Agriculture and Agri-Food Canada
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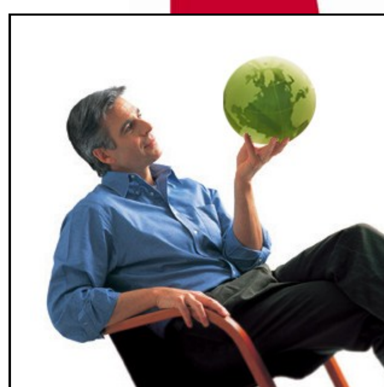
International Markets Bureau

MARKET INDICATOR REPORT | JANUARY 2011

# Packaged Food Sales

## in Poland



Growing Forward

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## EXECUTIVE SUMMARY

The Polish packaged food sector is a promising market that is forecast to grow 19.1% in value over the 2010-2014 period. Dairy products is the top sub-sector, and its sales are anticipated to reach US$5.6 billion by 2014, an increase of 18.7% from 2010. The three sub-sectors expected to have the fastest growth between 2010 and 2014 are snacks bars, baby food, and ice cream with increases of 59.7%, 35.2% and 33.6% in value, respectively.

Multinational corporations represent the majority of the packaged food market, however, there are opportunities for local players to increase their share by focusing primarily on niche sectors.

The main trends in the Polish packaged food market include a shift towards quality private labels, a shift towards health and wellness products, and a greater reliance on discounters for purchases of basic foodstuffs.

The number of discounters in Poland is forecast to increase at the expense of small grocery retailers, as they can provide a satisfactory variety of goods at a reasonable price.

## INSIDE THIS ISSUE



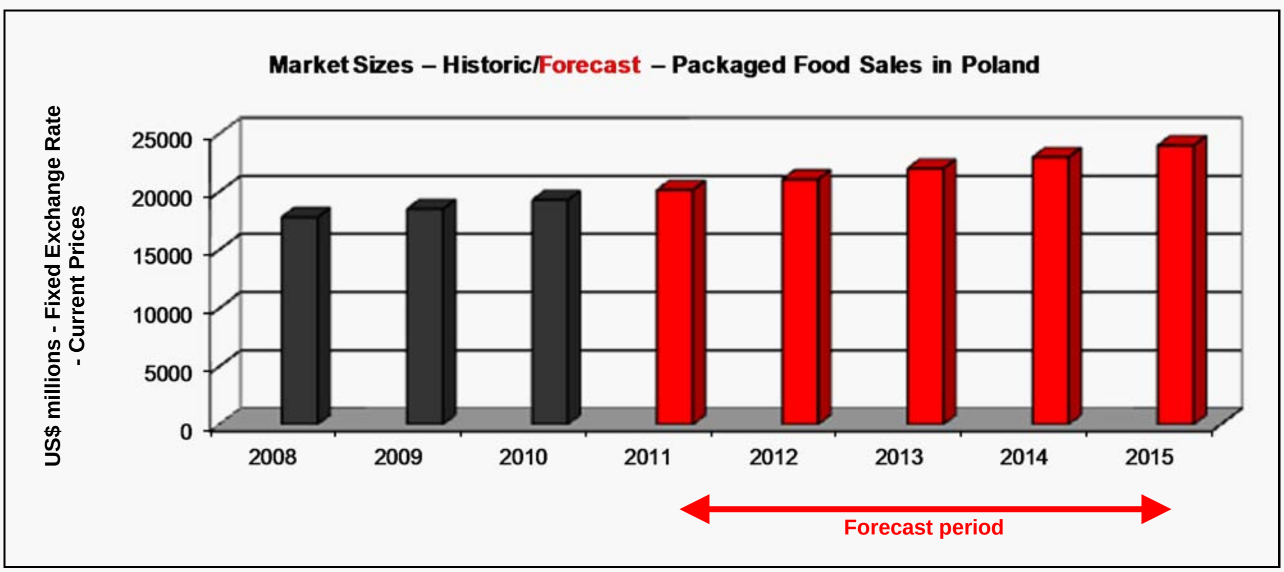
## CONSUMER TRENDS

- Poland has the second-largest gross domestic product (GDP) in Eastern Europe with US$469 billion, and the third-largest population with 38.2 million inhabitants.
- Packaged food in Poland is growing both in terms of value and volume, as Poles are more willing to cut their expenditures on services and non-essential food, such as cake and pastries, than on basic foods. However, despite this growth, a shift towards cheaper products has been observed.
- Private labels are expected to be increasingly popular as Poles are reaching for value-for-money offerings and are increasingly price-sensitive buyers.
- The proportion of the Polish population aged 15 and over that is classified as obese reached 20.2% in 2010, up from 17.5% in 2005. Over the same period, the overweight population increased by 0.3%, reaching 33.9% in 2010. Poles are being drawn to healthier living standards by extensive media coverage on the subject, and are seeking packaged food that both tastes good and provides additional health benefits. Therefore, companies are increasingly producing or extending their ranges with healthier variants such as fortified/functional and organic varieties.

According to Euromonitor, manufacturers are likely to cooperate with leading discounters, and either produce private label goods or have their own brands sold at exclusive discounters.

## MARKET TRENDS

- Poland's real GDP growth, which was 3.8% in 2010, is expected to remain stable in 2011. Nevertheless, Polish consumer expenditure on food is forecast to grow by 5.5% in 2010-2011.
- In terms of economic growth, Poland is comparable to some Western European countries. Germany, for example, had the second-fastest-growing GDP in Western Europe with 3.6% in 2010 (behind Turkey with 9.2%).
- Poland was a considerable market for packaged food in 2010, with retail sales of US$19.3 billion. When looking at population size compared to the value of the packaged food market, Poland and Turkey, the fastest-growing country in Western Europe, are similarly proportioned. Poland has about half of Turkey's population and over 55% of its packaged food sales value. Poland's packaged food market size is about 20% of the markets in France, Italy, the United Kingdom and Germany (Western Europe's largest packaged food market).
- In 2010, private label accounted for 5.5% of packaged food value sales, an increase from 5.3% in 2008, and 5.0% in 2007. Quality is an important element of private label and knowing this, manufacturers are heightening the quality of their products, making this category even more appealing to consumers. Growing demand is expected to push manufacturers to offer a wider variety of better-quality products, and will ensure that private label goods are introduced within new categories, such as baby food.
- Multinational companies dominate the packaged food market and are expected to maintain their leadership by investing heavily in new product development, the expansion of distribution networks, and promotional campaigns. However, local manufacturers can increase their market share by concentrating on niche sectors, such as organic food products.
- Children are an interesting niche for manufacturers in the packaged food market. Poland's birth rate has been increasing and was at 10.8 births per 1,000 inhabitants in 2010, compared to 9.5 in 2005.
- The number of discounters in Poland is expected to increase from 2,083 in 2009, to 3,029 in 2014. This growing popularity is due to a growing number of Poles seeking cheaper prices for basic foodstuffs. Discounters offer both branded products at a good price and a large selection of private label products. In order to meet the needs of a greater number of consumers, discount chains are introducing different price ranges in private label lines, such as economy, standard and premium.
- Independent small grocers, which are still the main distribution channel in Poland, have lost share to both supermarkets/hypermarkets and discounters.




**Source:** *Euromonitor, 2011.*

## ▶ TOP PACKAGED FOOD CATEGORIES

**Top Packaged Food Category Sales in Poland**
**- Retail Sales Price (RSP) - US$ Millions**

| Categories | 2008 | 2009 | 2010 | 2011 | 2015 |
|---|---|---|---|---|---|
| Baked Goods | 2,902.7 | 2,935.7 | 2,958.3 | 2,973.6 | 3,077.8 |
| Chocolate Confectionery | 1,567.6 | 1,683.5 | 1,776.8 | 1,871.2 | 2,248.9 |
| Cheese | 1,270.0 | 1,319.4 | 1,378.8 | 1,440.6 | 1,757.7 |
| Drinking Milk Products | 1,102.9 | 1,130.7 | 1,162.1 | 1,197.6 | 1,334.9 |
| Other Dairy | 1,059.4 | 1,098.8 | 1,141.9 | 1,187.8 | 1,368.4 |
| Yogurt and Sour Milk Drinks | 887.7 | 937.9 | 992.5 | 1,053.0 | 1,333.6 |
| Biscuits | 525.5 | 549.2 | 571.4 | 594.2 | 682.1 |
| Spreadable Oils and Fats | 497.1 | 518.0 | 542.6 | 567.5 | 678.7 |
| Butter | 470.9 | 480.3 | 491.9 | 505.1 | 591.4 |
| Chilled Processed Meat | 390.8 | 426.7 | 461.5 | 494.8 | 602.4 |
| Sugar Confectionery | 421.8 | 435.7 | 450.8 | 468.8 | 550.1 |
| Vegetable and Seed Oil | 428.7 | 435.1 | 443.4 | 454.0 | 504.6 |
| Dried Pasta | 270.2 | 279.5 | 291.2 | 305.0 | 371.6 |
| Herbs and Spices | 260.7 | 272.5 | 285.5 | 299.6 | 353.8 |
| Chilled Fish/Seafood | 262.1 | 269.9 | 278.1 | 286.7 | 325.3 |
| Gum | 271.6 | 280.3 | 277.5 | 278.0 | 301.7 |
| Breakfast Cereals | 208.5 | 232.3 | 257.9 | 285.1 | 403.2 |
| Impulse Ice Cream | 205.4 | 218.7 | 233.7 | 250.6 | 333.3 |
| Fruit Snacks | 208.5 | 216.5 | 225.6 | 236.2 | 285.0 |
| Chips/Crisps | 212.5 | 217.6 | 223.4 | 230.6 | 263.3 |
| Canned/Preserved Fish/Seafood | 195.0 | 204.9 | 216.3 | 229.8 | 302.8 |
| Frozen Processed Fish/Seafood | 190.1 | 194.3 | 198.9 | 204.6 | 235.5 |
| Mayonnaise | 175.9 | 181.2 | 186.1 | 192.0 | 219.0 |
| Rice | 179.4 | 179.5 | 183.5 | 188.3 | 214.3 |
| Pickled Products | 158.8 | 162.3 | 166.3 | 171.2 | 193.9 |
| Take-Home Ice Cream | 134.2 | 145.3 | 157.9 | 171.9 | 237.7 |
| Instant Noodles | 131.3 | 141.6 | 150.4 | 159.5 | 194.7 |
| Canned/Preserved Meat and Meat Products | 141.1 | 142.7 | 144.7 | 148.7 | 168.3 |
| Nuts | 128.1 | 135.0 | 142.4 | 151.3 | 194.8 |
| Canned/Preserved Ready Meals | 120.5 | 132.4 | 142.3 | 151.1 | 183.1 |
| Milk Formula | 123.9 | 130.5 | 137.7 | 145.7 | 189.4 |
| Canned/Preserved Fruit | 127.1 | 132.2 | 137.4 | 142.5 | 160.2 |
| Canned/Preserved Vegetables | 122.4 | 126.1 | 130.3 | 134.1 | 147.5 |
| Jams and Preserves | 132.0 | 126.7 | 129.9 | 133.8 | 151.9 |
| Ketchup | 116.4 | 123.3 | 129.4 | 136.7 | 171.2 |
| Dessert Mixes | 115.3 | 119.2 | 123.3 | 127.7 | 148.7 |
| Extruded Snacks | 117.9 | 118.2 | 119.2 | 121.1 | 131.3 |
| Margarine | 109.4 | 110.0 | 110.8 | 111.7 | 117.4 |
| Prepared Baby Food | 88.8 | 95.9 | 104.1 | 113.5 | 167.6 |
| Honey | 101.4 | 102.5 | 104.0 | 105.1 | 113.9 |
| Frozen Ready Meals | 95.0 | 99.3 | 104.0 | 109.1 | 134.1 |
| Bouillon/Stock Cubes | 103.5 | 103.6 | 103.9 | 104.6 | 109.3 |
| Frozen Processed Vegetables | 92.6 | 98.0 | 102.5 | 107.0 | 122.9 |
| Pretzels | 90.9 | 91.8 | 92.7 | 94.1 | 101.1 |
| **Total Packaged Food** | **17,816.2** | **18,531.6** | **19,304.2** | **20,165.9** | **24,013.4** |

***Source:*** *Euromonitor, 2011.*

(Forecast Period)

**The Polish packaged food sector is expected to reach sales of over US$24 billion by 2015.**

***Note:*** *Totals as they are listed here are higher than actual totals, as only the top sub-categories are listed.*

# KEY MARKET SEGMENTS: 2009-2010

## *DAIRY PRODUCTS*

- In 2010, this sector's sales increased from US$4.5 billion to US$4.7 billion. Sales volume increased from 2.3 million tonnes to 2.4 million tonnes.

**Main Sectors**
- Cheese sales went from US$1.3 billion to US$1.4 billion.
- Sales of drinking milk products increased slightly from US$1.1 billion to US$1.2 billion.
- Other dairy sales increased from US$1.10 billion to US$1.14 billion.

**Main Producers and their Polish Brands**
- Hochland Polska SA was the leader in the cheese market, holding 23.2% of retail sales. Its top leading brands were Hochland, Valbon and Almette.
- Spoldzielnia Mleczarska Mlekpol held a 22.7% share of the market for drinking milk products in 2009. The company's main brands were Laciate, Biale and Milko.
- OSM Piatnica and Danone Sp zoo led the other dairy market in 2009, with a combined 25.0% share.
- Private label sales made up 7.1% of the category in 2009.

**Forecasts for 2010-2014**
- Retail sales of dairy products are expected to grow by 18.7% in value. Cheese sales will grow by 21.4%, drinking milk products will increase by 11.8%, and sales of other dairy products will grow by 15.6% over the period.

## *BAKERY PRODUCTS*

- In 2010, this sector's sales grew from US$3.7 billion to US$3.8 billion, while retail volume remained stable at 1.5 million tonnes

**Main Sectors**
- Sales of baked goods increased from US$2.9 billion to US$3.0 billion.
- Biscuit sales increased from US$549.2 million to US$571.4 million.
- Breakfast cereal sales grew from US$232.3 million to US$257.9 million.

**Main Producers and their Polish Brands**
- Artisanal baked goods held 57.5% of the market in 2009. The remaining market share was fragmented between many companies.
- The leading company in the biscuits market was LU Polska Sp zoo, holding a 33.2% market share in 2009. Its leading brands were Delicje, LU, Lakotki, Pieguski and Jezyki.
- Nestlé Polska SA held 58.9% of the breakfast cereals market in 2009. Its top three brands were Nestlé Corn Flakes, Nesquick and Chocapic.
- Private label controlled 3.1% of the bakery products market in 2009.

**Forecasts for 2010-2014**
- Retail sales of bakery products are forecast to increase by 7.9%. By the end of 2014, sales of baked goods are expected to increase by 3.1%, while biscuits will grow by 15.6%, and breakfast cereals by 44.6%.

## KEY MARKET SEGMENTS: 2009-2010 (continued)

### *CONFECTIONERY*

- In 2010, sales increased in value from US$2.4 billion to US$2.5 billion, while sales volume grew from 211,000 to 219,000 tonnes.

**Main Sectors**

- Chocolate confectionery sales increased from US$1.7 billion to US$1.8 billion.
- Sugar confectionery sales increased from US$435.7 million to US$450.8 million.
- Gum sales decreased slightly from US$280.3 million to US$277.5 million.

**Main Producers and their Polish Brands**

- Cadbury Wedel Sp zoo was the leader in chocolate confectionery, holding 18.3% of the market in 2009. Its main brand was Wedel.
- Perfetti Van Melle Polska Sp zoo held 13.5% of the sugar confectionery market in 2009. Its main brands included Mentos, Fruit-tella, Chupa Chops and Alpenliebe. Cadbury Wedel Sp zoo and Jutrzenka Colian Sp zoo followed closely with 11.7% and 10.7% market shares, respectively.
- The market for gum was dominated by Dandy Gida Sanayii ve Ticaret AS, which held 53% in 2009. Perfetti Van Melle Group was second, with a 29% market share.
- Private label accounted for 4.1% of total confectionery sales in 2009.

**Forecasts for 2010-2014**

- This sector is forecast to grow by 19.0% from 2010 to 2014. Chocolate confectionery sales will increase by 21.3%, sales of sugar confectionery are expected to increase by 17.5%, and gum sales will increase by 6.3%.

### *OILS AND FATS*

- In 2010, sales in the oils and fats sector grew from US$1.6 billion to US$1.7 billion, while retail volume increased from 590,000 to 603,000 tonnes.

**Main Sectors**

- Sales of spreadable oils and fats increased from US$518.0 million to US$542.6 million.
- Butter sales increased from US$480.3 million to US$491.9 million.
- Sales of vegetable and seed oils rose from US$435.1 million to US$443.4 million.

**Main Producers and their Polish Brands**

- Zaklady Tluszczowe Kruszwica SA held 23.2% of the market for oils and fats in 2009. Its top three brands were Kujawski, Olek and Ola.
- Unilever Polska SA held 12.8% of the market in 2009. Its main brands were Rama, Delma, Kasia and Planta.
- Raisio Polska Foods Sp zoo held 8.1% of the market for oils and fats in 2009. Its main brand was Masmix.
- Private label held 6.4% of the oils and fats market in 2009.

**Forecasts for 2010-2014**

- Oils and fats are expected to see an increase of 14.9% in value over the period. Spreadable oils and fats are forecast to grow by 19.7%, butter by 14.5%, and vegetable and seed oils by 11.0%.

## KEY MARKET SEGMENTS: 2009-2010 (continued)

### *SAUCES, DRESSINGS AND CONDIMENTS*

- In 2010, sales in this sector grew from US$1.18 billion to US$1.22 billion. Sales volume rose from 278,000 to 285,000 tonnes.

**Main Sectors**
- Sales of herbs and spices increased from US$272.5 million to US$285.5 million.
- Mayonnaise sales increased from US$181.2 million to US$186.1 million.
- Sales of pickled products increased from US$162.3 million to US$166.3 million.

**Main Producers and their Polish Brands**
- Unilever Polska SA was the market leader in the sauces, dressings and condiments market in 2009, holding 13.8%. Its top three brands included Knorr, Hellmann's and Amino.
- Nestlé Polska SA held 13.6% of the market for sauces, dressings and condiments in 2009. Its main brand was Winiary.
- Kamis Przyprawy AS held 8.9% of the sauces, dressings and condiments market in 2009. Its main brand was Kamis.
- Private label represented 4.3% of the total market for sauces, dressings and condiments.

**Forecasts for 2010-2014**
- Sales of sauces, dressings and condiments are expected to grow by 15.6% over the period. Sales of herbs and spices will increase by 19.3%, mayonnaise by 13.7%, and pickled products by 12.8%.

### *DRIED PROCESSED FOOD*

- In 2010, sales in this sector grew from US$890.4 million to US$921.6 million, while retail volume increased from 288,000 to 297,000 tonnes.

**Main Sectors**
- Dried pasta sales increased from US$279.5 million to US$291.2 million.
- Rice sales increased from US$179.5 million to US$183.5 million.
- Sales of instant noodles rose from US$141.6 million to US$150.4 million.

**Main Producers and their Polish Brands**
- Unilever Polska SA led the dried processed food market with 17.7% of sales. Its major brands included Knorr and Amino.
- Lubella SA held 8.9% of the dried processed food market in 2009. Its main brand was Lubella.
- Nestlé Polska SA held 8.1% of the market in 2009. Its main brand was Winiary.
- Private label held 8.9% of dried processed food sales in 2009.

**Forecasts for 2010-2014**
- Dried processed food sales are forecast to increase by 17.4% by the end of 2014. Dried pasta sales will increase by 21.2%, rice sales by 12.6%, and instant noodles by 23.9%.

## KEY MARKET SEGMENTS: 2009-2010 (continued)

### *SWEET AND SAVOURY SNACKS*

- In 2010, sales of sweet and savoury snacks increased from US$800.5 million to US$825.2 million. Sales volume increased from 113,600 to 116,800 tonnes.

**Main Sectors**

- Sales of fruit snacks rose from US$216.5 million to US$225.6 million.
- Sales of chips and crisps grew from US$217.6 million to US$223.4 million.
- Sales of nuts increased from US$135.0 million to US$142.4 million.

**Main Producers and their Polish Brands**

- Frito-Lay Poland Sp zoo led the sweet and savoury snacks market with a share of 17.1% in 2009. Its leading brand was Lay's.
- Lorenz Bahlsen Snack-World Sp zoo held 11.6% of the sector in 2009. Its main brand was Crunchips.
- Bakalland SA held the third spot in the sweet and savoury snacks market, with a 9.3% share. Its main brand was Bakalland.
- Private label represented 8.8% of the total market for sweet and savoury snacks.

**Forecasts for 2010-2014**

- Sales of sweet and savoury snacks are expected to see an increase in value of 16.4% over the period.
- Sales of fruit snacks will grow by 20.3%, chips and crisps by 13.8% and nuts by 28.2%.

### *CANNED/PRESERVED FOOD*

- In 2010, this sector's sales increased in value from US$764.8 million to US$798.6 million, while retail volume increased from 231,500 to 239,400 tonnes.

**Main Sectors**

- Sales of canned/preserved fish and seafood increased from US$204.9 million to US$216.3 million.
- Sales of canned/preserved meat and meat products increased slightly from US$142.7 million to US$144.7 million.
- Sales of canned/preserved ready meals grew from US$132.4 million to US$142.3 million.

**Main Producers and their Polish Brands**

- Heinz Polska Sp zoo led the market for canned and preserved food with a share of 9.8% in 2009. The company's leading brand was Pudliszki.
- Bonduelle Polska Sp zoo held 6.9% of the market in 2009. Its main brand was Bonduelle.
- Graal SA held 6.6% of the market for canned and preserved food in 2009. Its main brand was Graal.
- Private label controlled 6.3% of the canned and preserved food market in 2009.

**Forecasts for 2010-2014**

- Sales of canned/preserved food are forecast to increase by 19.3% by the end of 2014. Sales of preserved fish and seafood are expected to increase by 30.0%, preserved meat and meat products by 12.4%, and preserved ready meals by 23.3%.

## COMPANY SHARES

**Polish Packaged Food Market**
**Company Shares (by Global Brand Owner)**
**- Retail Sales Value - % Breakdown**

| Company | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| Unilever Group | 3.6 | 3.6 | 3.6 | 3.7 | 3.8 |
| Nestlé SA | 2.8 | 2.9 | 3.4 | 3.4 | 3.5 |
| Danone Groupe | 3.0 | 3.1 | 2.8 | 3.0 | 3.0 |
| Mars Inc | 1.0 | 1.1 | 1.1 | 2.7 | 2.7 |
| Kraft Foods Inc | 1.2 | 1.3 | 2.3 | 2.4 | 2.5 |
| Spoldzielnia Mleczarska Mlekpol | 2.2 | 2.2 | 2.3 | 2.3 | 2.4 |
| Cadbury Plc | - | - | - | 2.0 | 2.1 |
| Bunge International Ltd | 1.3 | 1.3 | 1.5 | 2.2 | 2.1 |
| Hochland AG | 1.6 | 1.7 | 1.7 | 1.7 | 1.6 |
| Jutrzenka SA | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 |
| SM Mlekovita | 1.3 | 1.3 | 1.3 | 1.4 | 1.4 |
| OSM Lowicz | 1.1 | 1.1 | 1.1 | 1.3 | 1.3 |
| Artisanal | 11.0 | 10.6 | 10.4 | 9.9 | 9.6 |
| Private Label | 4.6 | 4.9 | 5.0 | 5.3 | 5.5 |

***Source**: Euromonitor, 2010, Poland Packaged Food.*
***Note**: 2010 data is not yet available.*

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