1
Russia	6,509,466	5,643,631	2,998,587	1.7	1.4	0.9
Norway	3,631,098	2,916,961	2,886,204	0.9	0.7	0.9
Canada	3,165,883	1,150,261	2,668,651	0.8	0.3	0.8

Source: Global Trade Atlas, 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.

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