



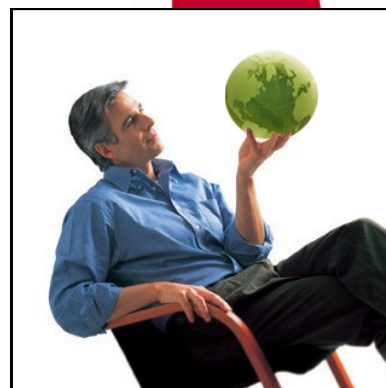
Agriculture and  
Agri-Food Canada

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Agroalimentaire Canada

**International  
Markets  
Bureau**

**MARKET INDICATOR REPORT | MARCH 2012**

## **Packaged Food Sales** in Hungary





### ► EXECUTIVE SUMMARY

The Hungarian packaged food market reached a value of US\$6 billion in 2010 and is forecast to grow by 18.6% in value terms over the 2011-2015 period.

Dairy products were the top packaged food category in 2010, and their sales are expected to reach US\$1.9 billion by 2015, an increase of 15.7% from 2011. The second- and third-largest categories were bakery products (baked goods, biscuits and breakfast cereals), and chilled processed food (chilled processed meat, prepared salads and chilled ready meals).

The three sectors expected to have the fastest value growth between 2011 and 2015 are spreads, frozen processed food, and chilled processed food with increases of 38.2%, 29.6% and 27.5%, respectively.

Artisanal foods led the Hungarian packaged food market with a retail value share of 10.9% in 2010, while private labels accounted for 17.9%. The market's top brands included Mizo, Milli, Sole, Délhús and Vénusz.

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### ► CONSUMER TRENDS

- Packaged food in Hungary is growing slowly in value terms but decreasing in volume terms, as the country is still struggling with the negative effects of the global recession.
- Most Hungarians were trying to limit their purchases of non-essential goods and are now shifting toward cheaper alternatives, resulting in the increasing popularity of private label products.
- Middle-income consumers are turning to economy products in order to reduce their grocery bill, while high-income Hungarians remain fairly willing to pay more for higher-quality, premium brands.
- Following scandals regarding the quality and safety of imported goods, including concerns over pesticide use, the demand for local packaged food products has increased in Hungary.
- Supermarkets/hypermarkets, which remain the leading grocery format in Hungary, lost market share to discounters, which attract price-sensitive consumers by offering essential goods at very competitive prices, while expanding their range of domestic packaged food products.

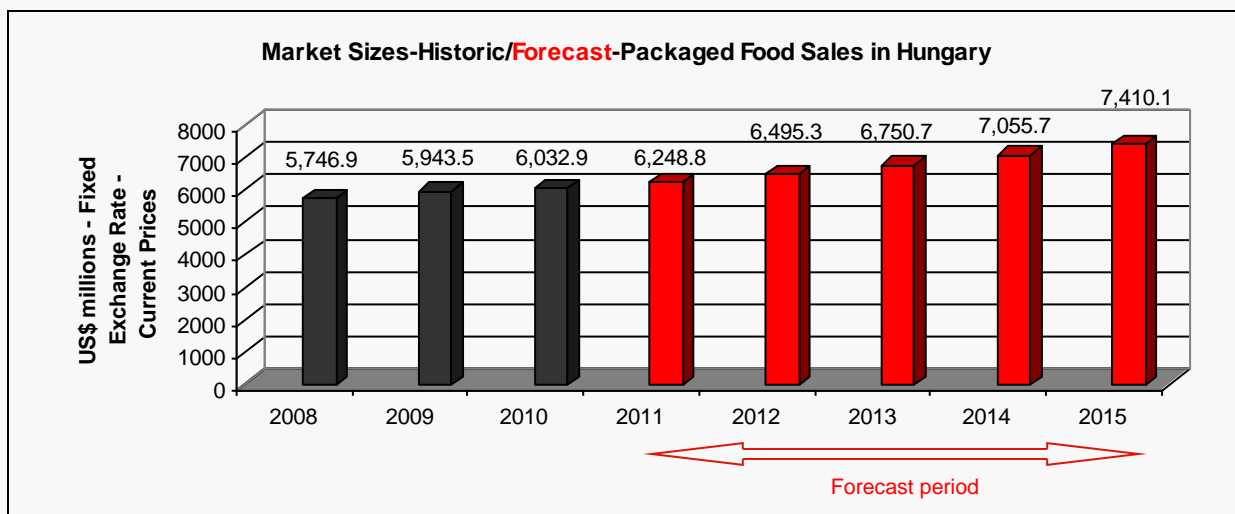




## ► ECONOMIC AND SOCIOECONOMIC TRENDS

- In 2010, Hungary had the sixth-largest gross domestic product (GDP) in Eastern Europe with US\$130 billion, and the sixth-largest population with 10 million inhabitants.
- Hungary's real GDP growth, which has gone from -6.7% in 2009 to 1.1% in 2010, is expected to increase at 1.8% in 2011. According to Euromonitor, Hungarian consumer expenditure on food is forecast to grow by 4% in 2010-2011, which is still below the Eastern European average of 5.9%.
- Hungary is comparable to some Western European countries in terms of economic growth. In terms of GDP, Cyprus saw a growth of 1% in 2010, Portugal and Italy grew by 1.3%, and the United Kingdom by 1.4%. In terms of consumer expenditure on food, Hungary, with a 4% growth rate for 2010-2011, is comparable to Sweden and Turkey, which are expected to grow by 4.4% and 3.5%, respectively.
- Hungary was a fair market for packaged food in 2010, with retail sales of US\$6 billion. The value of the Hungarian market is almost a quarter of the size of the packaged food market in the Netherlands, half the size of the Norwegian and Austrian markets, 74% of Portugal's and 86% of Ireland's.
- A new government elected in 2010 is expected to implement various measures to accelerate Hungary's economic growth. While household incomes remained low in 2010, the changes in personal tax legislation are expected to encourage Hungarians to increase their spending on consumer goods.
- A growing belief that buying local products will help save jobs and accelerate the economy's recovery, along with scandals regarding the quality and safety of imported goods, increased the demand for local packaged food products.
- Supermarkets/hypermarkets and discounters are planning on expanding their assortment of private label products. Discounters will increase their selection of locally produced goods, while major retail chains will continue to offer regular discounts on branded packaged food products.
- In 2010, private labels accounted for 17.9% of packaged food value sales, an increase from 17% in 2009 and 15.4% in 2008.
- As the economy recovers, more expensive and higher-quality private label products will likely be launched by discounters in order to attract more middle-income consumers.

## ► MARKET TRENDS



Source: Euromonitor, 2011.



## ► TOP PACKAGED FOOD SUB-CATEGORIES

**Top Packaged Food Categories in Hungary – Value Based on Retail Sales Price  
US\$ Millions – Fixed 2010 Exchange Rate**

Sub-Categories	2008	2009	2010	2011	2015
Baked Goods	829.0	845.7	853.0	873.5	938.5
Chilled Processed Meat	668.9	685.4	714.7	751.9	956.0
Drinking Milk Products	538.5	584.4	573.5	576.9	635.2
Cheese	400.4	410.9	403.9	407.8	451.8
Chocolate Confectionery	356.4	355.9	356.2	364.2	422.5
Other Dairy	343.7	355.6	355.8	363.3	419.8
Yogurt and Sour Milk Drinks	242.3	253.8	256.2	268.3	363.1
Canned/Preserved Vegetables	160.3	175.8	183.6	198.7	259.6
Biscuits	168.4	171.0	173.6	178.5	207.3
Vegetable and Seed Oil	160.4	166.7	173.4	183.4	229.6
Dried Pasta	127.8	128.2	128.8	133.1	155.2
Take-Home Ice Cream	116.5	120.6	123.7	129.1	152.5
Sugar Confectionery	113.5	115.8	117.3	119.9	135.0
Cooking Sauces	103.6	107.3	110.1	114.8	139.3
Spreadable Oils and Fats	92.7	96.9	100.3	104.5	124.6
Table Sauces	90.8	96.5	97.8	103.3	127.0
Rice	70.4	83.1	89.5	96.8	118.3
Gum	83.2	85.0	86.9	89.5	105.2
Frozen Processed Vegetables	67.3	71.2	77.3	85.3	112.1
Impulse Ice Cream	65.3	67.4	69.1	72.1	85.5
Frozen Processed Poultry	62.9	61.6	61.8	64.7	83.2
Canned/Preserved Meat and Meat Products	56.1	55.6	57.0	60.0	67.4
Canned/Preserved Fish/Seafood	44.8	49.8	52.6	56.0	75.8
Breakfast Cereals	53.2	51.9	51.1	52.0	62.7
Nuts	39.3	40.3	42.1	43.5	52.6
Milk Formula	38.0	40.0	41.9	44.4	54.9
Butter	37.3	38.8	40.9	43.5	54.2
Margarine	34.5	35.2	36.3	37.6	42.9
Pickled Products	31.4	33.3	34.4	36.1	42.1
Canned/Preserved Ready Meals	31.4	32.1	32.4	33.1	36.6
Chips/Crisps	35.1	32.7	31.7	32.1	40.2
Extruded Snacks	31.7	31.1	29.9	30.3	35.2
Frozen Pizza	32.9	31.0	29.8	31.7	40.1
Prepared Baby Food	25.1	26.4	27.5	28.9	35.3
Dehydrated Soup	25.5	26.0	26.5	27.8	33.4
Olive Oil	23.1	24.5	25.9	27.9	38.2
Canned/Preserved Tomatoes	23.6	25.2	25.5	26.3	28.7
Honey	22.1	23.1	25.3	27.5	38.3
Frozen Processed Fish/Seafood	20.6	21.9	24.7	27.4	40.8
Canned/Preserved Fruit	20.2	21.1	23.1	23.9	28.3
Canned/Preserved Beans	21.4	21.2	21.7	22.6	24.7
<b>Total Packaged Food</b>	<b>5,746.9</b>	<b>5,943.5</b>	<b>6,032.9</b>	<b>6,248.8</b>	<b>7,410.1</b>

The total packaged food sector is expected to reach sales of over US\$7 billion by 2015.

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

**Source:** Euromonitor, 2011.



## ► KEY MARKET SEGMENTS: 2009-2010

### **DAIRY PRODUCTS**

- In 2010, this sector's sales decreased marginally from US\$1.6 billion to US\$1.59 billion. Sales volume decreased from 690,200 tonnes to 687,900 tonnes.

#### **Main Sectors**

- Sales of drinking milk products decreased from US\$584.4 million to US\$573.5 million.
- Cheese sales slipped from US\$410.9 million to US\$403.9 million.
- Other dairy sales increased slightly from US\$355.6 million to US\$355.8 million.

#### **Main Producers and their Hungarian Brands\***

- Sole-Mizo Zrt was the leader in the cheese market in 2009, holding 18.6% of retail sales. Its leading brands were Mizo and Sole.
- Sole-Mizo Zrt was also the leader in the drinking milk products market, holding a 28.3% share. The company's main brands in this market were also Mizo and Sole.
- Friesland Hungária Rt led the other dairy market in 2009, with a 26% value share.
- Private label sales made up 18.2% of the dairy products market in 2010.

#### **Forecasts for 2011-2015**

- Retail sales of dairy products are expected to grow by 15.7% in value. Sales of drinking milk products will grow by 10.1%, cheese sales will increase by 10.8%, sales of yogurt and sour milk drinks will grow by 35.4%, 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\$1.07 billion to US\$1.08 billion, while retail volume decreased from 755,500 tonnes to 749,300 tonnes.

#### **Main Sectors**

- Sales of baked goods increased from US\$845.7 million to US\$853 million.
- Biscuit sales grew from US\$171 million to US\$173.6 million.
- Breakfast cereal sales decreased from US\$51.9 million to US\$51.1 million.

#### **Main Producers and their Hungarian Brands**

- Artisanal baked goods held 77.4% of the market in 2009. The remaining market share was fragmented between many companies.
- The leading company in the biscuits market was Gyori Keksz Kft, holding a 44.4% market share in 2009. Its leading brands were Pilóta, Pillanatok, Györi Édes, Gyori Keksz and Tele Kréker.
- Nestlé Hungária Kft held 27.6% of the breakfast cereals market in 2009. Its top three brands were Nestlé Corn Flakes, Fitness and Nesquik.
- Private label held 8.6% of the total bakery products market in 2010.

#### **Forecasts for 2011-2015**

- Retail sales of bakery products are forecast to increase by 9.5%. By the end of 2015, sales of baked goods are expected to increase by 7.4%, while biscuits will grow by 16.1%, and breakfast cereals by 20.7%.

*\*Note: For some market segments, the latest available company share data (excluding private label) is from 2009. Company share data from 2010 is provided where possible but only refers to the segment as a whole. A breakdown by individual segment using 2010 figures is not yet available.*



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

### **CHILLED PROCESSED FOOD**

- ▶ In 2010, this sector's sales increased from US\$712 million to US\$740.5 million. Sales volume decreased from 108,400 tonnes to 107,700 tonnes.

#### **Main Sectors**

- ▶ Chilled processed meat sales grew from US\$685.4 million to US\$714.7 million.
- ▶ Prepared salad sales decreased from US\$9.7 million to US\$9.2 million.
- ▶ Chilled ready meals sales fell from US\$7.9 million to US\$7.5 million.

#### **Main Producers and their Hungarian Brands**

- ▶ Délhús Zrt led the market for chilled processed food with a share of 29.1% in 2010. The company's leading brands were Délhús and Pick.
- ▶ Bernard Matthews Ltd held 8.5% of the market in 2010. Its main brand was Sága.
- ▶ Pápai Hús Zrt held 5.7% of the market for chilled processed food in 2010. Its main brand was Pápai.
- ▶ Private label controlled 26.9% of the chilled processed food market in 2010.

#### **Forecasts for 2011-2015**

- ▶ Retail sales of chilled processed food are expected to grow by 27.5% in value. Chilled processed meat sales are expected to grow by 27.1%, sales of prepared salads will likely increase by 50.2%, and sales of chilled ready meals are expected to grow by 31.2% over the period.

### **CONFECTIONERY**

- ▶ In 2010, sales increased in value from US\$556.7 million to US\$560.4 million, while sales volume decreased slightly from 44,000 tonnes to 43,900 tonnes.

#### **Main Sectors**

- ▶ Chocolate confectionery sales increased from US\$355.9 million to US\$356.2 million.
- ▶ Sugar confectionery sales increased from US\$115.8 million to US\$117.3 million.
- ▶ Gum sales grew slightly from US\$85 million to US\$86.9 million.

#### **Main Producers and their Hungarian Brands**

- ▶ Kraft Foods Hungária Kft was the leader in chocolate confectionery, holding 19.5% of the market in 2009. Its main brands were Milka and Sport.
- ▶ Ferrero Magyarország Kft held 16.9% of the sugar confectionery market in 2009. Its only brand was Tic Tac.
- ▶ The market for gum was dominated by Wrigley Hungaria Kft, which held a 74.8% share in 2009. The company's brands included Orbit, X-Cite, Airwaves, Hubba Bubba and Juicy Fruit. Twinner Hungária Kft was second, with a 14.1% market share.
- ▶ Private label accounted for 9.9% of total confectionery sales in 2010.

#### **Forecasts for 2011-2015**

- ▶ This sector is forecast to grow by 15.5% from 2011 to 2015. Chocolate confectionery sales will increase by 16%, sales of sugar confectionery are expected to increase by 12.6%, and gum sales will increase by 17.6%.





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

### **CANNED/PRESERVED FOOD**

- In 2010, this sector's sales increased in value from US\$381.7 million to US\$396.8 million, while retail volume decreased from 137,800 to 137,300 tonnes.

#### **Main Sectors**

- Sales of canned/preserved vegetables increased from US\$175.8 million to US\$183.6 million.
- Sales of canned/preserved meat and meat products increased from US\$55.6 million to US\$57 million.
- Sales of canned/preserved fish and seafood grew from US\$49.8 million to US\$52.6 million.

#### **Main Producers and their Hungarian Brands**

- Groupe Cebab (Centrale Coopérative Agricole Bretonne) led the market for canned and preserved food with a share of 13.3% of the market in 2010. Its main brands were Globus and Deko.
- Bonduelle Group SA followed, holding 12.2% in 2010. The company's brand was Bonduelle.
- VOG AG held 11.5% of the market for canned and preserved food in 2010. Its brand was Happy Frucht.
- Private label accounted for 20.4% of the canned and preserved food market in 2010.

#### **Forecasts for 2011-2015**

- Sales of canned/preserved food are forecast to increase by 23.9% by the end of 2015. Sales of canned/preserved vegetables are expected to increase by 30.6%, canned/preserved meat and meat products by 12.4%, and canned/preserved fish and seafood by 35.5%.

### **OILS AND FATS**

- In 2010, sales in the oils and fats sector grew from US\$379.1 million to US\$394.2 million, while retail volume increased from 134,000 to 135,300 tonnes.

#### **Main Sectors**

- Sales of vegetable and seed oils grew from US\$166.7 million to US\$173.4 million.
- Sales of spreadable oils and fats increased from US\$96.9 million to US\$100.3 million.
- Butter sales rose from US\$38.8 million to US\$40.9 million.

#### **Main Producers and their Hungarian Brands**

- Bunge Ltd. held 27.7% of the market for oils and fats in 2010. Its brands were Vénusz and Floriol.
- Unilever Group held 26.4% of the market in 2010. Its main brands were Rama, Flora and Delma.
- Bonafarm Group held 2.6% of the market for oils and fats in 2010. Its brands were Mizo and Pick.
- Private label held 25.1% of the oils and fats market in 2010.

#### **Forecasts for 2011-2015**

- Oils and fats are expected to see an increase of 22.9% in value over the period. Sales of vegetable and seed oils sales are forecast to grow by 25.2%, spreadable oils and fats by 19.3%, and butter by 24.5%.



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

### ***DRIED PROCESSED FOOD***

- In 2010, sales in this sector grew from US\$265.0 million to US\$273.2 million, while retail volume increased from 97,400 tonnes to 97,600 tonnes.

#### **Main Sectors**

- Dried pasta sales grew from US\$128.2 million to US\$128.8 million.
- Rice sales increased from US\$83.1 million to US\$89.5 million.
- Sales of dehydrated soup rose from US\$26 million to US\$26.5 million.

#### **Main Producers and their Hungarian Brands**

- Gyermely Holding Zrt led the dried processed food market with 11.7% of sales. Its brand was Gyermelyi.
- Abo Mill Rt held 9.1% of the dried processed food market in 2010. Its main brand was Karcagi.
- Unilever Group held 8.4% of the market in 2010. Its main brand was Knorr.
- Private label held 29.4% of dried processed food sales in 2010.

#### **Forecasts for 2011-2015**

- Dried processed food sales are forecast to increase by 19% by the end of 2015. Dried pasta sales will increase by 16.5%, rice sales by 22.2%, and dehydrated soup sales by 20.5%.

### ***SAUCES, DRESSINGS AND CONDIMENTS***

- In 2010, sales in this sector grew from US\$251.3 million to US\$256.7 million. Sales volume remained stable at 51,500 tonnes.

#### **Main Sectors**

- Sales of cooking sauces rose from US\$107.3 million to US\$110.1 million.
- Sales of table sauces increased from US\$96.5 million to US\$97.8 million.
- Sales of pickled products increased from US\$33.3 million to US\$34.4 million.

#### **Main Producers and their Hungarian Brands**

- Unilever Group was the market leader in the sauces, dressings and condiments market in 2010, holding 23.9%. Its top three brands included Globus, Knorr and Bertolli.
- Univer Product Zrt held 15.3% of the market for sauces, dressings and condiments in 2010. Its main brand was Univer.
- Nestlé SA held 6.9% of the sauces, dressings and condiments market in 2010. Its main brand was Maggi.
- Private label represented 17% of the total market for sauces, dressings and condiment in 2010.

#### **Forecasts for 2011-2015**

- Sales of sauces, dressings and condiments are expected to grow by 21% over the period. Sales of cooking sauces will increase by 21.3%, table sauces by 23%, and pickled products by 16.6%.





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

Company	2006	2007	2008	2009	2010
Bonafarm Group	5.6	5.0	5.1	5.1	4.9
Unilever Group	4.5	4.4	4.3	4.3	4.3
Délhús Zrt	4.1	4.3	4.1	3.9	4.0
Royal FrieslandCampina NV	-	-	3.7	3.7	3.7
Kraft Foods Inc	1.7	3.3	3.1	3.0	3.2
Nestlé SA	3.4	3.2	2.8	2.7	2.7
Danone, Groupe	3.8	2.2	2.5	2.4	2.4
Mars Inc	1.2	1.1	2.3	2.3	2.3
Bongrain SA	2.8	2.4	2.4	2.4	2.1
Bunge Ltd	2.0	1.7	1.8	1.8	1.8
Alföldi Tej Értékesítő és Beszerző Kft	2.2	2.3	2.2	1.9	1.8
Bernard Matthews Ltd	1.4	1.5	1.4	1.3	1.3
Ferrero Group	1.4	1.4	1.3	1.3	1.3
Bonduelle Groupe SA	1.0	1.0	1.0	1.0	1.1
Cecab, Groupe (Centrale Coopérative Agricole Bretonne)	1.6	1.4	1.1	0.9	0.9
VOG AG	0.7	0.7	0.7	0.7	0.8
Pápai Hús Zrt	0.9	0.9	0.8	0.8	0.8
Intersnack Knabber-Gebäck GmbH & Co KG	0.9	1.0	0.8	0.8	0.8
Univer Product Zrt	0.6	0.6	0.7	0.7	0.7
Kometa 99 Kft	0.6	0.6	0.7	0.6	0.7
Artisanal	11.3	11.3	11.2	11.0	10.9
Private Label	11.7	13.6	15.4	17.0	17.9

**Source:** Euromonitor, 2011.



Instant Greek Salad Dressing Powder

**Source:** Mintel, 2011.



Traditional Sliced Smoked Ham

**Source:** Mintel, 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.

### **Packaged Food Sales in Hungary**

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ISSN 1920-6615  
AAFC No. **11691E**

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