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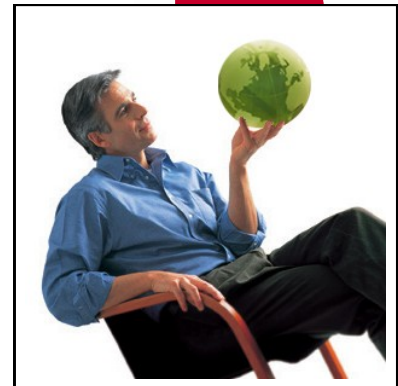
**International
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Consumer Trends

Pasta Market in the EU27



Consumer Trends Pasta Market in the EU27



▶ EXECUTIVE SUMMARY

With a combined population of 489 million and Gross Domestic Product (GDP) of US\$14.4 trillion, the European Union (E.U.) accounts for one-fifth of the world's trade and is the top exporter and second-largest importer of pasta goods in the world.

Quality, freshness, price and taste are important to E.U. consumers. Fresh foods, produce and wheat products are common in E.U. diets, however, the demand for prepared and convenience food is increasing. Opportunities for pasta, dried pasta, and fresh/chilled pasta are expected to experience continued growth.

The total E.U. pasta market was worth US \$8.4 billion in 2008, and the total market is forecast to grow at an average annual rate of 4% from 2008 to 2013. The E.U. accounted for 37% of global pasta value sales in 2008, down from 49% in 2003.

The E.U. fresh pasta market is booming, with sales value of US \$2.2 billion in supermarkets and hypermarkets, up 6.2% compared to 2007. The advantages of fresh pasta are that it is quick to cook and is often made from original recipes that combine authenticity, tradition, and regional origin.

▶ DEMAND

Most categories of pasta in the E.U. are forecasted to continue growing during the next five years, with the exception of canned pasta.

Several factors should drive pasta sales between 2008 and 2013. Consumers are moving to cooking and entertaining at home to save money, thereby presenting an opportunity for pasta meals. Convenience and ease of preparation are the main features of many pasta products. Many efforts by manufacturers, like inventing new recipes and packaging formats for chilled/fresh products and the continued introduction of value added product formulations in dried pasta, will create demand in the future.

EU Retail Sales of Pasta by Subsector, Historic/ Forecast, US \$ million

EU 27	2006	2007	2008	2013	03-08 CAGR	08-13 CAGR
Pasta	7,771	8,009	8,361	10,138	2.5%	3.9%
Canned/preserved pasta	422	408	395	371	-3.0%	-1.2%
Dried pasta	5,350	5,488	5,722	6,871	1.8%	3.7%
Chilled/fresh pasta	1,999	2,113	2,244	2,896	5.7%	5.2%

Source: Euromonitor

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“ CONSUMERS ARE WILLING TO PAY PREMIUM PRICES FOR FRESH OR CHILLED PASTA. ”

▶ DID YOU KNOW?

- ▶ Long-term pasta consumption is expected to increase.
- ▶ The financial crisis and rising cereal commodity prices helped boost the sales of private label.
- ▶ Fresh/chilled pasta is increasing in popularity in the E.U., accounting for 27% of total pasta consumption.

▶ CONSUMER TRENDS

▶ In Western Europe, value-added products, such as chilled/fresh pasta, are expected to continue to appeal to consumers, and will benefit from further efforts by manufacturers to provide new recipes and new packaging formats for pre-packaged products.

▶ The value share of stuffed pasta is expected to rise sharply, given the considerable potential for innovation in this area and the innovation already initiated by manufacturers. In general, increasing numbers of single-person households will boost sales of value-added chilled/fresh products, and canned products.

▶ In Eastern Europe, eating habits are changing to emphasize convenience, freshness and variety, all of which are offered by pasta. This trend is expected to boost sales from 2008 to 2013.

▶ The health-conscious eating trend has also affected sales of pasta, with increased demand for whole grain pasta and pasta made with fresh ingredients. A few producers have already launched whole grain pasta, and they are expected to be followed by other players in the future.

▶ In recent years, filled and flavoured concepts have fuelled the development of new pasta varieties, and manufacturers are exploring such options as organic, fortified and enriched pasta.

▶ RETAIL TRENDS

▶ In recent years, retailers and manufacturers have become aware of the great potential for chilled pasta and have intensified their efforts in terms of distribution and marketing.

▶ Private label sales were aided by fierce price competition in the pasta sector since 2005, especially in the developed markets of Western Europe. A feature of private label sales was the availability of premium products, including organic pasta, sold by gourmet and natural food outlets.

Retail Sales of Pasta by Region, Historic/ Forecast, US \$ million

Pasta	2006	2007	2008	2009	2013	03-08 CAGR	08-13 CAGR
Bulgaria	23	25	27	32	52	6%	13%
Ireland	34	36	40	44	60	7%	9%
Finland	43	43	50	54	65	1%	5%
Slovakia	60	63	65	68	81	4%	5%
Portugal	68	70	74	77	89	2%	4%
Denmark	64	69	76	80	96	4%	5%
Austria	88	89	90	92	100	2%	2%
Hungary	108	114	118	127	156	3%	6%
Czech Republic	101	107	123	134	191	8%	9%
Greece	139	145	155	159	182	3%	3%
Sweden	145	149	156	163	187	3%	4%
Netherlands	153	157	161	169	206	2%	5%
Romania	143	157	169	184	244	10%	8%
Belgium	167	176	215	233	310	8%	8%
Poland	254	265	293	331	467	8%	10%
Spain	370	389	412	431	509	4%	4%
United Kingdom	887	902	926	953	1,050	2%	3%
France	1,120	1,133	1,156	1,179	1,247	1%	2%
Germany	1,294	1,331	1,364	1,402	1,550	3%	3%
Italy	2,511	2,588	2,691	2,809	3,295	2%	4%

Source: Euromonitor



Top EU Per Capita Consumption of Pasta

Country	Kg
Italy	26.0
Greece	10.4
Sweden	9.0
France	8.3
Germany	7.4
Portugal	6.7
Hungary	6.5
Czech Republic	6.0
Austria	5.6
Belgium	5.4
Slovakia	5.0
Spain	5.0
Netherlands	4.4
Finland	3.2
Poland	3.0
Romania	2.7
United Kingdom	2.5
Denmark	2.0
Ireland	1.0

Source: Unione Industriali Pastai Italiani



▶ DRIED PASTA

▶ Dried pasta is readily available in many sizes and shapes. It is factory made and fully dried before it is packaged. It rarely contains eggs, so it has a long shelf life requiring no refrigeration or freezing. Its firmness also allows it to be stored easily without damage.

▶ Most consumers prefer dried pasta with no added flavour, although coloured dried pasta seasoned with spinach, beetroot or tomato is also popular. Traditional varieties such as spaghetti, rigatoni and macaroni, are the most popular forms.

▶ Product innovation, value-added product and low cost will contribute to positive growth for dried pasta. Sales value of dried pasta, accounted for 68% of the overall category in 2008, and are expected to grow by 3.7% from 2008 to 2013.

Fastest Growing Markets for Dried Pasta, US \$ Million

	2008	2013	03-08 CAGR	08-13 CAGR
Bulgaria	27.4	51.6	5.7%	13.5%
Poland	292.2	466.5	7.6%	9.8%
Ireland	24.1	37.5	7.1%	9.2%

Source: Euromonitor

▶ CHILLED/FRESH PASTA

▶ Fresh pasta is available in a variety of sizes and shapes, but not to the extent of dried pasta. It does, however, come in a greater variety of flavors. Fresh pasta most often contains eggs and has high water content, making refrigeration or freezing necessary to keep it from spoiling.

▶ In comparison with other types of pasta, the chilled/fresh format benefited from positive consumer perceptions of its high quality taste and health value, combined with ease of preparation. Consumer willingness to pay premium prices for such products boosted sales in key markets such as Italy, Germany and the United Kingdom (U.K.) .

▶ It is projected that chilled/fresh pasta will grow by 5.2% in sales value from 2008 to 2013.

Fastest Growing Markets for Fresh Pasta, US \$ Million

	2008	2013	03-08 CAGR	08-13 CAGR
Germany	281.5	355	7.7%	4.7%
Italy	995.9	1326.7	5.5%	5.9%
U.K.	294.5	368.4	8.6%	4.6%

Source: Euromonitor

▶ CANNED PASTA

▶ Canned pasta often suffers from negative consumer perceptions and is competing with an increasing number of fresh pasta varieties. From 2003 to 2008, canned pasta sales declined by 3%.

▶ Despite these declines, canned pasta is still perceived as offering a heartier meal than dried pasta. Canned pasta is also thought to offer more convenience than dried pasta, due to its ability to be cooked in three to four minutes. In the U.K., the world's largest market for canned pasta, sales value has steadily declined since 2005, as overcrowding on the shelves hurt certain licensed pasta brands featuring characters popular with children. Children are not brand loyal and the consumer decision-making process is being complicated by parental influences. The abundance of licensed brands available within canned pasta is likely to mean poor sales for products associated with those characters whose popularity is waning with children.



▶ COMPETITION

The supremacy of Barilla in pasta is indisputable in Western Europe, where its share of 14% is three times larger than that of the second-largest player, Nestlé. However, the competition pattern in Eastern Europe is totally different. Pasta is often dominated on a regional level by local companies. For example, Barilla ranked only 14th in Eastern Europe in 2005.

▶ Pasta is a highly fragmented sector in Italy, with the presence of many different manufacturers whose share differs from region to region. Despite a slight share decrease, Barilla remained the leading player in 2008. The second-largest player is Pastificio Rana, which specialises in chilled fresh pasta.

▶ The pasta environment in Germany continues to be dominated by the manufacturers of dried pasta, since this is by far the largest niche. The leader is Birkel/3 Glocken Teigwaren GmbH with a value share of almost 16% (2008), achieved through the brands Birkel, with around 9% of value, and 3 Glocken, with around 7%.

▶ Panzani SA continued to lead the pasta sector in France, with almost 32% of total value sales in 2008. The company led sales in dried pasta with its Panzani brand and in chilled/fresh pasta with the Lustucru and Giovanni Panzani brands.

▶ In the U.K., Heinz Co Ltd was a strong leader and accounted for 24% value share in 2008. The company benefits from a wide range of canned/preserved pasta, including Heinz Spaghetti, Heinz Pasta Hoops and Heinz Macaroni and Cheese.

▶ Comercial Gallo continued to lead sales of pasta in Spain accounting for a 35% share of value sales in 2008. Its biggest stronghold is in dried pasta, where it achieved a 41% share.

▶ Local companies Evroinvest AD and Makaronena Fabrica Dobrich AD, are leading the pasta industry in Bulgaria. Evroinvest has a slightly bigger share but, in general, each company accounts for around 20% of sales.

▶ Poland's Lubella SA maintained its leadership in pasta with a 29% value share in 2008, up from 27% the previous year. The strengthening of Lubella's position can be attributed to intensified marketing activity and the introduction of new products.

▶ In Romania, the sector is dominated by local producers, accounting for 98% of volume and 96% of value sales in 2008. The four main companies are: Pambac SA (23%), Morarit Panificatie Baneasa SA (23%), Pangram SA (15%) and Arnos Srl (6%).

Western Europe

Pasta Regional Company Shares 2005-2008 %Value

Brand	Company name (GBO)	2005	2006	2007	2008
Barilla	Barilla Holding SpA	14.1	13.9	13.5	14.7
Buitoni	Nestlé SA	4	4	4	3.8
De Cecco	De Cecco SpA	2.5	2.6	2.5	2.9
Rana	Pastificio Rana SpA	2.5	2.7	2.9	2.8
Panzani	Grupo Ebro Puleva SA	2.8	2.7	2.8	2.7
Lustucru	Grupo Ebro Puleva SA	2.6	2.7	2.7	2.6

Source: Euromonitor

Eastern Europe

Pasta Regional Company Shares 2005-2008 %value

Brand	Company name (GBO)	2005	2006	2007	2008
Makfa	Makfa OAO	13.3	13.6	13.1	13.4
Extra M	Pervaya Makaronnaya Kompania ZAO	-	-	4.3	4.5
Schebekinskie	InfoLink GK	-	1.3	3.4	3.6
Lubella	Grupa Maspex Wadowice	2.8	2.8	2.9	3
Baisad	Baisad ZAO	0.4	2.2	2.6	2.9
Barilla	Barilla Holding SpA	3.1	2.9	2.8	2.7

Source: Euromonitor

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.

CONSUMER TRENDS—PASTA IN THE EU27

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