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International Markets Bureau

MARKET INDICATOR REPORT | JANUARY 2012

Packaged Food in Western Europe

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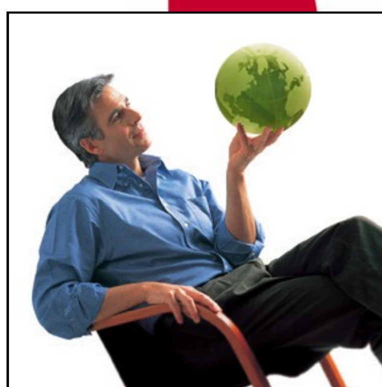

Growing Forward

Canada

EXECUTIVE SUMMARY

This report discusses the packaged food market of Western Europe. It gives a review of packaged food subsectors, market segments and retail distribution, as well as trends and opportunities in the region. For the purposes of this report, Western Europe consists of: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, and the United Kingdom. Particular focus is given to the top five geographic markets, which are Germany, France, Italy, the United Kingdom, and Spain.

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WESTERN EUROPE

Economic Indicators

- Western Europe had a population of 484 million and a gross domestic product (GDP) of US$16.7 trillion in 2010 (Table 1). Disposable income averaged at US$22,092 per capita, with France having the highest in the region at US$28,035 per capita. In Western Europe as a whole, 12% of consumer expenditure, or US$2,330 per capita, was attributed to food expenditure in 2010.

Table 1: Key Economic Indicators in Western Europe, 2010 (US dollars)

	Western Europe	France	Germany	Italy	Spain	United Kingdom
Gross Domestic Product (GDP) per capita	**34,635**	40,777	40,494	33,959	30,640	36,280
Disposable Income per capita	**22,092**	28,035	26,228	23,580	21,072	23,053
Food Expenditure per capita	**2,330**	2,869	2,126	2,835	2,217	1,926
Inflation Rate (%)	**2.2**	1.5	1.1	1.5	1.8	3.3
Unemployment Rate (%)	**9.6**	9.8	6.8	8.4	20.1	7.8

Source: *Euromonitor.*

Source: *Planet Retail.*

Packaged Food

- The packaged food market in Western Europe was worth over US$587 billion in 2010 (Table 2). Germany, France, Italy, and the United Kingdom were the largest markets, with a combined value of US$367 billion and a market share of over 60%. Between 2005 and 2010, Western Europe's packaged food market grew by 3%, and Norway, Switzerland, and Belgium were among the fastest growing markets. Despite recent economic difficulties, a growth rate of over 3% is expected for Western Europe over the next five years.

Table 2: Packaged Food Markets in Western Europe by Country (US$ millions)

Country	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Germany	101,908.9	103,601.6	104,216.4	1.7%	0.6%	17.6%
France	88,663.1	90,551.7	93,339.9	2.1%	3.1%	15.4%
Italy	83,909.3	87,920.0	92,022.1	4.8%	4.7%	15.0%
United Kingdom	81,414.4	85,132.7	89,079.9	4.6%	4.6%	14.5%
Spain	44,802.5	46,701.8	46,748.4	4.2%	0.1%	7.9%
Turkey	35,026.8	35,048.0	36,584.0	0.1%	4.4%	6.0%
Netherlands	19,935.7	20,813.2	21,942.9	4.4%	5.4%	3.5%
Belgium	16,041.0	16,910.5	17,472.5	5.4%	3.3%	2.9%
Sweden	14,233.7	14,752.2	15,246.7	3.6%	3.4%	2.5%
Switzerland	13,822.7	14,620.2	15,383.1	5.8%	5.2%	2.5%
Norway	10,530.6	12,128.9	13,409.3	15.2%	10.6%	2.1%
Austria	11,237.4	11,422.7	11,890.0	1.6%	4.1%	1.9%
Greece	11,078.3	11,031.8	11,895.7	-0.4%	7.8%	1.9%
Finland	9,416.0	9,764.2	10,405.3	3.7%	6.6%	1.7%
Denmark	9,647.0	9,732.3	9,425.2	0.9%	-3.2%	1.7%
Portugal	8,097.5	8,294.3	8,637.5	2.4%	4.1%	1.4%
Ireland	6,698.4	7,052.0	7,484.7	5.3%	6.1%	1.2%
Western Europe	**568,626.5**	**587,573.6**	**607,431.0**	**3.3%**	**3.4%**	**100.0%**

Source: *Euromonitor.*

Source: *Mintel.*

Source: *Mintel.*

- Impulse and indulgence food was the leading subsector in Western Europe in 2010, with 39% of packaged food sales and a value of US$245 billion, followed by meal solutions, and nutritional food and staples (Table 3). Among the market segments, bakery products, dairy products, and chilled processed food totalled US$345 billion. Meal solutions grew by 7% over the past five years, benefiting from increasing consumer demand for convenience across Europe.

Table 3: Packaged Food Markets in Western Europe by Segment (US$ millions)

Segment	Market Size			Growth		Share 2010
	2005	2010	2015	2005-2010	2010-2015	
Impulse and Indulgence Food	239,926.6	244,911.1	251,315.4	2.1%	2.6%	38.8%
Bakery	142,355.7	142,586.6	143,394.2	0.2%	0.6%	22.6%
Confectionery	55,082.1	56,291.5	58,409.8	2.2%	3.8%	8.9%
Ice Cream	23,201.9	24,144.6	25,689.3	4.1%	6.4%	3.8%
Sweet and Savoury Snacks	17,840.2	20,228.9	21,984.8	13.4%	8.7%	3.2%
Snack Bars	1,446.7	1,659.5	1,837.3	14.7%	10.7%	0.3%
Meal Solutions	201,766.3	215,787.1	228,279.5	6.9%	5.8%	34.2%
Chilled Processed Food	74,731.1	82,575.1	88,748.8	10.5%	7.5%	13.1%
Frozen Processed Food	33,414.7	34,132.0	35,611.3	2.1%	4.3%	5.4%
Ready Meals	28,835.2	30,586.8	32,451.4	6.1%	6.1%	4.8%
Canned/Preserved Food	26,595.4	27,706.0	28,718.1	4.2%	3.7%	4.4%
Sauces, Dressings and Condiments	19,974.0	21,411.6	22,732.9	7.2%	6.2%	3.4%
Dried Processed Food	13,830.8	14,791.7	15,138.8	6.9%	2.3%	2.3%
Soup	4,385.1	4,583.9	4,878.2	4.5%	6.4%	0.7%
Nutritional Food and Staples	168,108.8	170,942.6	174,092.9	1.7%	1.8%	27.1%
Dairy	118,991.2	119,879.7	122,040.9	0.7%	1.8%	19.0%
Oils and Fats	24,436.3	24,603.2	24,705.3	0.7%	0.4%	3.9%
Pasta	8,565.7	9,639.1	9,727.1	12.5%	0.9%	1.5%
Baby Food	7,476.0	7,827.7	8,090.1	4.7%	3.4%	1.2%
Spreads	6,911.9	7,339.9	7,785.8	6.2%	6.1%	1.2%
Meal Replacement	1,116.3	956.8	971.3	-14.3%	1.5%	0.2%
Noodles	611.4	696.2	772.4	13.9%	10.9%	0.1%
Total	**609,801.7**	**631,640.8**	**653,687.8**	**3.6%**	**3.5%**	**100.0%**

Source: *Euromonitor.*

Retailing

- Hypermarkets and supermarkets dominated packaged food sales in France, Germany, Italy, Spain, and the United Kingdom in 2010, and accounted for over 60% of the market (Table 4). However, discounters grew significantly between 2005 and 2010 as they capitalized on consumer price sensitivity to promote private label products and capture greater market share. These three retail channels compete heavily against each other and have engaged in intense price competition in recent years. In turn, small grocery retailers, specialty retailers, and other grocery retailers have lost market share, and are expected to decline further over the next five years.

Table 4: Grocery Sales in the Top Five Countries by Retail Channel (US$ millions)

Retailer	Sales 2010		Growth	
	2010	Share	2005-2010	2010-2015
Hypermarkets	314,177.0	31.4%	17.7%	4.8%
Supermarkets	308,098.4	30.8%	9.3%	3.5%
Discounters	133,120.6	13.3%	22.8%	10.7%
Small Grocery Retailers	128,525.3	12.8%	4.9%	-2.6%
Specialty Retailers	105,779.0	10.6%	-0.4%	-5.5%
Other Grocery Retailers	11,997.9	1.2%	1.5%	-1.9%
Total	**1,001,698.2**	**100.0%**	**11.5%**	**3.1%**

Source: *Euromonitor.*

Key Trends

- Market polarization is underway in Western Europe, as more consumers are switching to lower-cost, private label products; meanwhile, the demand for premium goods has been substantial. Consumers are increasingly price-sensitive, since the economic downturn has hurt purchasing power and lowered consumer confidence.

- Aging populations, smaller household sizes, and concerns about obesity have encouraged packaged food manufacturers to introduce smaller retail formats and a larger variety of health and wellness products. Similarly, environmental consciousness has spurred producers to adopt sustainable manufacturing processes and reduce product packaging.

- Discounters and hypermarkets have greatly expanded their market shares, mostly at the expense of smaller retailers. Grocery retailing is shifting towards more affordable and convenient formats in order to attract consumers.

Opportunities

- The polarization of consumer preferences has created growth opportunities in the form of private labels and premium products, even though the ongoing recession hinders market growth. As hypermarkets, supermarkets, and discounters expand throughout Western Europe, they present opportunities for packaged food manufacturers to supply private label products.

- Consumers are increasingly health- and eco-conscious, and have demonstrated a willingness to pay premiums for products with such attributes, and for higher quality products in general. As such, manufacturers can market specialized products and pursue higher profit margins.

Source: *Shutterstock.*

- However, the economic downturn has increased unemployment, reduced household incomes, and lowered consumer confidence in Western Europe. Hence, growth in the packaged food sector is expected to be stifled by declines in consumer expenditure.

MAJOR MARKETS

Germany

- Germany had a population of 82 million and a GDP of US$3.3 trillion in 2010. Disposable income in the country was US$26,228 per capita, the second highest in the region. Germans spent 10% of their consumer expenditure on food, or $2,126 per capita. In 2010, Germany imported US$43.4 billion of consumer-oriented food imports, mostly from within Western Europe. The Netherlands and Italy are top suppliers.

- Germany's packaged food market is the largest in Europe and is valued at US$104 billion. It is a mature market, with lower growth than the Western European average. The top five retailers (Aldi Einkauf, Rewe Mkt, Unilever, Rewe International, and Ferrero) hold 25% of the sector. An increasing number of manufacturers are producing health and wellness products to pursue higher profit margins.

- Meal solutions was the largest subsector in 2010 at 37%, followed by impulse and indulgence food, and nutritional food and staples (Table 5). It also experienced the most growth between 2005 and 2010 at 5%, while impulse and indulgence food was the only subsector to decline. Among the market segments, bakery products, dairy products, and chilled processed food accounted for half of the packaged food market, with a combined value of US$55 billion.

Table 5: Packaged Food Markets in Germany by Segment (US$ millions)

Segment	Market Size			Growth		Share 2010
	2005	2010	2015	2005-2010	2010-2015	
Impulse and Indulgence Food	40,930.8	40,162.5	38,854.4	-1.9%	-3.3%	36.2%
Bakery	21,488.7	21,015.3	19,904.9	-2.2%	-5.3%	18.9%
Confectionery	12,937.5	12,258.0	11,626.1	-5.3%	-5.2%	11.1%
Ice Cream	4,159.5	4,065.9	4,099.3	-2.3%	0.8%	3.7%
Sweet and Savoury Snacks	2,174.2	2,663.0	3,077.3	22.5%	15.6%	2.4%
Snack Bars	170.9	160.3	146.8	-6.2%	-8.4%	0.1%
Meal Solutions	39,220.8	41,224.2	43,427.3	5.1%	5.3%	37.2%
Chilled Processed Food	13,253.5	13,952.3	14,516.5	5.3%	4.0%	12.6%
Frozen Processed Food	8,354.9	8,787.8	9,209.3	5.2%	4.8%	7.9%
Canned/Preserved Food	5,317.4	5,473.2	5,752.8	2.9%	5.1%	4.9%
Ready Meals	4,501.0	5,006.3	5,531.5	11.2%	10.5%	4.5%
Sauces, Dressings and Condiments	4,153.0	4,493.2	4,856.9	8.2%	8.1%	4.1%
Dried Processed Food	2,861.7	2,794.7	2,880.7	-2.3%	3.1%	2.5%
Soup	779.3	716.7	679.6	-8.0%	-5.2%	0.6%
Nutritional Food and Staples	28,549.7	29,528.2	29,875.0	3.4%	1.2%	26.6%
Dairy	19,559.3	20,167.0	20,478.1	3.1%	1.5%	18.2%
Oils and Fats	4,409.3	4,612.1	4,445.9	4.6%	-3.6%	4.2%
Spreads	1,748.1	1,847.5	1,827.0	5.7%	-1.1%	1.7%
Pasta	1,508.4	1,588.0	1,729.5	5.3%	8.9%	1.4%
Baby Food	1,081.4	1,139.9	1,208.4	5.4%	6.0%	1.0%
Meal Replacement	220.0	150.9	164.7	-31.4%	9.1%	0.1%
Noodles	23.2	22.8	21.4	-1.7%	-6.1%	0.0%
Total	**108,701.3**	**110,914.9**	**112,156.7**	**2.0%**	**1.1%**	**100.0%**

Source: *Euromonitor.*

- Discounters, supermarkets and hypermarkets made up 80% of grocery retail sales in Germany in 2010, with all of them experiencing double-digit growth over the past five years (Table 6). With 36% of the market, discounters dominated grocery retailing and continue to expand, aided by consumer price sensitivity and the popularity of private label products. In recent years, there has been heavy price competition between discounters and supermarkets. Overall, the top five retailers (Edeka Zentrale, Lidl Dienstleistung, Aldi Sud, Rewe Markt, and Aldi Nord) account for half of grocery retail sales.

Table 6: Grocery Sales in Germany by Retail Channel (US$ millions)

Retailer	Sales 2010		Growth	
	Value	Share	2005-2010	2010-2015
Discounters	83,153.4	35.7%	16.7%	11.0%
Supermarkets	60,018.2	25.8%	10.7%	10.4%
Hypermarkets	44,417.1	19.1%	14.2%	8.5%
Small Grocery Retailers	27,120.0	11.6%	8.0%	0.4%
Specialty Retailers	15,284.9	6.6%	-0.3%	-5.9%
Other Grocery Retailers	2,891.9	1.2%	2.1%	4.5%
Total	**232,885.6**	**100.0%**	**12.1%**	**8.0%**

Source: *Euromonitor.*

France

- With a population of 63 million, France had a GDP of US$2.6 trillion in 2010 and a disposable income of US$40,777 per capita. Food expenditure accounted for 10% of consumer expenditure, or US$2,869 per capita. France imported US$29.6 billion of consumer-oriented food in 2010, of which 80% came from its Western European neighbours, with Spain, Belgium, and Germany as top suppliers.

- France's packaged food market was worth over US$90 billion, the second-largest in Europe. In 2010, multinationals dominated this fragmented sector, whose top five manufacturers (Lactalis, Galec, Carrefour, Nestle France, and Danone) hold a market share of only 16%. Overall, the market grew by only 2% between 2005 and 2010, a growth rate below the Western European average. In recent years, the French have shown a rising interest in environmentalism and health and wellness, as is shown by the increasing popularity of organic food and sustainable food manufacturing processes.

- Meal solutions was the leading subsector in 2010, holding 36% of the market, followed by impulse and indulgence food, and nutritional food and staples (Table 7). It was also the only subsector to experience growth over the past five years. Among the market segments, bakery products, dairy products, and chilled processed food share 60% of the sector. Chilled processed food grew by 16% in 2010, while dairy products and bakery products declined, as they are relatively mature markets.

Table 7: Packaged Food Markets in France by Segment (US$ millions)

Segment	Market Size			Growth		Share 2010
	2005	2010	2015	2005-2010	2010-2015	
Impulse and Indulgence Food	33,461.0	33,245.4	33,354.2	-0.6%	0.3%	34.1%
Bakery	22,523.3	21,792.3	21,554.8	-3.2%	-1.1%	22.3%
Confectionery	7,191.1	7,442.5	7,676.6	3.5%	3.1%	7.6%
Ice Cream	2,163.4	2,286.4	2,411.1	5.7%	5.5%	2.3%
Sweet and Savoury Snacks	1,427.4	1,575.7	1,575.6	10.4%	0.0%	1.6%
Snack Bars	155.8	148.5	136.1	-4.7%	-8.4%	0.2%
Meal Solutions	32,092.1	35,059.8	38,415.8	9.2%	9.6%	35.9%
Chilled Processed Food	12,206.9	14,187.1	16,188.4	16.2%	14.1%	14.5%
Ready Meals	5,084.2	5,411.9	6,001.9	6.4%	10.9%	5.5%
Canned/Preserved Food	5,013.5	5,251.8	5,555.6	4.8%	5.8%	5.4%
Frozen Processed Food	4,907.8	5,118.6	5,290.8	4.3%	3.4%	5.2%
Sauces, Dressings and Condiments	2,421.6	2,563.7	2,696.1	5.9%	5.2%	2.6%
Dried Processed Food	1,698.1	1,730.1	1,848.3	1.9%	6.8%	1.8%
Soup	760.0	796.6	834.7	4.8%	4.8%	0.8%
Nutritional Food and Staples	29,768.9	29,312.0	29,321.4	-1.5%	0.0%	30.0%
Dairy	21,754.6	21,486.6	21,464.4	-1.2%	-0.1%	22.0%
Oils and Fats	3,465.8	3,117.2	2,919.3	-10.1%	-6.3%	3.2%
Baby Food	1,742.4	1,752.1	1,798.6	0.6%	2.7%	1.8%
Spreads	1,309.6	1,438.9	1,533.0	9.9%	6.5%	1.5%
Pasta	1,317.9	1,376.2	1,472.3	4.4%	7.0%	1.4%
Meal Replacement	172.1	134.7	127.6	-21.7%	-5.3%	0.1%
Noodles	6.5	6.3	6.2	-3.1%	-1.6%	0.0%
Total	**95,322.0**	**97,617.2**	**101,091.4**	**2.4%**	**3.6%**	**100.0%**

Source: *Euromonitor.*

- In 2010, hypermarkets and supermarkets dominated grocery retailing in France and had a combined market share of over 75% (Table 8). However, between 2005 and 2010, discounters and specialty retailers experienced substantial growth at 24.9% and 19.2%, respectively. The emergence of discounters coincided with the increasing price sensitivity of consumers during the economic downturn. Overall, the top five retailers (Carrefour, ITM Entreprises, Galec – Centre Distributeur Edouard Leclerc, Auchan France, and Systeme U Centrale Nationale) accounted for over 60 % of grocery retail sales in 2010.

Table 8: Grocery Sales in France by Retail Channel (US$ millions)

Retailer	Sales 2010		Growth	
	Value	Share	2005-2010	2010-2015
Hypermarkets	116,798.7	43.8%	14.3%	1.8%
Supermarkets	87,826.7	33.0%	1.8%	3.8%
Specialty Retailers	21,743.4	8.2%	19.2%	4.5%
Discounters	19,104.1	7.2%	24.9%	-2.4%
Small Grocery Retailers	18,385.4	6.9%	-3.9%	-11.3%
Other Grocery Retailers	2,647.0	1.0%	26.3%	5.9%
Total	**266,505.4**	**100.0%**	**9.6%**	**1.5%**

Source: *Euromonitor.*

Italy

- Italy had a GDP of US$2.1 trillion and a disposable income of US$23,580 per capita in 2010, with a population of 61 million. Italians spent US$2,835 per capita on food, or 14% of their consumer expenditure. Italy imported US$20.3 billion in consumer-oriented food in 2010. About 80% of imports come from within Western Europe, with 40% from France and Germany.

- In 2010, Italy's packaged food market was worth US$88 billion. Despite weak national economic growth, the sector grew by 5% between 2005 and 2010. The sector is fragmented, as the top five manufacturers (Barilla Alimentare, Unilever Italia, Consorzio del Prosciutto di Parma, Ferraro, and Nestle Italia) accounted for less than 15% of the market. In recent years, Italians have shown a willingness to pay premiums for higher quality packaged food, including organic food and health and wellness products.

Source: *Shutterstock.*

Source: *Planet Retail.*

- Impulse and indulgence food was the leading subsector in 2010, with over 41% of the packaged food market, followed by meal solutions and nutritional food and staples (Table 9). Between 2005 and 2010, meal solutions grew by 10%, while the other two subsectors had considerably less growth. Among the market segments, bakery products, chilled processed food, and dairy products were worth a combined US$57 billion and accounted for 60% of the market.

Table 9: Packaged Food Markets in Italy by Segment (US$ millions)

Segment	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Impulse and Indulgence Food	38,103.5	39,298.3	41,507.6	3.1%	5.6%	41.7%
Bakery	25,307.4	25,371.6	26,385.7	0.3%	4.0%	26.9%
Ice Cream	6,044.9	6,823.0	7,529.5	12.9%	10.4%	7.2%
Confectionery	5,705.3	5,901.5	6,265.0	3.4%	6.2%	6.3%
Sweet and Savoury Snacks	919.4	1,022.6	1,111.6	11.2%	8.7%	1.1%
Snack Bars	126.5	179.6	215.8	42.0%	20.2%	0.2%
Meal Solutions	28,736.1	31,725.2	33,776.3	10.4%	6.5%	33.6%
Chilled Processed Food	14,772.3	16,907.4	18,349.5	14.5%	8.5%	17.9%
Frozen Processed Food	3,272.6	3,175.9	3,587.3	-3.0%	13.0%	3.4%
Dried Processed Food	2,509.1	3,134.7	2,864.3	24.9%	-8.6%	3.3%
Sauces, Dressings and Condiments	2,786.0	2,947.8	2,965.8	5.8%	0.6%	3.1%
Canned/Preserved Food	2,632.0	2,763.4	2,844.7	5.0%	2.9%	2.9%
Ready Meals	2,418.6	2,424.4	2,749.0	0.2%	13.4%	2.6%
Soup	345.5	371.6	415.7	7.6%	11.9%	0.4%
Nutritional Food and Staples	22,564.4	23,274.4	23,308.0	3.1%	0.1%	24.7%
Dairy	14,569.3	14,557.2	14,902.7	-0.1%	2.4%	15.4%
Pasta	2,744.0	3,598.3	3,423.5	31.1%	-4.9%	3.8%
Oils and Fats	2,919.0	2,821.3	2,526.8	-3.3%	-10.4%	3.0%
Baby Food	1,412.9	1,238.8	1,222.3	-12.3%	-1.3%	1.3%
Spreads	751.3	860.4	1,018.4	14.5%	18.4%	0.9%
Meal Replacement	164.9	193.6	207.2	17.4%	7.0%	0.2%
Noodles	3.0	4.8	7.1	60.0%	47.9%	0.0%
Total	**89,404.0**	**94,297.9**	**98,591.9**	**5.5%**	**4.6%**	**100.0%**

Source: *Euromonitor.*

- Supermarkets, small grocery retailers, and hypermarkets dominated grocery retailing with 75% of sales in 2010 (Table 10). Compared to Western Europe overall, discounters are less prominent in Italy, even though they have grown by 39% over the past five years. Furthermore, small grocery retailers (e.g. convenience stores) play a major role, holding a 20% market share in 2010. Overall, the top five retailers (Coop Italia, CONAD, Selex Gruppo, Societa Italiana Distribuzione Moderna, and Carrefour Italia) accounted for 33% of grocery retail sales in 2010.

Table 10: Grocery Sales in Italy by Retail Channel (US$ millions)

Retailer	Sales 2010		Growth	
	Value	Share	2005-2010	2010-2015
Supermarkets	55,186.6	34.6%	17.0%	4.1%
Small Grocery Retailers	32,830.9	20.6%	1.1%	-6.7%
Hypermarkets	31,957.3	20.0%	23.1%	-0.5%
Specialty Retailers	25,161.9	15.8%	-7.4%	-7.6%
Discounters	13,824.9	8.7%	39.0%	7.2%
Other Grocery Retailers	599.8	0.4%	24.7%	7.4%
Total	**159,561.3**	**100.0%**	**11.4%**	**-0.6%**

Source: *Euromonitor.*

The United Kingdom

- The United Kingdom had a GDP of US$2.2 trillion in 2010, and a disposable income of US$23,053 per capita, with a population of 62 million. The British spent less than 9% of their consumer expenditure on food, or US$1,926 per capita. They imported US$35.3 billion of consumer-oriented food in 2010, largely from within Western Europe. Its largest suppliers are the Netherlands, France, and Ireland.

- The packaged food market in the United Kingdom was worth over US$85 billion in 2010. It grew by 5% between 2005 and 2010, which is above-average in Western Europe. The top five packaged food manufacturers (Tesco, J. Sainsbury, Asda Group, Cadbury UK, and Masterfoods UK) accounted for 25% of the market in 2010.

Source: *Shutterstock.*

- With a 45% market share, meal solutions was the largest subsector in 2010, followed by impulse and indulgence food, and nutritional food and staples (Table 11). Unlike other Western European countries, nutritional food and staples led subsector growth, with a rate of 7% over the past five years. Meal solutions shows signs of being a mature subsector, given its relatively low growth rate. Among the market segments, chilled processed food, dairy products, and bakery products accounted for nearly half of the sector in 2010.

Table 11: Packaged Food Markets in the United Kingdom by Segment (US$ millions)

Segment	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Impulse and Indulgence Food	32,717.7	34,169.1	37,355.7	4.4%	9.3%	35.7%
Bakery	13,322.6	13,515.9	15,193.5	1.5%	12.4%	14.1%
Confectionery	11,010.7	11,438.9	12,544.3	3.9%	9.7%	11.9%
Sweet and Savoury Snacks	5,304.8	6,135.8	6,314.7	15.7%	2.9%	6.4%
Ice Cream	2,527.4	2,463.2	2,586.6	-2.5%	5.0%	2.6%
Snack Bars	552.2	615.3	716.6	11.4%	16.5%	0.6%
Meal Solutions	41,762.0	42,897.2	42,575.9	2.7%	-0.7%	44.8%
Chilled Processed Food	15,849.4	16,072.8	15,683.6	1.4%	-2.4%	16.8%
Ready Meals	8,871.6	8,826.0	8,551.7	-0.5%	-3.1%	9.2%
Frozen Processed Food	7,268.7	7,026.3	6,788.7	-3.3%	-3.4%	7.3%
Canned/Preserved Food	3,926.6	4,262.2	4,359.8	8.5%	2.3%	4.4%
Sauces, Dressings and Condiments	3,446.2	3,928.0	4,217.7	14.0%	7.4%	4.1%
Dried Processed Food	1,543.7	1,822.2	1,862.1	18.0%	2.2%	1.9%
Soup	855.8	959.7	1,112.3	12.1%	15.9%	1.0%
Nutritional Food and Staples	17,514.5	18,779.5	19,746.9	7.2%	5.2%	19.6%
Dairy	13,106.3	13,837.8	14,517.8	5.6%	4.9%	14.4%
Oils and Fats	2,045.1	2,254.1	2,355.7	10.2%	4.5%	2.4%
Baby Food	691.3	909.4	987.6	31.5%	8.6%	0.9%
Pasta	610.9	655.8	606.2	7.3%	-7.6%	0.7%
Spreads	609.5	650.7	762.0	6.8%	17.1%	0.7%
Noodles	357.0	388.6	430.6	8.9%	10.8%	0.4%
Meal Replacement	94.4	83.1	87.0	-12.0%	4.7%	0.1%
Total	**91,994.2**	**95,845.8**	**99,678.5**	**4.2%**	**4.0%**	**100.0%**

Source: *Euromonitor.*

- With a combined market share of 68% in 2010, hypermarkets and supermarkets dominated grocery retailing in the United Kingdom (Table 12). While discounters accounted for less than 4% of the market, they grew by 67% between 2005 and 2010. Overall, grocery retailing in the United Kingdom outpaced Western Europe with its 18% growth. The top five retailers (Tesco, Asda Stores, J. Sainsbury, Wm Morrison Supermarkets, and Cooperative Group) accounted for over 60% of grocery retail sales in 2010.

Table 12: Grocery Sales in the United Kingdom by Retail Channel (US$ millions)

Retailer	Sales 2010		Growth	
	Value	Share	2005-2010	2010-2015
Hypermarkets	100,540.1	46.2%	24.0%	8.9%
Supermarkets	46,301.9	21.3%	14.4%	-2.2%
Small Grocery Retailers	44,428.1	20.4%	18.8%	3.5%
Specialty Retailers	15,706.3	7.2%	-9.8%	-10.9%
Discounters	7,640.2	3.5%	67.2%	35.4%
Other Grocery Retailers	2,994.6	1.4%	-9.0%	-6.5%
Total	**217,611.4**	**100.0%**	**18.1%**	**4.8%**

Source: *Euromonitor.*

Source: *Planet Retail.*

Source: *Shutterstock.*

Spain

- Spain had a GDP of US$1.4 trillion in 2010 and a disposable income of US$21,072 per capita, with a population of 46 million. Food accounted for 12% of consumer expenditure, or US$2,217 per capita in 2010. Spain imported US$11.5 billion of consumer-oriented food, with its top suppliers as France and Germany.

- Spain's packaged food market is the smallest of the top five countries in Western Europe and was valued at US$47 billion in 2010. It grew at an above-average rate of 4.3% between 2005 and 2010, but a slight contraction is expected over the next five years. The top five packaged food manufacturers (Carrefour, Mercadona, Danone, Nestle Espana, and Unilever Espana) accounted for 20% of the sector.

- Market shares were evenly distributed among the three subsectors in 2010 (Table 13). Meal solutions have grown by over 11% over the past five years, while both impulse and indulgence food, and nutritional food and staples contracted. Among the market segments, dairy products, bakery products, and canned/preserved food accounted for over half of the sector. In accordance with the convenience trend, chilled processed food grew by over 28%.

Table 13: Packaged Food Markets in Spain by Segment (US$ millions)

Segment	Market Size			Growth		Share 2010
	2005	2010	2015	2005-2010	2010-2015	
Impulse and Indulgence Food	17,214.9	17,873.8	18,016.6	3.8%	0.8%	36.1%
Bakery	9,707.0	10,029.8	9,838.3	3.3%	-1.9%	20.3%
Confectionery	2,678.1	2,814.0	2,996.6	5.1%	6.5%	5.7%
Sweet and Savoury Snacks	2,345.6	2,739.6	2,984.6	16.8%	8.9%	5.5%
Ice Cream	2,399.4	2,171.7	2,051.7	-9.5%	-5.5%	4.4%
Snack Bars	84.8	118.7	145.4	40.0%	22.5%	0.2%
Meal Solutions	13,973.2	15,578.2	16,265.6	11.5%	4.4%	31.5%
Canned/Preserved Food	4,330.3	4,667.2	4,850.7	7.8%	3.9%	9.4%
Chilled Processed Food	3,530.2	4,523.4	4,995.9	28.1%	10.4%	9.1%
Ready Meals	1,981.1	2,105.7	2,038.9	6.3%	-3.2%	4.3%
Sauces, Dressings and Condiments	1,504.6	1,596.6	1,632.6	6.1%	2.3%	3.2%
Frozen Processed Food	1,494.7	1,458.0	1,478.8	-2.5%	1.4%	2.9%
Dried Processed Food	824.4	887.5	919.6	7.7%	3.6%	1.8%
Soup	307.9	339.8	349.1	10.4%	2.7%	0.7%
Nutritional Food and Staples	16,234.7	16,006.1	15,137.1	-1.4%	-5.4%	32.4%
Dairy	12,146.4	11,918.2	11,046.2	-1.9%	-7.3%	24.1%
Oils and Fats	2,350.1	2,269.6	2,328.2	-3.4%	2.6%	4.6%
Baby Food	832.5	857.9	756.4	3.1%	-11.8%	1.7%
Pasta	451.1	454.5	437.2	0.8%	-3.8%	0.9%
Spreads	345.5	382.1	434.0	10.6%	13.6%	0.8%
Meal Replacement	102.3	108.6	112.0	6.2%	3.1%	0.2%
Noodles	6.8	15.2	23.1	123.5%	52.0%	0.0%
Total	**47,422.8**	**49,458.1**	**49,419.3**	**4.3%**	**-0.1%**	**100.0%**

Source: *Euromonitor.*

- Supermarkets accounted for half of grocery retailing in Spain, followed by specialty retailers and hypermarkets (Table 14). While discounters are less prominent in Spain compared to Western Europe as a whole, they have grown by 28% between 2005 and 2010, which is consistent with the trend of private label growth and price sensitivity during the economic downturn. Small grocery retailers, other grocery retailers, and specialty retailers all experienced a decline. Overall, the top five retailers (Mercadona, Carrefour, Grupo Eroski, El Corte Ingles, and Dia) accounted for 38% of grocery retail sales in 2010.

Table 14: Grocery Sales in Spain by Retail Channel (US$ millions)

Retailer	Sales 2010		Growth	
	Value	Share	2005-2010	2010-2015
Supermarkets	58,765.0	47.0%	9.1%	0.0%
Specialty Retailers	27,882.5	22.3%	-0.6%	-8.2%
Hypermarkets	20,463.8	16.4%	8.3%	2.0%
Discounters	9,397.9	7.5%	27.6%	19.1%
Small Grocery Retailers	5,760.9	4.6%	-31.7%	-14.1%
Other Grocery Retailers	2,864.5	2.3%	-8.2%	-12.9%
Total	**125,134.6**	**100.0%**	**4.5%**	**-1.0%**

Source: *Euromonitor.*

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