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International Markets Bureau

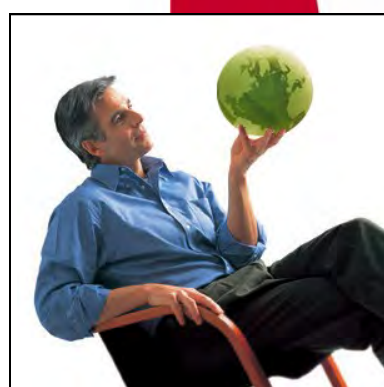
MARKET ANALYSIS REPORT | MARCH 2012

Comparative Consumer Profile

The Czech Republic, Hungary and Poland

Source: *Planet Retail.*

Source: *Shutterstock.*



Growing Forward

Canada

EXECUTIVE SUMMARY

The populations of the Czech Republic, Hungary and Poland share a number of fundamental characteristics. For example:

- they are shrinking in size and are expected to continue doing so into the future;
- they are of similar age composition with two-thirds of the population between the ages of 15 and 64, and a growing number of elderly citizens;
- household sizes continue to shrink reflecting a growing number of singles and couples without children;
- they are highly literate;
- women play an important role in the paid labour force;
- they are each homogeneous in culture, with more than 90% identifying as nationals; and
- their average disposable household incomes are less than US$25,000 per year.

Consumers in these countries are dealing with the impacts of the global economic recession in a variety of ways. With respect to food spending, in 2010, Czech consumers spent less on indulgent food items, whereas Hungarian consumers relied on home cooking to make the most of their food budgets, and Polish consumers turned to private label products in efforts to balance cost and quality. However, consumers in all three countries are also becoming more health conscious, frequently choosing foods with health-related claims, such as reduced fat or calories.

This report will provide insight into the post-recession markets of the Czech Republic, Hungary and Poland through an analysis of demographics, economic climate and shopping trends, followed by a brief look at new food and beverage product launches.

To further facilitate a regional comparison, a snapshot of key demographics for these three countries is provided in the Annex of this report.

Charles Bridge, Prague

INSIDE THIS ISSUE

THE CZECH REPUBLIC

Demographics

- The Czech Republic has a population of 10.19 million, with an annual growth rate of approximately -0.12%. The majority of Czech citizens are between the ages of 15-64 (70.2%), while 13.5% are between the ages of 0-14, and 16.3% are 65 years and older (CIA, 2011). The decline in annual growth can be attributed to the aging population; between 2004 and 2010, the median age of Czech citizens rose from 38.5 to 40.8 years. However, the population of babies and infants grew 19.5% between 2005 and 2009 as many Czech couples started or added to their families (Euromonitor, 2010).

The Dancing House, Prague
Source: *Shutterstock.*

- Households in the Czech Republic tend to be quite small. Between 1978 and 1990, the average household size was 2.6 occupants, gradually declining to 2.3 occupants in 2009, and is forecast to remain at this level to 2015 (Euromonitor, 2011). This pattern is typical of other Central European countries and can be attributed to a number of factors including a relatively low birthrate, a high divorce rate, having fewer children later in life, children leaving home as younger adults, and longer life expectancy. In 2010, 33.2% of Czech households were single-person, 34.2% were couples without children, 25.2% were couples with children and 7.4% were single-parent or other households. The frequency of single-person households and couples without children is expected to increase (Euromonitor, 2011).

- The Czech Republic is a fairly homogeneous population with 90.4% of citizens identifying as Czech, while 3.7% of citizens identify as Moravian, 1.9% as Slovak, and 4% as other (CIA, 2011).

- The low birthrate and age distribution of the Czech population are also reflected in school enrolment statistics. While primary and secondary school enrolment declined between 2005 and 2010, university enrolment increased, with the number of university graduates growing from 59,412 in 2005 to 98,740 in 2010 (Euromonitor, 2011).

Global Trade

- According to the Global Trade Atlas, the Czech Republic imported C$7.9 billion of agri-food and seafood products in 2010. Top imported products were meat, edible fruit and nuts, dairy, eggs, honey, and vegetables. Key supplying countries were Germany, Poland, the Netherlands, Slovakia, and Italy. Canada ranked as the 22nd-largest supplier of Czech agri-food and seafood imports in 2010, with a market value of C$21.2 million. Key products imported from Canada included pet food, food preparations, non-alcoholic beverages, and lentils.

- The Czech Republic exported C$5.8 billion of agri-food and seafood products in 2010. Top exports were dairy, eggs, honey, beverages, and miscellaneous food. Top export destinations were Slovakia, Germany, Poland, Italy, and Austria (Global Trade Atlas, 2011).

Economy

- The Czech gross domestic product (GDP) was estimated at US$18,268 per capita in 2010. While the Czech Republic is often known for its stable market, the global downturn caused significant variations in economic growth. The country's GDP growth rate fell from 6.8% in 2006 to 2.5% in 2008 and declined further to -4.1% in 2009, before recovering to 2.3% in 2010. The rate of growth is forecast to reach 3.1% by 2015 (Euromonitor, 2011).

Economy (continued…)

- Total Czech consumer expenditures comprised 52.5% of GDP in 2010, but Euromonitor predicts that this will decrease slightly to 51.7% by 2015. In 2010, Czech consumers spent US$10,649 per capita on goods and services, of which US$1,853 (17.4%) was spent on grocery items (Euromonitor, 2011).

- The Czech Republic has an unemployment rate of 7.1% (CIA, 2011). In spite of economic challenges, only 8.6% of the overall Czech population was at risk of poverty in 2009, as compared to the European Union average of 16.3% (Eurostat).

Local Cuisine

- Czech cuisine tends to be high in calories, fat and sugar, although there has been a gradual shift towards healthier eating and cooking styles. Traditional meals often start with soup (potato, garlic, chicken noodle, beef with liver dumplings, sauerkraut or dill), followed by a main course of meat and a side dish. Chicken and pork are the most popular meats, followed by beef. While fish is not very common, salmon and seafood are available in restaurants, and carp is a Christmas Eve tradition. Side dishes are often potatoes, rice, potato dumplings or potato salad. Soup or salad is usually accompanied by bread, and sauces and condiments are popular. Desserts tend to be heavy and fatty, containing butter and whipped cream (My Czech Republic, 2010).

Grocery Shopping Trends

- Due to the recent economic downturn, Czech consumers have become more discerning in all aspects of spending, with a focus on essential items and reduced spending on non-essential and luxury items. In terms of food spending, sales of indulgences such as chocolate and sugar confectionery products declined in 2009. Volume sales of baked goods and breakfast cereals also declined, while some categories of packaged food grew, such as chilled processed food, although at a slower rate than prior to the recession (Euromonitor, 2010).

- However, according to a 2009 survey by Median, 57% of Czech consumers were willing to pay more for higher quality goods or services despite economic difficulties. In addition, Czech consumers are showing increasing interest in healthier food. Foods promoted with messaging about health benefits or the use of healthier ingredients have raised awareness and seem to be finding favour with increasingly health-conscious Czech consumers (Euromonitor, 2010).

- In 2010, Czech consumers spent the bulk of their household food budget on meat (26.7%), followed by: milk, cheese and eggs (18.3%); bread and cereals (16.2%); and vegetables (12.1%). These spending levels are forecast to remain stable into 2015 (Euromonitor, 2011).

- According to Nielsen (2011), the top food and non-alcoholic beverage categories in the Czech Republic in terms of sales are: chocolate confectionery; cheeses; waters; sweet biscuits, wafers and gingerbread; butters and margarines; yogurts; coffee; milk; soft drinks; and salted snacks.

Source: *Planet Retail.*

▶ THE CZECH REPUBLIC (continued)

New Food and Beverage Product Releases

Gourmet Sausage with Cheese and Roasted Onion
Source: *Mintel, 2011.*

- According to Mintel, there were 868 new product releases in the Czech Republic between August 2010 and August 2011. The greatest number of launches were in the non-alcoholic beverages category (135), followed by bakery (113), dairy (109), chocolate confectionery (97), and processed fish, meat and egg products (84).

- While the majority of the new food and beverages released between August 1, 2010 and August 31, 2011 did not make specific claims on their packaging (385) , the most widely reported claims were those related to no additives and preservatives (156), followed by organic (68), vegetarian (54) and ethical/environmentally-friendly packaging (50). Also of note were claims related to allergens, time and speed of preparation, premium, gluten-free, and microwaveable. "Other" is a catch-all category for a number of claims with low levels of reporting. This is significant as the product claims correspond to the recent health food trend within the Czech Republic.

New Product Releases in the Czech Republic by Category

Category	Number of Products	% of Total Products
Non-Alcoholic Beverages	135	15.6
Bakery	113	13.0
Dairy	109	12.6
Chocolate Confectionery	97	11.2
Processed Fish, Meat and Egg Products	84	9.7
Sauces and Seasonings	65	7.5
Snacks	57	6.6
Desserts and Ice Cream	42	4.8
Sugar and Gum Confectionery	31	3.6
Meals and Meal Centers	30	3.5
Other	105	12.1
Total Sample	**868**	**100.0**

Source: *Mintel GNPD, August 2011.*

New Product Releases in the Czech Republic by Claim

Claims	Number of Variants
Not Specified	385
No Additives/Preservatives	156
Organic	68
Vegetarian	54
Ethical/ Environmentally Friendly Package	50
Low/No/Reduced Allergens	49
Premium	48
Time/Speed	45
Gluten-Free	43
Microwaveable	37
Other	307
Total Variants	**1242**
Total Sample*	**868**

Source: *Mintel GNPD, August 2011.*
**The total number of variants is greater than the total sample reflecting multiple claims per product.*

THE CZECH REPUBLIC (continued)

New Product Examples

- The following are examples of new food and beverage products introduced to the Czech market in August 2011, from the Mintel Global New Products Database.

Spicy Processed Cheese

Company: Madeta
Brand: Madeta
Category: Dairy
Price in USD: US$1.88
Pack Size: 140 g/4.94 oz
Storage: Chilled

Sugar-Free Milk Chocolate

Company: COKO bonbon
Brand: COKO Bon Bon Caloria
Category: Chocolate Confectionery
Price in USD: US$0.79
Pack Size: 45 g/1.59 oz
Storage: Shelf Stable
Positioning Claims: Diabetic, Low/No/Reduced Sugar

Strawberry and Chocolate Rice-Wheat Flakes

Company: Lidi
Brand: Goody Vitelle Fit (Private Label)
Category: Breakfast Cereals
Price in USD: US$2.02
Pack Size: 250 g/8.82 oz
Storage: Shelf Stable
Positioning Claims: Vitamin/Mineral Fortified

Ginger Beer

Company: Marks & Spencer
Brand: Marks & Spencer Gastropub
Category: Non-Alcoholic Beverages
Price in USD: US$0.91
Pack Size: 500 ml /16.91 fl. oz. (U.S.)
Storage: Shelf stable
Positioning Claims: No Additives/Preservatives, Vegetarian

HUNGARY

Demographics

- The total population of Hungary is just under 10 million, with an annual growth rate of approximately -0.17%. The majority of Hungarian citizens are between the ages of 15-64 (68.2%), while 14.9% are between the ages 0-14, and 16.9% are aged 65 years and over (CIA, 2011).

- The Hungarian population is aging, evidenced by the median age rising from 39 in 2006 to 39.7 in 2010. As well, the number of citizens aged 65 years or older comprised 16.5% of the population in 2010 and is forecast to be 19% in 2020 (Euromonitor, 2011). This is due in part to a decline in birth rates, a growing life expectancy due to improved health care, and starting families later in life (Euromonitor, 2011). This will affect consumer spending in the future as products may soon focus more on the needs of the aging population, rather than those of the younger demographics.

- The average Hungarian household had 2.7 occupants from 1985 to 2000, but this figure gradually declined to 2.4 occupants in 2010, and is forecast to decrease to 2.3 occupants by 2015. In 2010, 32.4% of Hungarian households were single-person, 39.2% were couples without children, 14.6% were couples with children, and 13.8% were single-parent or other households. Like the Czech Republic, single-person households and couples without children are expected to increase in frequency (Euromonitor, 2011).

- Hungary has a fairly homogenous population with 92.3% of the population identifying as Hungarian, 1.9% as Roma, and 5.8% as other or unknown.

Hungarian Parliament, Budapest
Source: *Shutterstock.*

- The effects of the aging population are reflected in the declining school enrolments across all education levels from 2005 to 2010. The number of University graduates has also decreased from 75,101 in 2005 to 62,145 in 2010 (Euromonitor, 2011).

Global Trade

- According to the Global Trade Atlas, Hungary imported C$5.1 billion of agri-food and seafood products in 2010. Imports were led by animal feed, dairy, eggs, honey, and meat. Key trading partners were Germany, Poland, the Netherlands, Slovakia and Austria. Canada ranked as Hungary's 35th-largest supplier of agri-food and seafood products, with a value of C$4.7 million in 2010. Key products imported from Canada included pet food, green lentils, bovine semen, whiskies and dried beans.

- Hungary exported a total of C$8.1 billion agri-food and seafood products in 2010. Exports were led by cereals, meat, and miscellaneous grain and seed. Top export destinations were Romania, Germany, Italy, Slovakia and Austria (Global Trade Atlas, 2011).

Economy

- Hungary's economy has been hit hard by the recent economic downturn. In 2007, it was said that just 8% of Hungarians had a positive outlook with regard to the country's economy and employment situation, and only 15% of those polled believed there were positive things to come for Hungary in the future (Euromonitor, 2010). This is due in part to rising inflation, as well as a growing unemployment rate that currently stands at 10.7% (CIA, 2011). In 2009, 12.4% of the Hungarian population was at risk of poverty, as compared to the European Union average of 16.3% (Eurostat).

- Consumer confidence has fluctuated widely in the wake of the country's economic uncertainties, but slowly began to return by the end of 2010 (Euromonitor, 2011). However, Hungarian consumers have become more frugal in their consumption, looking for good value and low prices.

Economy (continued…)

- The per capita GDP in Hungary was estimated at US$19,000 in 2010 (CIA, 2011).

- Of the US$7,415 per capita that Hungarian consumers spent in 2010, US$1,628 (just under 22%), was allocated to grocery products (Euromonitor, 2011).

Local Cuisine

- Food and cooking are important parts of Hungarian culture and rely on a wide variety of high-quality, domestically-produced ingredients. Hungary is a "soup-eating nation," notably chicken, potato, bean, pea, broth, goulash, fish and fruit soups. Main dishes are based on pork, beef, lamb, turkey and chicken, while duck, goose, and game meats (venison and wild boar), and organ meats (especially pork, duck and goose liver) are also used. Rich and spicy sauces, stews and sweets are preferred over "drier" dishes. Potatoes are the most frequent side dish, although rice and pasta are also used. Red paprika, garlic, and onion seasonings are characteristic of Hungarian dishes, while red pepper, fresh green peppers, tomatoes, sour cream, and lard are significant ingredients. Desserts can be fruit, ice cream, pancakes or cake — Hungarian cakes tend to be very sweet and cream-filled. Strudel and the use of pasta in desserts and also popular and distinctively Hungarian (Water and Fire).

Source: *Planet Retail*

Grocery Shopping Trends

- Rising inflation and unemployment rates have prompted consumers to be more budget-conscious with regard to their spending on food products. Food has become a significant factor in helping Hungarians save money as they are cooking at home more often, rather than eating out at restaurants. As a result, consumers are purchasing essential food items such as meat, milk, eggs and cheese at increasing levels. Decreased expenditure on oils and fats may indicate a growing awareness of healthier eating habits (Euromonitor, July 2011).

- Of the average grocery budget in 2010, Hungarian consumers spent 31.0% on meat, 19.6% on milk, cheese and eggs, 16.6% on bread and cereals, and 11.4% on vegetables (Euromonitor, 2011).

- According to Nielsen (2011), the top food and non-alcoholic beverage categories in Hungary in terms of sales are: processed meat, cheeses, carbonated soft drinks, coffee, flat waters, mineral waters, fruit juices, snacks/chips, and cooking oil.

- As they become more knowledgeable about healthy eating habits, Hungarian consumers will be increasingly likely to try new brands. Price sensitivity may help steer consumers toward private label.

Source for both: *Planet Retail.*

HUNGARY (continued)

New Food and Beverage Product Releases

- Of the 1,465 new products released in Hungary between August 1, 2010 and August 31, 2011, 405 were dairy products. Twenty-five percent of the products were in the non-alcoholic beverage category (362 products), with bakery (268), alcoholic beverages (63), and chocolate confectionery representing the other top categories.

- While slightly more than half of these new food and beverages releases did not make specific claims on their packaging, the most widely reported claims were those related to no additives/preservatives (161), followed by low/no/reduced fat (100), low/no/reduced sugar (76), products for children aged 5-12 (68), and low/no/reduced allergens (67). Also of note were claims related to organic, time and speed of preparation, vitamin/mineral fortification, and gluten-free. “Other” is a catch-all category for a number of claims with low levels of reporting.

Hortobagyi Style Goulash
Source: *Mintel GNPD, 2011.*

New Product Releases in Hungary by Category

Category	Number of Products	% of Total Products
Dairy	405	27.6
Non-Alcoholic Beverages	362	24.7
Bakery	268	18.3
Alcoholic Beverages	63	4.3
Chocolate Confectionery	59	4.0
Snacks	55	3.8
Desserts and Ice Cream	54	3.7
Sauces and Seasonings	43	2.9
Sugar and Gum Confectionery	37	2.5
Baby Food	34	2.3
Other	85	5.8
Total Sample	**1465**	**100.0**

Source: *Mintel GNPD, August 2011.*

New Product Releases in Hungary by Claim

Claims	Number of Variants
Not Specified	771
No Additives/Preservatives	161
Low/No/Reduced Fat	100
Low/No/Reduced Sugar	76
Children (5-12)	68
Low/No/Reduced Allergen	67
Organic	63
Time/Speed	60
Vitamin/Mineral Fortified	56
Gluten-Free	47
Other	339
Total Variants	**1808**
Total Sample*	**1465**

Source: *Mintel GNPD, August 2011.*
**The total number of variants is greater than the total sample reflecting multiple claims per product.*

HUNGARY (continued)

New Product Examples

- The following are examples of new food and beverage products introduced to the Hungarian market in July and August 2011, from the Mintel Global New Products Database.

Probiotic Yogurt Drink

Company: Sole-Mizo
Brand: Mizo Boci
Category: Dairy
Date Published: August 2011
Price in USD: US$2.03
Pack Size: 4x100 g/4x3.53 oz
Storage: Chilled
Positioning Claims: No/Low/Reduced Fat

Multi-Vegetable Drink without Salt

Company: Agros Nova
Brand: Fortuna WW+
Category: Non-alcoholic Beverage
Date Published: July 2011
Price in USD: US$0.86
Pack Size: 300 ml/10.14 fl. oz
Storage: Shelf Stable

Crispy Cereal Biscuits with Fruit Bits

Company: Penny Market
Brand: Trijó Tízórai Keksz (Private Label)
Category: Bakery
Date Published: August 2011
Price in USD: US$0.40
Pack Size: 50 g/1.77 oz
Storage: Shelf Stable

Crunchy Sticks with Sesame Seeds

Company: Karamell Snack
Brand: Karamell Ropi
Category: Snack
Date Published: August 2011
Price in USD: US$0.25
Pack Size: 45 g/1.59 oz
Storage: Shelf stable

POLAND

Demographics

- Poland has a population of 38.44 million, with an annual growth rate of approximately -0.06%. This can be attributed to a low fertility rate (1.3) and increasing life expectancy (CIA, 2011).

- The majority of Polish citizens are between the ages of 15-64 (71.6%), while 14.7% are between the ages of 0-14, and 13.7% are aged 65 years and over. The median age of Polish citizens is 38.5 years (CIA, 2011).

- Poland is experiencing a high level of emigration. The Statistical Central Office cites that two million Polish citizens have left the country since 2004 (Euromonitor, 2009). A large number of Polish citizens are having difficulties finding employment domestically, and are leaving the country to find work.

Old Market, Poznan
Source: *Shutterstock.*

- The average Polish household size declined from 3.2 occupants in 1977 to 3.0 from 1996 to 1999. The household size further declined from 2.9 occupants in 2000 to 2.5 in 2010, and is forecast to remain at this level to 2015. In 2010, 29.6% of Polish households were single-person, 38.5% were couples without children, 25.2% were couples with children and 7.3% were single-parent or other households. Similar to the Czech Republic and Hungary, the amount of single-person households and couples-without-children is expected to increase (Euromonitor, 2011).

- Poland is a homogenous population. Almost 97% of Polish citizens identify as Polish, 0.4% as German, 0.1% as Belarusian, 0.1% as Ukrainian, and 2.7% as other and unspecified (CIA, 2011).

- School enrolment steadily declined within Poland's primary and secondary schools from 2005 to 2010, while pre-primary school and university enrolment increased. The number of university graduates grew from 501,393 to 562,441 over the same time period (Euromonitor, 2011).

Global Trade

- According to the Global Trade Atlas, Poland imported just over C$15 billion of agri-food and seafood products in 2010, led by meat, fish and seafood, animal feed, and edible fruit and nuts. Key trading partners were Germany, the Netherlands, Spain, Denmark, and Belgium. Canada ranked as Poland's 49th-largest supplier of agri-food and seafood products in 2010, with a value of C$17.1 million. Key imports from Canada included raw furskins, hatching eggs, mixtures of fruits and other edible plant parts, thickeners derived from vegetable products, soya beans, and green lentils.

- Poland exported C$18.8 billion of agri-food and seafood products in 2010. Top export products were meat, dairy, eggs, honey, and tobacco. Top export markets were Germany, the United Kingdom, the Czech Republic, France, and Italy (Global Trade Atlas, 2011).

Economy

- Poland's economy has come out of the recent economic downturn relatively well. Unlike many other countries in Europe, Poland's economy grew by 2.9% in the fourth quarter of 2008 (The Economist, 2009). However, Poland's GDP growth rate declined from 6.8% in 2007 to 5.2% in 2008, and 1.5% in 2009. GDP growth for 2010 is an estimated 3.8% (Euromonitor, 2011).

POLAND (continued)

Economy (continued…)

- Poland has an unemployment rate of 11.8% (CIA, 2011). In 2009, 17.1% of the overall Polish population was at risk of poverty, which, unlike the Czech Republic and Hungary, is higher than the EU-27 average of 16.3% (Eurostat).

- The per capita GDP in Poland was estimated at US$18,800 in 2010 (CIA, 2011).

- Of the US$7,854 per capita that Polish consumers spent in 2010, US$1,435 (18.3%) was spent on grocery products (Euromonitor, 2011).

Local Cuisine

- Traditional Polish cuisine features many soups made with mushrooms, broth and beets, and hearty hunter's stew containing cabbage, mushrooms and various meats (typically pork, bacon and sausage). Pierogies (dough filled with cheese, potatoes, onions, cabbage, mushrooms, meat, or almost any other savoury or sweet filling) are a staple food. Fish dishes are also popular, notably in regional cuisines. Pork is the most popular meat, but chicken is increasingly consumed, while beef is commonly consumed in smaller quantities. Venison and duck are traditionally served in specialty dishes. Desserts include Polish cheesecake, apple tarts, sponge cake with poppy seed filling or éclairs (Kubilius).

Grocery Shopping Trends

- In 2010, Polish household expenditure on food was second only to housing costs. Of their total food budgets, consumers spent 33.2% on meat, 16.8% on bread and cereals, 15.3% on milk, cheese and eggs, and 10.8% on vegetables. These spending levels are forecast to remain stable into 2015 (Euromonitor, 2011).

- According to Nielsen (2011), the top food and non-alcoholic beverage categories in Poland in terms of sales are: carbonated soft drinks, juices, coffee, yellow fats, mineral waters, white cheeses, salty snacks, yogurts, hard cheeses, chocolate tablets, and sweet biscuits.

- Polish consumers have traditionally been price sensitive, however, consumers are increasingly willing to pay more for better quality. Savvy consumers will purchase private label products at lower prices, but accept that the product is of lower quality (Euromonitor, 2009). However, quality perceptions of private label products are evolving with the presence of premium private label products from retailers such as Tesco and Carrefour.

- Overweight and obesity rates are becoming issues of increasing concern among the Polish population in terms of children and adults. The rate of obesity among the total population grew from 10.9% in 1995, to 18.1% in 2007. Increasing awareness regarding health and wellness may provide opportunities for new products that attract the health-conscious Polish consumer (Euromonitor, 2009).

Source: *Planet Retail.*

Source: *Planet Retail.*

New Food and Beverage Product Releases

- Of the 1,349 new product releases in Poland between August 1, 2010 and August 31, 2011, 268 were dairy products. Fifteen percent were sauces and seasonings (203), with non-alcoholic beverages (184), processed fish, meat and egg products (100) and bakery (89) rounding out the top five categories.

- While slightly more than half of the new releases did not make specific claims on their packaging, the most widely reported claims were those related to no additives and preservatives (177), followed by vitamin/mineral fortification (72), organic (68), low/no/reduced allergens (61), and babies and toddlers aged 0-4 (59). Also of note were claims related to convenient packaging, low/no/reduced sugar and time/speed of preparation. “Other” is a catch-all category for a number of claims with low levels of reporting.

Beef Stroganoff with Potatoes
Source: *Mintel GNPD, 2011*

New Product Releases in Poland by Category

Category	Number of Products	% of Total Products
Dairy	268	19.9
Sauces and Seasonings	203	15.0
Non-Alcoholic Beverages	184	13.6
Processed Fish, Meat and Egg Products	100	7.4
Bakery	89	6.6
Snacks	85	6.3
Side Dishes	79	5.9
Baby Food	56	4.2
Chocolate Confectionery	51	3.8
Breakfast Cereals	47	3.5
Other	187	13.9
Total Sample	**1349**	**100.0**

Source: *Mintel GNPD, August 2011.*

New Product Releases in Poland by Claim

Claims	Number of Variants
Not Specified	695
No Additives/Preservatives	177
Vitamin/Mineral Fortified	72
Organic	68
Low/No/Reduced Allergen	61
Babies and Toddlers (0-4)	59
Low/No/Reduced Sugar	57
Time/Speed	54
Gluten-Free	46
Convenient Packaging	44
Other	429
Total Variants	**1762**
Total Sample*	**1349**

Source: *Mintel GNPD, August 2011.*
**The total number of variants is greater than the total sample reflecting multiple claims per product.*

New Product Examples

- The following are examples of new food and beverage products introduced to the Polish market in August 2011, from the Mintel Global New Products Database.

Rosehip & Apple Flavoured Fruit Tea

Company: Mokate
Brand: Loyd Tea
Category: Non-Alcoholic Beverages
Date Published: August 2011
Price in US Dollars: US$1.29
Pack Size: 20x2 g/20x.07 oz
Storage: Shelf stable
Positioning Claims: Convenient Package, Premium, Time/Speed

Apple Muesli Bar

Company: Úsovsko
Brand: Fit Bio Müsli
Category: Snacks
Date Published: August 2011
Price in US Dollars: US$0.72
Pack Size: 30 g/1.06 oz
Storage: Shelf Stable
Positioning Claims: Low/No/Reduced Sugar, Organic

HA1 Start-Up Milk

Company: Hipp
Brand: Hipp HA Combiotik
Category: Baby Food
Date Published: August 2011
Price in US Dollars: US$14.03
Pack Size: 500 g/17.65 oz
Storage: Shelf Stable
Positioning Claims: Babies/Toddlers (0-4), Functional, GMO-Free, Gluten-Free, Low/No/Reduced Allergen, Prebiotic

Vinaigrette Salad Sauce

Company: Nestlé
Brand: Winiary
Category: Sauces and Seasonings
Date Published: August 2011
Price in US Dollars: US$0.39
Pack Size: 10 g/0.35 oz
Storage: Shelf stable
Positioning Claims: No Additives/Preservatives

CONCLUSION

The recent economic downturn has greatly affected the spending patterns of consumers in many Central European countries. Overall, consumers in the Czech Republic, Hungary and Poland are opting to purchase cost-effective food and beverage products that help them keep on budget, concentrating their purchases on basic products such as meat, dairy, vegetables, breads and cereals. Meat, particularly pork and chicken, figured prominently in the average food budgets of each country in 2010, comprising roughly one-third of their total food expenditures.

However, while consumers are becoming more price-conscious, they are also becoming more concerned with the quality of their food and are demanding healthier products. The information on new product releases in the Czech Republic, Hungary and Poland supports these trends. Claims of "no additives/preservatives" dominated packages, followed by claims regarding low/no/reduced fat, sugar and allergens, vegetarian content, gluten-free content, and vitamin/mineral fortification. This signals manufacturers' attempts to target more health-conscious consumers.

The trend toward smaller household sizes seen in each of these three countries may offer opportunities for smaller package sizes and convenient-to-prepare foods. Although the palate of consumers in these Central European countries is gradually expanding to incorporate new foods, traditional cuisines eaten at home are still preferred, and products that assist in home preparation could attract consumer attention. As a result of aging populations, healthier food products or foods with added health-related properties will also resonate with consumers to an increasing degree. Building consumer confidence through awareness and education regarding how Canadian food products fit into a healthier lifestyle is essential to facilitate successful integration into these markets.

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ANNEX: COMPARATIVE SNAPSHOT

- The data in this Annex originates from the CIA World Factbook and Euromonitor (2011).

KEY DEMOGRAPHICS (2011 est., unless otherwise stated)			
	Czech Republic	**Hungary**	**Poland**
Population			
Total Population	10,190,213	9,976,062	38,441,588
Median Age (years)	40.8	40.2	38.5
Annual Growth Rate	-0.12%	-0.17%	-0.062%
Male/Female Ratio	0.95	0.91	0.94
Population in urban areas	74% (2010)	68% (2010)	61% (2010)
Average Life Expectancy			
Men and Women	77.19	74.79	76.05
Men	73.93	71.04	72.1
Women	80.66	78.76	80.25
Fertility Rate (per woman)	1.26	1.4	1.3
Cultural Identity			
Ethnicity	90.4% Czech 3.7% Moravian 1.9% Slovak 4% Other	92.3% Hungarian 1.9% Roma 5.8% Other or Unknown	96.7% Polish 0.4% German 0.1% Belarusian 0.1% Ukrainian 2.7% Other and Unspecified
Language	94.9% Czech 2% Slovak 2.3% Other 0.8% Unidentified	93.6% Hungarian 6.4% Other or Unspecified	97.8% Polish 2.2% Other and Unspecified
Religion	26.8% Roman Catholic 2.1% Protestant 3.3% Other 8.8% Unspecified 59% Unaffiliated	51.9% Roman Catholic 15.9% Calvinist 3% Lutheran 2.6% Greek Catholic 1% Other Christian 11.1% Other or Unspecified	89.8% Roman Catholic 1.3% Eastern Orthodox 0.3% Protestant 0.3% Other 8.3% Unspecified
Education			
Literacy Rate			
Men and Women	99% (2003)	99.4% (2003)	99.8% (2003)
Men	99% (2003)	99.5% (2003)	99.8% (2003)
Women	99% (2003)	99.3% (2003)	99.7% (2003)
Enrolment – 2010 ('000)			
Pre-Primary School	301.5	328.6	936.6
Primary School	435.9	378.8	2,138.5
Secondary School	836.4	500.2	3,028.8
University	383.7	377.5	2,155.9
University Graduates	98.7	62.1	562.4
Education Expenditures (% of GDP)	4.5 (2006)	5.4 (2006)	4.9 (2007)

ANNEX: COMPARATIVE SNAPSHOT (continued)

KEY DEMOGRAPHICS, HISTORIC AND FORECAST	Czech Republic		Hungary		Poland	
	2010	2015	2010	2015	2010	2015
Household Size by Type ('000)						
Single-person	1,502.2	1,566.0	1,361.5	1,487.1	4,310.4	4,892.5
Couples without children	1,544.3	1,687.3	1,649.6	1,767.4	3,599.0	4,023.4
Couples with children	1,137.1	1,043.9	615.5	492.4	5,609.1	5,135.8
Single-parent family	317.9	273.0	303.2	281.7	445.9	412.1
Other	17.9	23.0	276.8	284.9	605.9	584.8
Women in the workforce	2,088.5	2,083.1	1,707.6	1,704.7	7,007.5	6,934.1
Men in the workforce	2,806.8	2,854.8	2,006.1	1,989.1	8,563.6	8,597.3
Household Size by Number of Persons ('000)						
1 Person	1,502.2	1,566.0	1,361.5	1,487.1	4,310.4	4,892.5
2 Persons	1,344.9	1,395.0	1,301.5	1,366.9	3,819.2	4,227.2
3 Persons	796.1	781.0	727.7	709.3	2,441.0	2,221.4
4 Persons	682.0	662.0	532.9	490.9	2,196.9	1,992.1
5 Persons	155.6	150.9	192.3	177.7	994.3	902.7
6+ Persons	38.7	38.3	90.7	81.5	808.3	812.5
Average Gross Income of Population by Age (US$, Fixed 2010 Exchange Rates)						
15-19	6,640.6	6,759.0	11,132.5	14,395.2	9,887.6	14,009.4
20-24	9,923.0	11,340.1	13,183.8	16,694.4	10,572.4	14,861.6
25-29	14,696.1	18,118.5	13,782.9	17,473.4	11,659.9	16,146.0
30-34	18,763.0	23,525.9	13,828.4	17,754.7	12,924.3	17,609.6
35-39	20,745.3	26,428.8	13,696.0	18,273.4	13,727.9	18,835.2
40-44	20,859.0	26,880.2	13,726.4	18,426.9	13,956.5	19,317.3
45-49	20,429.8	26,255.3	13,835.8	18,567.2	14,101.9	19,009.7
50-54	20,454.9	26,156.5	13,952.3	18,734.8	13,871.0	18,857.2
55-59	20,735.9	26,504.1	13,308.4	18,306.0	13,511.5	18,651.4
60-64	19,626.4	25,395.2	11,972.3	16,841.8	13,047.8	18,410.2
65+	15,152.4	19,972.5	8,954.3	12,515.8	10,979.6	15,169.0
Annual Disposable Income Per Household (US$ Fixed 2010 Exchange Rates)						
Average Annual Disposable Income	23,545.8	29,992.9	17,476.5	22,397.2	20,565.1	27,663.0
Annual Disposable Income by Number of Household's ('000 - figures are rounded)						
Under US$ $25,000	821.4	497.6	1,987.5	1,707.1	5,994.1	4,938.8
US$ $25,000 - $34,999	2,166.1	1,990.5	1,483.8	1,640.0	4,526.3	4,569.9
US$ $35,000 - $44,999	885.1	1,136.4	401.5	525.4	2,058.9	2,576.3
US$ $45,000 - $54,999	289.2	439.4	125.8	173.7	868.7	1,243.1
US$ $55,000 - $149.999	114.0	181.6	49.3	70.0	394.5	604.6
US$ $150,000 - $199,999	178.4	264.1	114.6	144.2	547.5	884.9
US$ $200,000 - $300,000	20.2	25.9	13.6	16.3	53.6	69.0
Over US$ $300,000	18.3	23.0	12.3	14.8	49.2	63.6

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