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International Markets Bureau

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Packaged Food
in Central and Eastern Europe

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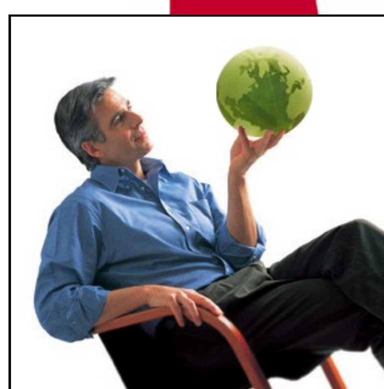

Growing Forward

Canada

EXECUTIVE SUMMARY

This report discusses the packaged food market of Central and Eastern Europe. It gives a review of packaged food subsectors, market segments, retail distribution, as well as trends and opportunities in the region. For the purposes of this report, Central and Eastern Europe consists of: Bulgaria, the Czech Republic, Hungary, Poland, Russia, Romania, Serbia, Slovakia, and Ukraine. Particular focus is given to the top five geographic markets, which are Russia, Poland, Ukraine, the Czech Republic, and Hungary.

INSIDE THIS ISSUE

Executive Summary 2
Central and Eastern Europe 2
Economic Indicators 2
Packaged Food 3
Retailing 4
Key Trends 5
Opportunities 5
Major Countries 5
Russia 5
Poland 7
Ukraine 8
Czech Republic 10
Hungary 11
Resources 12

CENTRAL AND EASTERN EUROPE

Economic Indicators

Central and Eastern Europe had a population of 332 million and a gross domestic product (GDP) of US$3.1 trillion in 2010 (Table 1). Disposable income was US$5,374 per capita, with the Czech Republic having the highest in the region at US$18,268. In 2010, 25% of consumer expenditure, or US$1,297 per capita, was attributed to food expenditure. Central and Eastern European countries largely import consumer-oriented food from their Western European neighbours.

Table 1: Key Economic Indicators in Selected Central and Eastern European Countries, 2010 (US dollars)

Indicator	Czech Republic	Hungary	Poland	Russia	Ukraine
Gross Domestic Product per capita	18,268	13,042	12,301	10,351	3,012
Disposable Income per capita	10,123	7,352	7,851	5,827	2,038
Food Expenditure per capita	1,368	1,065	1,379	1,568	720
Inflation Rate (%)	1.5	4.9	2.7	6.9	9.4
Unemployment Rate (%)	7.3	11.2	9.6	7.5	8.1

Source: *Euromonitor*

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Packaged Food

- Central and Eastern Europe had a packaged food market worth over US$160 billion in 2010 (Table 2). Russia alone made up half of this amount, while Poland and Ukraine combined for an additional 19%. This sector grew by 11% between 2005 and 2010, which is significantly higher than the Western European rate of 3%. Russia and Romania led growth with rates of 20% and 26%, respectively. The Central and Eastern European market is expected to maintain a growth of 9% over the next five years.

Table 2: Packaged food markets in Central and Eastern Europe by country, 2005-2015 (US$ millions)

Country	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Russia	64,658.5	77,341.1	83,271.2	19.6%	7.7%	48.3%
Poland	17,718.0	19,304.2	21,194.5	9.0%	9.8%	12.0%
Ukraine	10,978.5	11,554.8	12,857.0	5.2%	11.3%	7.2%
Czech Republic	7,496.4	7,713.7	8,480.7	2.9%	9.9%	4.8%
Hungary	7,305.7	7,231.7	7,596.9	-1.0%	5.0%	4.5%
Romania	5,694.5	7,187.9	7,912.1	26.2%	10.1%	4.5%
Serbia	4,826.1	4,392.0	5,129.8	-9.0%	16.8%	2.7%
Slovakia	2,986.1	3,330.7	3,443.1	11.5%	3.4%	2.1%
Bulgaria	3,489.4	3,153.5	3,283.1	-9.6%	4.1%	2.0%
Eastern Europe	**143,986.1**	**160,226.2**	**174,460.6**	**11.3%**	**8.9%**	**100.0%**

Source: *Euromonitor*

Source: *Shutterstock*

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- The market shares are evenly distributed between impulse and indulgence food, meal solutions, and nutritional food and staples (Table 3 on the following page). Unlike the trend in Western Europe, nutritional food and staples led growth, with 27%, while meal solutions, and impulse and indulgence food grew at lesser rates. However, similar to Western Europe, dairy products, bakery products, and confectionery were the leading packaged food segments, accounting for half of the sector in 2010.

Table 3: Packaged food markets in Central and Eastern Europe by segment, 2005-2015 (US$ millions)

Segment	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Impulse and Indulgence Food	58,013.4	59,821.5	62,591.8	3.1%	4.6%	35.2%
Bakery	29,014.3	28,630.6	28,221.0	-1.3%	-1.4%	16.8%
Confectionery	18,414.7	20,087.9	22,504.3	9.1%	12.0%	11.8%
Sweet and Savoury Snacks	6,013.1	6,062.8	6,105.0	0.8%	0.7%	3.6%
Ice Cream	4,490.0	4,938.5	5,625.4	10.0%	13.9%	2.9%
Snack Bars	81.3	101.7	136.1	25.1%	33.8%	0.1%
Meal Solutions	49,279.4	52,945.8	57,097.8	7.4%	7.8%	31.1%
Chilled Processed Food	13,090.5	13,920.5	15,179.5	6.3%	9.0%	8.2%
Frozen Processed Food	8,404.3	9,445.3	10,537.8	12.4%	11.6%	5.6%
Canned/Preserved Food	8,228.2	8,850.2	9,487.4	7.6%	7.2%	5.2%
Sauces, Dressings and Condiments	7,653.7	7,632.8	7,989.1	-0.3%	4.7%	4.5%
Dried Processed Food	6,490.4	7,210.7	7,411.4	11.1%	2.8%	4.2%
Ready Meals	4,464.4	4,968.9	5,520.6	11.3%	11.1%	2.9%
Soup	947.9	917.4	972.0	-3.2%	6.0%	0.5%
Nutritional Food and Staples	45,125.3	57,331.6	65,418.8	27.0%	14.1%	33.7%
Dairy	28,181.7	36,061.7	42,042.5	28.0%	16.6%	21.2%
Oils and Fats	10,108.0	12,064.1	12,799.4	19.4%	6.1%	7.1%
Pasta	2,357.4	3,229.1	3,402.4	37.0%	5.4%	1.9%
Baby Food	1,702.6	2,925.5	3,865.6	71.8%	32.1%	1.7%
Spreads	1,974.4	2,124.6	2,357.3	7.6%	11.0%	1.2%
Noodles	731.8	851.8	856.9	16.4%	0.6%	0.5%
Meal Replacement	69.4	74.8	94.7	7.8%	26.6%	0.0%
Total	**152,418.1**	**170,098.9**	**185,108.4**	**11.6%**	**8.8%**	**100.0%**

Source: *Euromonitor*

Retailing

- Small grocery retailers play a major role in grocery retailing (Table 4). In the top five countries, small grocery retailers and supermarkets made up 64% of the market in 2010. Discounters are less significant, with a market share of less than 5%. Overall, grocery retailing grew by 86% between 2005 and 2010. Substantial growth came from supermarkets and hypermarkets, both of which doubled their sales during this period. Supermarkets are expected to overtake small grocery retailers in the next five years.

Table 4: Grocery sales in the top five countries by retail channel, 2010 (US$ millions)

Retailer	Sales		Growth	
	Value	Share	2005-2010	2010-2015
Small Grocery Retailers	94,279.7	32.4%	56.4%	8.3%
Supermarkets	92,470.8	31.8%	152.2%	46.5%
Hypermarkets	41,284.3	14.2%	117.0%	29.8%
Other Grocery Retailers	38,178.4	13.1%	61.4%	-9.0%
Discounters	13,047.9	4.5%	86.9%	34.2%
Specialty Retailers	11,595.3	4.0%	20.1%	-0.5%
Total	**290,856.4**	**100.0%**	**86.1%**	**22.0%**

Source: *Euromonitor*

Key Trends

- With the economic challenges faced in recent years, consumers are increasingly price-sensitive, and market polarization has occurred between private labels and premium products.
- The recession has lowered consumer confidence, and exchange rate volatility and inflationary conditions have hurt purchasing power.
- Economic growth has been substantial over the past decade, and this is reflected in household incomes and the significant growth of the packaged food market.

Opportunities

- Incomes are rising and consumer tastes are evolving, largely shifting toward higher-value products. Manufacturers have a chance to grow their sales along with rising consumer expenditures and the emerging packaged food market.
- Hypermarkets, supermarkets, and discounters are rapidly expanding throughout the region and promoting private label products. As such, there are opportunities to supply private labels.

Source: *Planet Retail*

MAJOR COUNTRIES

Russia

- With a population of 143 million in 2010, Russia had a GDP of US$1.5 trillion and a disposable income of US$5,827 per capita. Russians spent 29% of their consumer expenditure on food, or US$1,568 per capita. Consumer-oriented food imports were valued at US$19.5 billion in 2010. Western Europe accounted for about one-third of these imports, while the remainder came from countries throughout the world. Brazil and Germany are major suppliers.

Source: *Shutterstock*

- In 2010, Russia had the largest packaged food market in Central and Eastern Europe at US$77 billion, accounting for half of the region's value. The Russian market expanded by 20% between 2005 and 2010, which is well above the regional average for the same time period. The sector was highly fragmented in 2010, with the top five manufacturers (Wimm-Bill-Dann Produkty Pitania, Unimilk Kompania, Rossiya, KDV Group, Nestle Russia) accounting for only 8% of the market. As foreign multinationals seek to gain greater market access, consolidation with domestic firms has increasingly taken place in recent years. In 2010, compulsory food safety certification was cancelled in favour of voluntary certification.
- In 2010, the market shares were evenly distributed between impulse and indulgence food, meal solutions, and nutritional food and staples, although there was great disparity in their growth rates (Table 5 on the following page). Nutritional food and staples grew by 54% between 2005 and 2010, while meal solutions and impulse and indulgence food grew by 12% and 4%, respectively. Among the market segments, dairy products was the largest in 2010, followed by confectionery and bakery products, and made for a combined 46% of the sector.

Table 5: Packaged food markets in Russia by segment, 2005-2015 (US$ millions)

Segment	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Impulse and Indulgence Food	26,077.4	27,057.8	26,527.4	3.8%	-2.0%	32.3%
Confectionery	9,856.1	10,894.0	11,698.1	10.5%	7.4%	13.0%
Bakery	10,865.2	10,628.1	9,164.5	-2.2%	-13.8%	12.7%
Sweet and Savoury Snacks	3,200.8	3,283.6	3,151.3	2.6%	-4.0%	3.9%
Ice Cream	2,149.0	2,243.3	2,502.1	4.4%	11.5%	2.7%
Snack Bars	6.3	8.8	11.4	39.7%	29.5%	0.0%
Meal Solutions	25,442.9	28,474.0	30,466.2	11.9%	7.0%	34.0%
Frozen Processed Food	5,457.7	6,517.7	7,389.3	19.4%	13.4%	7.8%
Chilled Processed Food	5,201.5	5,668.7	6,087.3	9.0%	7.4%	6.8%
Canned/Preserved Food	4,310.0	4,984.9	5,213.0	15.7%	4.6%	5.9%
Ready Meals	3,387.5	3,817.1	4,280.6	12.7%	12.1%	4.6%
Dried Processed Food	3,067.6	3,640.5	3,562.9	18.7%	-2.1%	4.3%
Sauces, Dressings and Condiments	3,639.9	3,572.5	3,664.4	-1.9%	2.6%	4.3%
Soup	378.7	272.6	268.7	-28.0%	-1.4%	0.3%
Nutritional Food and Staples	18,392.2	28,311.4	33,272.9	53.9%	17.5%	33.8%
Dairy	10,797.9	16,978.2	20,668.6	57.2%	21.7%	20.2%
Oils and Fats	4,262.4	6,013.6	6,439.1	41.1%	7.1%	7.2%
Pasta	1,132.6	1,954.7	2,011.9	72.6%	2.9%	2.3%
Baby Food	858.1	1,792.1	2,495.1	108.8%	39.2%	2.1%
Spreads	933.1	1,090.7	1,196.0	16.9%	9.7%	1.3%
Noodles	401.2	470.3	443.5	17.2%	-5.7%	0.6%
Meal Replacement	6.9	11.8	18.7	71.0%	58.5%	0.0%
Total	**69,912.5**	**83,843.2**	**90,266.5**	**19.9%**	**7.7%**	**100.0%**

Source: *Euromonitor*

- Supermarkets and small grocery retailers dominated grocery retailing in 2010, accounting for 71% of the market (Table 6). Several retail channels experienced huge sales growth between 2005 and 2010, with some channels more than doubling their sales. For instance, hypermarkets grew by a substantial 515%, and supermarkets increased by 160%. Overall, growth is expected to continue at about 30% over the next five years. There are currently no discounters operating in Russia. The top five retailers (X5 Retail Group, Auchan, Magnit, Dorinda Holding, and Dixy Group) accounted for 17% of grocery retail sales in 2010.

Table 6: Grocery sales in Russia by retail channel, 2010 (US$ millions)

Retailer	Sales		Growth	
	Value	Share	2005-2010	2010-2015
Supermarkets	70,205.0	38.0%	159.5%	50.7%
Small Grocery Retailers	61,653.8	33.4%	118.4%	15.3%
Other Grocery Retailers	30,215.9	16.3%	86.0%	-6.3%
Hypermarkets	17,688.8	9.6%	515.1%	48.0%
Specialty Retailers	5,056.3	2.7%	83.2%	11.0%
Discounters	0.0	0.0%	-	-
Total	**184,819.8**	**100.0%**	**139.5%**	**28.2%**

Source: *Euromonitor*

Poland

- Poland had a population of 38 million, with a GDP of US$469 billion and a disposable income of $7,851 per capita in 2010. Food expenditure made up 18% of overall consumer expenditure, or US$1,379 per capita. Poland imported US$7 billion of consumer-oriented food, largely from Western Europe. Germany and the Netherlands are major suppliers.

- Poland's packaged food market was worth US$19 billion in 2010. It grew by 9% between 2005 and 2010, and similar growth is expected over the next five years. The sector was highly fragmented, as the top five manufacturers (Nestle Polska, Unilever Polska, Spoldzielnia Mleczarska Mlekpol, Danone, Cadbury Wedel) accounted for only 14% of the market. Since multinationals hold a significant share of the sector, domestic firms have increasingly pursued niche markets and consolidated with other firms. Interest in health and wellness has been growing in recent years.

***Source:** Shutterstock*

- In 2010, Poland's market was led by impulse and indulgence food with a 39% share, and was followed closely by nutritional food and staples at 37% (Table 7). Growth was led by nutritional food and staples at 13%, and, meal solutions experienced the least growth in Poland. Among the market segments, dairy products, bakery products, and confectionery made up over half of the sector.

Table 7: Packaged food markets in Poland by segment, 2005-2015 (US$ millions)

Segment	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Impulse and Indulgence Food	7,325.3	7,936.0	8,826.7	8.3%	11.2%	39.2%
Bakery	3,907.8	3,893.6	3,879.7	-0.4%	-0.4%	19.2%
Confectionery	2,224.7	2,728.9	3,427.7	22.7%	25.6%	13.5%
Sweet and Savoury Snacks	827.6	825.2	884.0	-0.3%	7.1%	4.1%
Ice Cream	350.1	459.8	585.0	31.3%	27.2%	2.3%
Snack Bars	15.1	28.5	50.3	88.7%	76.5%	0.1%
Meal Solutions	4,568.4	4,797.7	5,177.1	5.0%	7.9%	23.7%
Sauces, Dressings and Condiments	1,200.2	1,220.5	1,292.9	1.7%	5.9%	6.0%
Dried Processed Food	936.9	921.6	996.2	-1.6%	8.1%	4.6%
Canned/Preserved Food	740.5	798.6	878.7	7.8%	10.0%	3.9%
Chilled Processed Food	642.8	753.2	833.3	17.2%	10.6%	3.7%
Frozen Processed Food	581.7	595.4	630.1	2.4%	5.8%	2.9%
Ready Meals	292.5	339.9	365.0	16.2%	7.4%	1.7%
Soup	173.8	168.5	180.9	-3.0%	7.4%	0.8%
Nutritional Food and Staples	6,660.5	7,506.5	8,216.9	12.7%	9.5%	37.1%
Dairy	4,177.3	4,675.3	5,114.4	11.9%	9.4%	23.1%
Oils and Fats	1,536.2	1,697.4	1,789.5	10.5%	5.4%	8.4%
Baby Food	252.2	376.0	489.6	49.1%	30.2%	1.9%
Spreads	300.0	303.6	310.7	1.2%	2.3%	1.5%
Pasta	251.7	291.8	328.6	15.9%	12.6%	1.4%
Noodles	127.2	152.4	175.1	19.8%	14.9%	0.8%
Meal Replacement	15.9	10.0	9.0	-37.1%	-10.0%	0.0%
Total	**18,554.2**	**20,240.2**	**22,220.7**	**9.1%**	**9.8%**	**100.0%**

***Source:** Euromonitor*

- Small grocery retailers made up 39% of grocery retailing in Poland in 2010 (Table 8). However, small grocery retailers have declined in recent years, along with specialty retailers and other grocery retailers. Following the trend in Western Europe, hypermarkets, supermarkets, and discounters grew substantially between 2005 and 2010. Supermarkets and discounters doubled their sales and are expected to lead growth over the next five years. In 2010, the top five retailers (Jeronimo Martins, Tesco Polska, Carrefour Polska, Auchan, and ZKiP Lewiatan) accounted for 30% of grocery retail sales.

Table 8: Grocery sales in Poland by retail channel, 2010 (US$ millions)

Retailer	Sales		Growth	
	Value	Share	2005-2010	2010-2015
Small Grocery Retailers	21,013.1	39.3%	-2.0%	-9.2%
Hypermarkets	9,963.0	18.6%	40.0%	10.2%
Supermarkets	8,769.7	16.4%	102.9%	40.1%
Discounters	8,524.4	15.9%	142.4%	42.4%
Specialty Retailers	2,925.7	5.5%	-9.4%	-19.2%
Other Grocery Retailers	2,291.2	4.3%	-15.1%	-24.3%
Total	**53,487.1**	**100.0%**	**26.4%**	**9.5%**

Source: *Euromonitor*

Ukraine

- With a population of 46 million in 2010, Ukraine had a GDP of US$138 billion and a disposable income of US$2,038 per capita. Food accounted for 39% of consumer expenditure, or US$720 per capita. Ukraine imported US$2.5 billion of consumer-oriented food in 2010 from an array of countries throughout the world. Poland, Russia, and Turkey are major suppliers.

- Ukraine's packaged food market was valued at over US$11 billion in 2010. The sector grew by only 5% between 2005 and 2010, though growth is expected to be double that amount in five years. Ukraine's packaged food market was fairly competitive in 2010, with the top five manufacturers (Roshen Kondyterska, Snack-Export, Nestle Ukraine, Kraft Foods Ukraine, Konti) accounting for only 14% of the market. In recent years, Ukrainians have grown increasingly price-sensitive due to high inflation rates and the effect of the downturn on their incomes.

Source: *Shutterstock*

- Impulse and indulgence food was the leading subsector in 2010 with a 39% market share, followed by meal solutions and nutritional food and staples (Table 9). However, nutritional food and staples led growth at 31% between 2005 and 2010, while meal solutions declined by 10%. Among the market segments, half of Ukraine's packaged food sector is made up of dairy products, bakery products, and confectionery.

Table 9: Packaged food markets in Ukraine by segment, 2005-2015 (US$ millions)

Segment	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Impulse and Indulgence Food	4,526.3	4,645.6	5,149.2	2.6%	10.8%	38.6%
Bakery	1,868.8	1,848.9	1,992.2	-1.1%	7.8%	15.4%
Confectionery	1,488.1	1,643.8	1,965.9	10.5%	19.6%	13.7%
Sweet and Savoury Snacks	800.1	708.7	679.0	-11.4%	-4.2%	5.9%
Ice Cream	369.2	443.2	510.4	20.0%	15.2%	3.7%
Snack Bars	0.1	1.0	1.7	900.0%	70.0%	0.0%
Meal Solutions	4,168.2	3,741.6	3,961.3	-10.2%	5.9%	31.1%
Chilled Processed Food	1,438.6	1,274.9	1,430.1	-11.4%	12.2%	10.6%
Sauces, Dressings and Condiments	771.5	779.0	772.2	1.0%	-0.9%	6.5%
Canned/Preserved Food	783.9	570.9	644.3	-27.2%	12.9%	4.7%
Frozen Processed Food	497.5	426.3	433.9	-14.3%	1.8%	3.5%
Dried Processed Food	363.4	384.0	385.1	5.7%	0.3%	3.2%
Ready Meals	253.1	211.1	207.2	-16.6%	-1.8%	1.8%
Soup	60.2	95.4	88.5	58.5%	-7.2%	0.8%
Nutritional Food and Staples	2,789.8	3,645.9	4,206.2	30.7%	15.4%	30.3%
Dairy	1,802.4	2,358.8	2,814.9	30.9%	19.3%	19.6%
Oils and Fats	631.0	891.5	961.3	41.3%	7.8%	7.4%
Baby Food	134.8	195.9	224.9	45.3%	14.8%	1.6%
Noodles	85.8	87.5	76.9	2.0%	-12.1%	0.7%
Pasta	106.9	84.2	87.0	-21.2%	3.3%	0.7%
Spreads	28.9	28.0	41.2	-3.1%	47.1%	0.2%
Meal Replacement	0.0	0.0	0.0	-	-	0.0%
Total	**11,484.3**	**12,033.1**	**13,316.7**	**4.8%**	**10.7%**	**100.0%**

***Source:** Euromonitor*

- In 2010, supermarkets and other grocery retailers accounted for almost 75% of grocery retailing, which doubled in sales between 2005 and 2010 (Table 10). Supermarkets and hypermarkets' growth more than tripled this period. Like Russia, there are currently no discounters operating in Ukraine. The top five retailers (Fozzy, ATB-Market, Garantiya-Trade, Kvisa-Trade, and Auchan) accounted for 25% of grocery retail sales in 2010.

Table 10: Grocery sales in Ukraine by retail channel, 2010 (US$ millions)

Retailer	Sales		Growth	
	Value	Share	2005-2010	2010-2015
Supermarkets	8,036.6	44.0%	244.5%	36.4%
Other Grocery Retailers	5,302.4	29.0%	24.2%	-17.3%
Hypermarkets	2,274.6	12.4%	228.3%	78.5%
Small Grocery Retailers	2,037.9	11.1%	38.3%	-2.6%
Specialty Retailers	626.0	3.4%	56.8%	3.2%
Discounters	0.0	0.0%	-	-
Total	**18,277.6**	**100.0%**	**99.4%**	**20.6%**

***Source:** Euromonitor*

Czech Republic

- The Czech Republic's GDP was US$192 billion in 2010, and disposable income was US$10,123 per capita. Food accounted for 14% of consumer expenditure, or US$1,368 per capita. Consumer-oriented food imports were US$4.7 billion in 2010, largely from Western Europe, with Germany and Poland as major suppliers. In 2010, the Czech Republic had a population of 10.5 million.

- In 2010, the Czech packaged food market was valued at US$7.7 billion, or less than 5% of the Central and Eastern European market. Between 2005 and 2010, the market expanded by 3%, although growth is expected to reach 10% over the next five years. The Czech packaged food market is fairly competitive, as the top five manufacturers (Nestle Cesko, Madeta, Unilever CR, Opavia-LU, OLMA) accounted for only 17% of the market in 2010. In recent years, the Czech Republic's export-dependent economy has suffered due to Europe's economic downturn, while a strong Czech currency has increased packaged food imports.

Source: *Shutterstock*

- Nutritional food and staples was the leading packaged food subsector, with 38% of the market in 2010 (Table 11). However, meal solutions experienced the most growth between 2005 and 2010 at 20%. Nutritional food and staples increased by only 2%, and impulse and indulgence food declined by 7%. Among the market segments, dairy products and bakery products accounted for over 40% of the sector in 2010. Across all categories, Czech consumers are starting to look for healthier products.

Table 11: Packaged food markets in the Czech Republic by segment, 2005-2015 (US$ millions)

Segment	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Impulse and Indulgence Food	2,762.5	2,575.4	2,815.2	-6.8%	9.3%	31.9%
Bakery	1,513.2	1,359.4	1,422.7	-10.2%	4.7%	16.9%
Confectionery	756.7	696.8	767.3	-7.9%	10.1%	8.6%
Ice Cream	317.0	343.4	428.6	8.3%	24.8%	4.3%
Sweet and Savoury Snacks	161.1	166.6	187.4	3.4%	12.5%	2.1%
Snack Bars	14.5	9.2	9.2	-36.6%	0.0%	0.1%
Meal Solutions	2,016.0	2,410.6	2,539.7	19.6%	5.4%	29.9%
Chilled Processed Food	473.4	605.7	625.8	27.9%	3.3%	7.5%
Frozen Processed Food	422.0	503.5	518.7	19.3%	3.0%	6.2%
Canned/Preserved Food	333.2	376.0	390.8	12.8%	3.9%	4.7%
Dried Processed Food	284.3	340.3	366.7	19.7%	7.8%	4.2%
Sauces, Dressings and Condiments	327.5	327.9	359.0	0.1%	9.5%	4.1%
Ready Meals	105.1	188.5	201.2	79.4%	6.7%	2.3%
Soup	70.5	68.7	77.5	-2.6%	12.8%	0.9%
Nutritional Food and Staples	3,008.7	3,075.3	3,505.0	2.2%	14.0%	38.1%
Dairy	1,988.1	2,057.6	2,371.5	3.5%	15.3%	25.5%
Oils and Fats	662.0	591.0	646.9	-10.7%	9.5%	7.3%
Spreads	138.5	135.3	144.6	-2.3%	6.9%	1.7%
Baby Food	81.0	126.7	160.5	56.4%	26.7%	1.6%
Noodles	68.9	77.9	87.1	13.1%	11.8%	1.0%
Pasta	61.0	77.9	84.9	27.7%	9.0%	1.0%
Meal Replacement	9.2	8.9	9.5	-3.3%	6.7%	0.1%
Total	**7,787.2**	**8,061.3**	**8,859.9**	**3.5%**	**9.9%**	**100.0%**

Source: *Euromonitor*

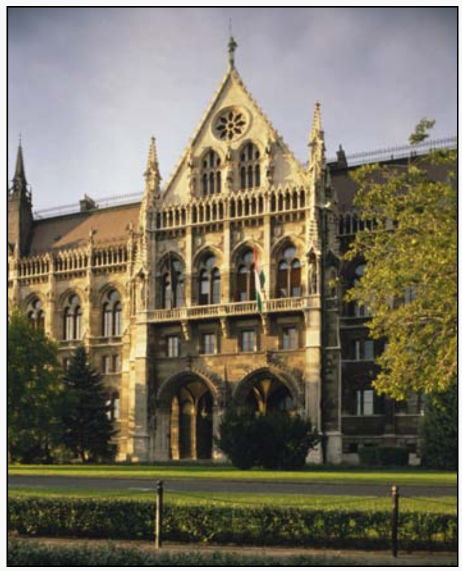
- Hypermarkets dominated grocery retailing with 40% of grocery sales in 2010 (Table 12). Small grocery retailers, discounters, and supermarkets all have relatively similar market shares, each accounting for between 15% to 19%. Hypermarkets and supermarkets grew by over 30% between 2005 and 2010, with discounters following at just over 21%. They are expected to experience further growth over the next five years, while small and other grocery retailers are expected to decline. The top five retailers (Ahold Czech Republic, Tesco, Kaufland Ceska Republika, Penny Market, and Globus) accounted for half of grocery retail sales in 2010.

Table 12: Grocery sales in the Czech Republic by retail channel, 2010 (US$ millions)

Retailer	Sales		Growth	
	Value	Share	2005-2010	2010-2015
Hypermarkets	6,435.3	39.3%	30.0%	6.3%
Small Grocery Retailers	3,007.7	18.4%	-6.4%	-10.5%
Discounters	2,582.5	15.8%	21.2%	7.7%
Supermarkets	2,530.0	15.5%	32.8%	13.1%
Specialty Retailers	1,490.7	9.1%	-2.7%	0.4%
Other Grocery Retailers	309.7	1.9%	-15.7%	-11.9%
Total	**16,355.9**	**100.0%**	**16.0%**	**3.6%**

Source: *Euromonitor*

Hungary



- With a population of 10 million, Hungary had a GDP of US$130 billion in 2010, and a disposable income of US$7,352 per capita. Food accounted for 15% of consumer expenditure, or US$1,065 per capita. In 2010, Hungary imported US$2.3 billion of consumer-oriented food, mostly from Western Europe. Germany and Poland are major suppliers.

- Hungary's packaged food market was worth US$7.2 billion in 2010. Between 2005 and 2010, the packaged food market declined by over 1%, although growth is expected to be 5% over the next five years. The sector is fairly competitive, as the top five manufacturers (Sole-Mizo, Friesland Hungaria, Tesco Global Arhuhazak, Unilever Magyarorszag, Nestle Hungaria) accounted for 21.7% of the market in 2010.

- The market shares were evenly distributed among the subsectors in 2010 (Table 13). Between 2005 and 2010, all subsectors declined except for nutritional food and staples. Among the market segments, dairy products, bakery products, and chilled processed food combined for a total of 55% of the market in 2010.

Table 13: Packaged food markets Hungary by segment, 2005-2015 (US$ millions)

Segment	Market Size			Growth		Share
	2005	2010	2015	2005-2010	2010-2015	2010
Impulse and Indulgence Food	2,570.2	2,452.6	2,434.1	-4.6%	-0.8%	32.6%
Bakery	1,345.0	1,278.2	1,217.0	-5.0%	-4.8%	17.0%
Confectionery	780.2	743.6	748.8	-4.7%	0.7%	9.9%
Ice Cream	224.4	250.4	272.7	11.6%	8.9%	3.3%
Sweet and Savoury Snacks	206.5	167.2	181.2	-19.0%	8.4%	2.2%
Snack Bars	14.1	13.2	14.4	-6.4%	9.1%	0.2%
Meal Solutions	2,371.4	2,361.7	2,576.5	-0.4%	9.1%	31.4%
Chilled Processed Food	803.6	841.5	963.1	4.7%	14.5%	11.2%
Canned/Preserved Food	476.3	468.5	515.3	-1.6%	10.0%	6.2%
Dried Processed Food	308.8	317.5	329.3	2.8%	3.7%	4.2%
Sauces, Dressings and Condiments	302.3	303.3	318.1	0.3%	4.9%	4.0%
Frozen Processed Food	321.7	298.2	316.1	-7.3%	6.0%	4.0%
Ready Meals	114.6	92.3	92.9	-19.5%	0.7%	1.2%
Soup	44.1	40.4	41.7	-8.4%	3.2%	0.5%
Nutritional Food and Staples	2,686.2	2,710.4	2,881.0	0.9%	6.3%	36.0%
Dairy	1,960.6	1,995.8	2,110.5	1.8%	5.7%	26.5%
Oils and Fats	437.5	429.2	468.2	-1.9%	9.1%	5.7%
Pasta	158.5	155.5	154.8	-1.9%	-0.5%	2.1%
Baby Food	76.3	79.0	86.2	3.5%	9.1%	1.0%
Spreads	39.6	39.7	49.9	0.3%	25.7%	0.5%
Meal Replacement	8.7	6.4	6.1	-26.4%	-4.7%	0.1%
Noodles	5.0	4.8	5.3	-4.0%	10.4%	0.1%
Total	**7,627.8**	**7,524.7**	**7,891.6**	**-1.4%**	**4.9%**	**100.0%**

Source: *Euromonitor*

- In 2010, small grocery retailers and hypermarkets accounted for 70% of grocery retailing in Hungary, which has grown 33% over the past five years (Table 14). Supermarkets nearly tripled their sales, while hypermarkets and discounters each increased by over 45%. Hypermarkets, supermarkets, and discounters are expected to lead growth over the next five years, albeit at lower rates. The top five retailers (Tesco, Spar Magyarorszag, CBA, Coop Hungary, and Auchan Magyarorszag) accounted for over 60% of grocery retail sales in 2010.

Table 14: Grocery sales in Hungary by retail channel, 2010 (US$ millions)

Retailer	Sales		Growth	
	Value	Share	2005-2010	2010-2015
Small Grocery Retailers	6,567.2	40.2%	11.2%	10.3%
Hypermarkets	4,922.5	30.1%	45.3%	12.2%
Supermarkets	2,929.4	17.9%	178.8%	21.4%
Discounters	1,941.0	11.9%	45.6%	33.2%
Specialty Retailers	1,496.5	9.1%	-13.8%	-5.2%
Other Grocery Retailers	59.4	0.4%	-25.5%	-13.8%
Total	**17,916.0**	**109.5%**	**32.8%**	**13.7%**

Source: *Euromonitor*

RESOURCES

Euromonitor International (2011). Data.

Global Trade Atlas (2011). Data.

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Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

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