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International Markets Bureau

MARKET INDICATOR REPORT | NOVEMBER 2011

Confectionery
in Western Europe

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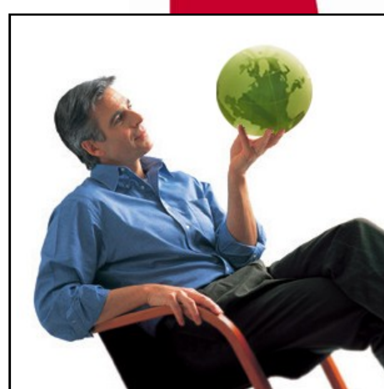


Growing Forward

Canada

MARKET SNAPSHOT

- Of all Western European countries, Norway has the largest per-capita consumption of confectionery products, followed closely by Ireland.
- Germany, the United Kingdom (UK), France and Italy generate the largest value sales of confectionery products.
- The UK and Germany benefit from the highest penetration of sweets (as measured by new product launches) and a high frequency of consumption (Euromonitor), which make them both mature, well-established markets.
- In terms of growth rates, the confectionery market is sluggish in this region. In 2010, modest growth was registered in the UK and France, while sales were stagnant in Italy, Germany and France.
- Sales have been hampered by health-oriented lifestyle trends, as well as the concern over rising obesity rates in developed countries.
- Manufacturers have responded by launching no/low/reduced sugar variations of confectionery products.
- Trends in the sugar confectionery market are trickling down to the medicated confectionery sector. Wider distribution and new flavours have aided medicated confectionery in maintaining a stronger presence in the market.

Source: *Euromonitor 2011*

INSIDE THIS ISSUE

Source: *Shutterstock*

RETAIL SALES

Confectionery Market Size in Western Europe, by Country Retail Sales Value RSP in US$ millions						
Country	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Germany	12,000	11,987	12,153	12,306	12,276	12,258
United Kingdom	9,784	10,015	10,513	10,893	11,149	11,439
France	6,707	6,826	7,050	7,215	7,300	7,443
Italy	5,178	5,387	5,607	5,690	5,726	5,902
Spain	2,388	2,527	2,668	2,783	2,807	2,814
Netherlands	1,762	1,796	1,871	1,997	2,064	2,128
Turkey	1,147	1,348	1,514	1,653	1,777	1,927
Sweden	1,462	1,511	1,558	1,609	1,647	1,668
Switzerland	1,513	1,540	1,580	1,637	1,593	1,577
Norway	1,183	1,216	1,279	1,365	1,459	1,545
Belgium	1,263	1,313	1,398	1,424	1,437	1,448
Austria	1,186	1,200	1,215	1,229	1,230	1,238
Denmark	1,124	1,160	1,185	1,182	1,157	1,144
Ireland	990	1,001	1,014	1,046	1,075	1,106
Finland	905	921	954	1,007	1,051	1,050
Greece	622	658	681	718	738	740
Portugal	553	573	596	621	638	653
Western Europe	49,964	51,180	53,024	54,563	55,330	56,292

Source: *Euromonitor 2011.* ***Note:*** *The Western Europe total as it appears here is higher than the actual total, because not all Western European countries that are included in this regional grouping, are reflected in this table.*

- Healthy eating trends have led some individuals to reduce confectionery consumption. However, the main driver of the market remains the treat aspect, or rewarding oneself with confectionery products.

- New product development has focused on developing functional and low/no/reduced sugar products to appeal to health-conscious consumers and, more recently, on launching natural variants.

- Interest in retro-inspired products has strengthened following the recession, as consumers seek out comfort in nostalgia.

- Ethical issues have an increasing influence on new product development. Thus far, the main focus has been environmentally friendly packaging, but the trend is also moving toward organic and fair-trade product ranges, and the use of ingredients from sustainable agricultural practices.

Health and Wellness (HW) Confectionery Market Sizes in Western Europe Retail Sales Value in US$ millions						
Categories	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Medicated Confectionery	1,403	1,442	1,632	1,728	1,641	1,613
Diabetic Confectionery	151	158	178	190	182	177
Functional/Fortified Confectionery	3,100	3,262	3,807	4,087	3,899	3,842
HW Confectionery	7,592	7,988	9,365	10,103	9,491	9,296
HW Chocolate Confectionery	748	788	899	944	878	865
HW Sugar Confectionery	2,953	3,086	3,510	3,782	3,639	3,595

Source: *Euromonitor 2011*

MARKET SEGMENTATION

The confectionery category represents chocolate confectionery, sugar confectionery and gum. Please note that retail sales figures are limited to packaged food (which includes pick 'n' mix products, and sales from chocolatiers, where products are typically displayed loose and packaged upon customer purchase). However, exceptions are made for seasonal chocolate, where unpackaged/artisanal sales are included.

Market Sizes Historic Retail Sales Value RSP in US$ million						
Categories	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Confectionery	48,529	50,120	56,620	59,997	56,033	56,292
Chocolate Confectionery	30,900	31,961	36,048	38,188	35,769	36,100
Gum	4,603	4,804	5,680	6,110	5,627	5,573
Sugar Confectionery	13,027	13,355	14,892	15,699	14,637	14,618

Source: *Euromonitor 2011*

- The confectionery market in Western Europe was led by chocolate, representing 64% of total value in 2010, followed by sugar confectionery and gum, with 25.9% and 9.9% market shares, respectively.
- The confectionery market in Western Europe is expected to be worth US$60,749 million by the end of 2015, with a forecast compound annual growth rate (CAGR) of 2.1% between 2010 and 2015.

Market Sizes Forecast Retail Sales Value RSP in US$ millions					
Categories	**2011**	**2012**	**2013**	**2014**	**2015**
Confectionery	56,686	57,564	58,532	59,590	60,749
Chocolate Confectionery	36,513	37,227	37,996	38,807	39,681
Gum	5,572	5,623	5,691	5,780	5,884
Sugar Confectionery	14,601	14,714	14,846	15,003	15,184

Source: *Euromonitor 2011*

COMPANY AND BRAND SHARES

Company Shares - Retail Sales Value - % Breakdown					
Companies	**2005**	**2006**	**2007**	**2008**	**2009**
Mars Inc	8.4	8.2	8.3	12.2	11.6
Cadbury Plc	0.0	0.0	0.0	10.9	10.6
Ferrero Group	8.5	8.7	8.8	8.9	9.1
Nestlé SA	8.7	8.7	8.5	8.1	8.0
Kraft Foods Inc	6.8	6.9	6.9	7.1	7.1
Perfetti Van Melle Group	3.4	4.1	4.3	4.5	4.6
Chocoladefabriken Lindt & Sprüngli AG	3.3	3.4	3.5	3.7	3.9
Storck KG, August	3.0	3.0	2.9	3.0	3.1
Haribo GmbH & Co KG	2.7	2.7	2.6	2.6	2.6
Leaf International BV	2.3	2.3	2.5	2.2	2.2
Yildiz Holding AS	0.9	1.0	1.1	1.3	1.3
Private Label	8.9	8.9	8.8	9.0	9.2
Others	13.9	13.8	13.9	13.9	13.9

Source: *Euromonitor 2011*

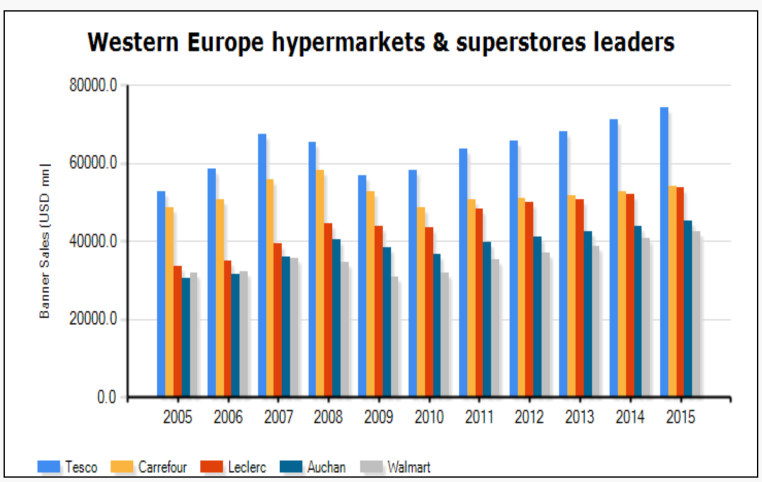
COMPANY AND BRAND SHARES (continued)

Brand Shares (by Global Brand Name) - Retail Sales Value - % Breakdown						
Brand	**Company/Global Brand Name**	**2005**	**2006**	**2007**	**2008**	**2009**
Milka	Kraft Foods Inc	2.8	2.8	2.8	2.9	3.0
Lindt	Chocoladefabriken Lindt & Sprüngli AG	1.6	1.6	1.6	1.7	1.8
Kinder Surprise	Ferrero Group	1.6	1.6	1.6	1.6	1.6
KitKat	Nestlé SA	1.3	1.3	1.4	1.4	1.4
Cadbury's Dairy Milk	Cadbury Plc	-	-	-	1.5	1.4
Haribo	Haribo GmbH & Co KG	1.4	1.4	1.4	1.3	1.4
Extra	Mars Inc	-	-	-	1.6	1.4
Galaxy/Dove	Mars Inc	1.3	1.3	1.4	1.4	1.3
Ritter Sport	Ritter GmbH & Co KG, Alfred	1.3	1.2	1.2	1.2	1.2
Mars	Mars Inc	1.2	1.2	1.3	1.2	1.1
Private label	Private Label	8.9	8.9	8.8	9.0	9.2
Others	Others	29.4	29.8	28.8	28.3	28.5

Source: *Euromonitor 2011*

- Increasing attention is being given to new products that claim to use natural flavours and are free from additives and preservatives.
- New product development saw the launches of many fruit-based sugar confectionery, which helps to address both natural and health issues.
- Manufacturers have also addressed ethical issues, mainly focusing on launching products with recycled or recyclable packaging, but also organic and fair trade confectionery.
- The self-indulgent aspect is less related to gum confectionery with the main focus in this market being maintaining oral hygiene. Claims include tooth whitening, breath freshness and tooth decay prevention.

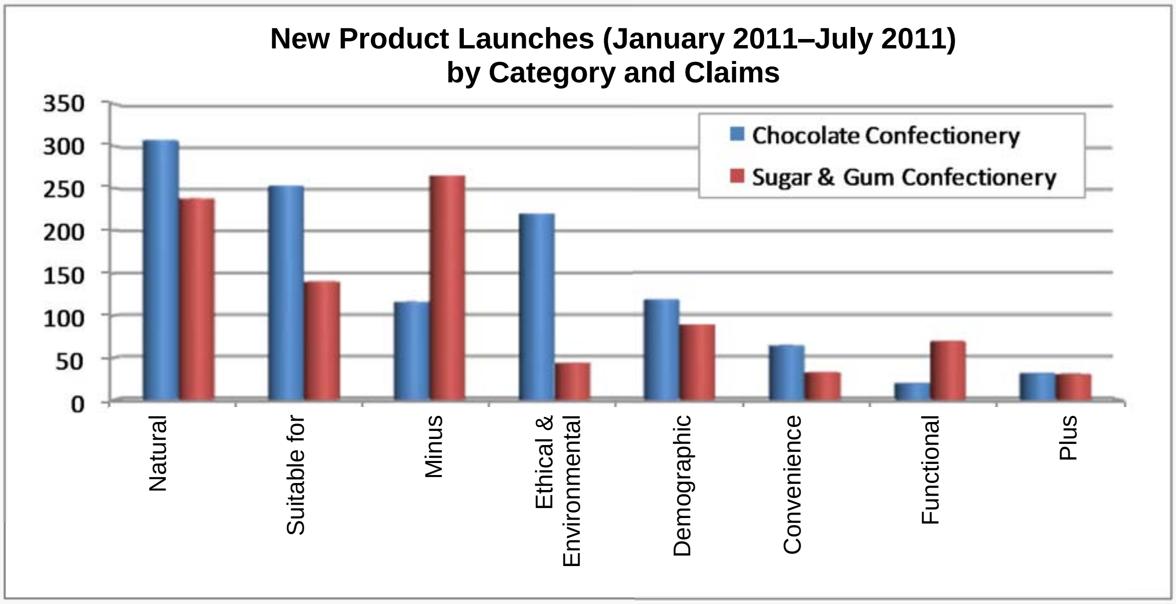
DISTRIBUTION CHANNELS



Source: *Planet Retail, 2011*

- Hypermarkets and superstores are Western Europe's most predominant retail formats, thanks to the operations of well-established players such as Carrefour, Auchan, Tesco, Metro Group and Schwarz Group.
- As a result of the legal restrictions placed on both hypermarket openings and large-scale mergers, the convenience store format has been increasingly utilized by mass market retailers.

NEW PRODUCT LAUNCHES



Source: *Mintel 2011*

- Germany was the most active country in Europe, accounting for over a fifth (21%) of all Western European confectionery launches, followed by the UK (17%) and Austria, Spain and France (each with 7%).
- When divided into sub-categories, chocolate tablets held one-third of new confectionery product launches, followed by non-individually wrapped chocolate pieces (24%), seasonal chocolate (18%), individually wrapped chocolate pieces (13%), chocolate countlines, or chocolate-covered bars designed to be eaten in one sitting (9%), and other chocolate confectionery (3%).
- The top claims amongst new confectionery product launches focused on ethical and natural attributes, including seasonal (19% of launches in the Western Europe region), vegetarian (10%), environmentally friendly packaging (8%), no additives/preservatives (7%), and organic (7%).

Source: *Shutterstock*

Source: *Shutterstock*

TRADE DATA

EU27 (External Trade) Imports from the World Commodity 1704: Sugar Confectionery (Including White Chocolate), Not Containing Cocoa						
Partner Country	CAD $			% Share		
	2008	2009	2010	2008	2009	2010
World	378,037,302	363,411,175	351,281,577	100.00	100.00	100.00
Switzerland	69,709,013	76,018,548	84,009,222	18.44	20.92	23.92
China	81,743,995	70,899,039	67,908,424	21.62	19.51	19.33
Turkey	73,310,768	69,637,137	59,919,186	19.39	19.16	17.06
United States	24,142,102	21,376,226	20,259,986	6.39	5.88	5.77
Colombia	17,138,411	19,944,354	15,983,040	4.53	5.49	4.55
Thailand	12,893,411	10,917,850	14,107,667	3.41	3.00	4.02
Russia	10,219,559	10,985,782	12,070,520	2.70	3.02	3.44
Ukraine	4,969,943	5,583,297	7,505,320	1.31	1.54	2.14
Norway	15,950,175	11,334,146	6,714,046	4.22	3.12	1.91
Ecuador	5,056,349	4,279,012	5,987,184	1.34	1.18	1.70
Canada	3,440,489	2,516,766	2,851,374	0.91	0.69	0.81

Source: *Global Trade Atlas 2011*

EU27 (External Trade) Exports to the World Commodity 1704: Sugar Confectionery (Including White Chocolate), Not Containing Cocoa						
Partner Country	CAD $			% Share		
	2008	2009	2010	2008	2009	2010
World	981,416,889	976,598,852	872,853,232	100.00	100.00	100.00
United States	149,215,691	169,232,365	158,745,855	15.2	17.33	18.19
Switzerland	89,059,812	95,967,137	87,426,795	9.07	9.83	10.02
Norway	89,037,128	91,594,036	85,819,781	9.07	9.38	9.83
Russia	151,682,102	108,324,833	75,017,469	15.46	11.09	8.59
Canada	55,292,251	60,695,098	56,559,506	5.63	6.21	6.48
Japan	45,771,667	44,902,285	40,576,040	4.66	4.60	4.65
Australia	39,946,308	44,640,798	35,564,838	4.07	4.57	4.07
Israel	25,655,665	23,778,141	23,668,257	2.61	2.43	2.71
Saudi Arabia	14,958,914	17,677,964	17,294,937	1.52	1.81	1.98
United Arab	17,683,965	18,793,667	16,227,964	1.80	1.92	1.86

Source: *Global Trade Atlas 2011*

EU27 (External Trade) Imports from the World Commodity 1806: Chocolate And Other Food Preparations Containing Cocoa						
Partner Country	CAD $			% Share		
	2008	2009	2010	2008	2009	2010
World	873,737,142	774,895,808	725,668,849	100.00	100.00	100.00
Switzerland	521,509,236	504,587,917	471,497,348	59.69	65.12	64.97
Côte d'Ivoire	120,157,855	77,945,126	73,892,925	13.75	10.06	10.18
Norway	44,043,202	35,572,404	34,489,265	5.04	4.59	4.75
United States	35,710,020	36,492,292	31,333,333	4.09	4.71	4.32
Turkey	27,212,316	24,325,027	25,404,216	3.11	3.14	3.50
Russia	19,862,040	17,770,114	16,573,299	2.27	2.29	2.28
Ukraine	14,615,241	13,471,603	15,128,167	1.67	1.74	2.08
Croatia	16,233,225	16,696,097	11,895,713	1.86	2.15	1.64
Canada	7,507,285	7,153,126	7,334,148	0.86	0.92	1.01
China	7,459,319	3,516,953	4,532,888	0.85	0.45	0.62

Source: *Global Trade Atlas 2011*

EU27 (External Trade) Exports to the World Commodity 1806: Chocolate And Other Food Preparations Containing Cocoa						
Partner Country	CAD $			% Share		
	2008	2009	2010	2008	2009	2010
World	3,014,569,329	2,970,843,618	2,996,881,796	100.00	100.00	100.00
United States	391,834,119	373,572,574	367,082,714	13.00	12.57	12.25
Russia	289,747,830	229,175,175	257,137,138	9.61	7.71	8.58
Switzerland	231,410,938	245,048,436	236,908,617	7.68	8.25	7.91
Canada	212,772,936	217,598,417	200,752,200	7.06	7.32	6.7
Norway	167,178,700	180,408,039	182,943,186	5.55	6.07	6.10
Australia	158,643,022	178,489,186	160,224,069	5.26	6.01	5.35
Japan	156,346,147	137,382,383	132,000,681	5.19	4.62	4.40
United Arab Emirates	112,185,321	112,934,910	110,225,417	3.72	3.80	3.68
Turkey	103,856,458	101,039,241	104,940,696	3.45	3.40	3.50
China	45,777,918	67,039,602	88,072,943	1.52	2.26	2.94

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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