European Bread Market Report 2010

May 2011

Association Internationale de la Boulangerie Industrielle
European Plant Bakeries Association

Grand Place 10 – B-1000 Bruxelles
Tel.: +0032-2-361 1900 • Fax: +0032-2-305 1308
Internet: www.aibi.eu • Email: info@aibi.eu

Content:

About AIBI

The International Association of Plant Bakeries was founded in Paris in 1956. At present, 16 national member organisations including Turkey and Russia are affiliated to AIBI, representing over 1000 of plant bakeries.

The association's headquarters have been set up in Brussels Grand Place since the beginning of 2011. The recent office move reflects the view of association members, that decision-making by the European institutions is of increasing importance to the plant bakery sector. The markets for bread and pastry products have become more integrated over the years and the AIBI must take this development into account. AIBI holds contacts to key Members of the European Parliament and the European Commission services. The association's presence in Brussels also facilitates the collaboration with other chain partner associations located here.

AIBI’s key task is to represent its members' interests, especially vis-à-vis European and international institutions (EU Commission, European Council and European Parliament). AIBI is member of and cooperates closely with CIAA, the European Food and Drink Confederation.

The AIBI's member information service includes the distribution of internal circulars (Information for members) on key issues for the plant bakery sector. The AIBI "BBB"- Brussels Bread Bulletin – is a new one-page information service summarizing key regulatory developments at EU level.

Why bread market information is of great relevance for the bakeries industry?

The annual market report on bread contains information on production and consumption of bread, production structure and market share and working conditions in industrial bakeries. This includes an overview about common market trends and developments. All statistics are collected from AIBI national members associations in order to allow its publication at the occasion of the General Assembly. The annual bread report is addressed to member associations and key contact points at the level of the European institutions.

Table I: Production and Consumption of Bread 2010

Country (14)	Total production (in t)	Total production increase/decrease	Consumption of Bread ~kg/head/year	Consumption increase/decrease
Belgium	640.000	stable	67 kg	stable
Bulgaria	713.000	stable	97 kg	+3,1%
Cyprus 2008*	53.550	+4,4 %	74 kg	+ 2,8%
Denmark	244.763	- 8 %	43 kg	+ 0,6%
Finland	211.000	-3,4 %	42 kg	-3,4%
France	3,045.000	+0,6 %	57 kg	stable
Germany	6,400.000	-1,5 %	57 kg	stable
Greece	800.000	stable	65 kg	stable
Italy	3,200.000	stable	48 kg	-2,9%
The Netherlands	965.070	-0,4 %	58 kg	-0,2%
Slovenia	81.665	-8 %	39 kg	-7,8%
Spain	5,410.000	+ 8,3 %	51 kg	-1 kg
Turkey	11,690.000	+ 2 %	150 kg	+2%
United Kingdom	1,449.179	-1%	14 kg	-1%
Total	**34,903.227**	-7,2 %	862 kg	-7,6 %
Ø average	2,493,087		61,5 kg	

*The data is from 2008

The Bread production is **relatively stable** in most countries (e.g. Belgium, Bulgaria, Greece, and Italy), in some countries it is increasing (Cyprus, Spain, and Turkey) but in total the bread production decreased by 7 % in 2010.

The bread consumption pattern differs widely in the European Countries. The highest consumption can be found in Turkey with around average 150 kg per head in 2010 and the lowest consumption is in UK with around 14 kg. On average the European eats **around 61 kg bread/head** based on the statistics from these 14 countries. In comparison with data from 2005, it can be stated that there is an **overall decrease of bread consumption** in Europe, a trend confirmed with the data 2010: decreasing of around 7.6 %. Most countries with an average consumption of 50 kg bread/head can be classified as “bread eating” countries.

Conclusion:

AIBI will continue to study the key factors behind the negative trend helping to reverse it and to help launching targeted bread promotions actions. It is important to find out the reasons for the decline in consumer preference for bread.

Table II: Production Structure and Market Share 2010

Country	Number of industrial bakeries	Number of craft bakeries	Market share of industrial bakeries	Market share of craft bakers
Belgium	60	3.500	52%	48 %
Bulgaria	40	850	**86%**	14%
Cyprus*	217		Not applicable	
Denmark	3	930*	Not applicable	
Finland	15-20	650	75%	25%
France	220	**30.000**	35%	65%
Germany	45	11.350	40%	60%
Greece	5-15	8.000	3,5%	96,5%
Italy	180-200	**25.000**	15%	85 %
The Netherlands	75	1400	**81%**	19%
Slovenia	238	518	55%	45%
Spain	45 (frozen dough)	11.000	19 %	79%
Turkey	100	**30.000**	1 %	99%
United Kingdom	49	n/a	**80%**	n/a
Total	**1092**	123.198		
Average ø	84	10.266	45%	55%

*Data from 2008

Conclusion: The production and market share structure of plant bakers in Europe is highly variable.

In total following the data 2010, there are **1092 plant bakers in Europe**.

The highest market share of industrial bakeries can be found in Bulgaria, the Netherlands and UK, followed by Finland. In Turkey and in Greece the market share is very low around 1-3%. The number of craft bakers is in some countries, mostly southern European countries (Greece, Spain and Turkey) still very high, but they are also decreasing.

In average the market share of industrial bakers is 45%. The craft bakers hold a market share in average of 55% in Europe (14 countries).

Table III: Wheat flour prices 2010

Country	Wheat flour price Euro/tonne	Prices changes	Outlook	
Belgium	320	30 %	increase/stable	
Bulgaria	350	50 %	stable	
Cyprus	n/a	n/a	n/a	
Denmark	215	n/a	increase	
Finland	260-280	+20%	stable/increase	
France	390	+30%	increase	
Germany	150-180	decrease	increase 240-300 Euro	
Greece	300	+50%	stable	
Italy	230-325	increase	possible decrease	-
The Netherlands	280	15%	increase	
Slovenia	240	50%	increase	
Spain	245	increase	increase	-
Turkey	390	+ 10 %	stable	
United Kingdom	294-509	80%	decrease	
Average price	**296**		Most estimate price will increase	

Conclusion:

The average wheat price in Europe (14 countries) has substantially increased in 2010 by approximately 80% compared to 2009. One ton wheat costs around **300 Euro**.

It is difficult to pass on the increased raw material prices to the retailers/consumers. Current production forecasts by DG AGRI and IGC indicate that and global cereal prices will remain high in 2011.

Table IV: Average Consumer Price of Bread 2010

Country	White basic bread (non-sliced) Premium Euro	White basic bread discount Euro	prepacked bread Premium Euro	prepacked bread discount Euro
Belgium	2,44	1,86	2,39	0,86
Bulgaria	**0,70**	0,60	0,75	0,65
Cyprus	n/a	n/a	n/a	n/a
Denmark	n/a	n/a	n/a	n/a
Finland	**3,50-4,00**	2,20-2,50	5,20	2,20
France	1,10	0,50	4,75	2,15
Germany	3,50	2,00	2,50	1,80
Greece	**0,90**	0,60	3,80-4,70	2,20-2,40
Italy	**2,50-4,00**	1,90-2,80	3,50-4,50	2,50-3,50
The Netherlands	2,00	n/a	2,85	n/a
Slovenia	1,50-2,50	0,80	n/a	0,80
Spain	3,60	1,80	n/a	n/a
Turkey	1,27	n/a	2,70	n/a
United Kingdom	n/a	n/a	1,52	0,53
Average	2,30	1,40	3,06	1,58

Conclusion:

The Consumer price of bread varies widely in the European Union, which reflects the product diversity and but also a highly different disposable income.

The highest average bread prices for white basic bread are in Finland and Italy with around 4,00,- Euro. Bread is relatively cheap in Greece and Bulgaria with less 1,00,- Euro. The average price of a white bread is **2,30,- Euro/kg** bread out of a basket of 12 European countries.

The average price of a discount bread is **1,40,- Euro/kg bread** out of a basket of 9 European countries.

Table V: Working Conditions in Plant Bakeries 2010

Country	Basic working time (hours) per week	Average wage of a worker in Euro/hour	
Belgium	38	13,10	
Bulgaria	40	**2,55**	
Cyprus	n/a	7,05	
Denmark	37	n/a	
Finland	40	12,00-14,00	
France	37	11,50	
Germany	42	15,00	
Greece	44 (40)	n/a	
Italy	34	13,00	
The Netherlands	38	**25,00**	
Slovenia	40	5,00-6,00	
Spain	40	10,00	
Turkey	**48**	**2,24**	
United Kingdom	41	11,89	
Europe average	**40**	**10,81**	

Conclusion:

The average working time in plant bakeries are 40 hours per week and in average the workers are paid **10,81,- Euro per hour**. The highest wages are paid in the Netherlands, followed by Germany and Belgium. The lowest wages are paid in Bulgaria and Turkey.

Present Situation and Trends

What are the main common trends?

Market developments

- High raw material costs and therefore price increase,
- Rising transports cost,
- Rising energy costs,
- Low margin for plant bakeries,
- High retailer/discount price pressure,
- Increasing prebake/ Bake off in supermarkets,
- New selling concepts in retailers,
- More use of frozen dough.

Product innovation and development

- Health trend discussion – whole grain, fiber, omega 3, cholesterol lowering,
- Health claims discussion – value added products,
- Bake off is growing.

Consumer behaviour/bread consumption

- Decrease of bread consumption ongoing,
- Bread consumption under pressure due to breakfast alternative and fast food options,
- More interest of consumers in natural, convenience and indulgence,
- Growing out of home consumption,
- Less time on home food preparation.

Belgium

The Bake-off of bread in retailers is increasing in order to increase fresh perception in the store. There is increased price competition in retail, with important price decreases to the consumer and with price pressure on the producers.

Republic of Bulgaria

The bread prices increased due to high flour prices. The average price of flour is 440 Euro/ton 1 April 2011. The bread prices kept stable the last two months and till the end of June 2011 there are no expected changes in the bread prices.

Denmark

The total bread consumption in Denmark stabilised after a couple of years with declining consumption and bread price increases.

The Danish Labelling "Fuldkornslogo" (Danish Wholegrain logo) and "Øko-mærket" (ecologically labelled products) obtained increased attention and makes it easy for consumer choice. It is important to mention that health is by consumers more of a prerequisite than a trend. However, there is also room for indulgence as a counterpart. The consumer has the general perception that bread with fibres is healthy and bread without fibres is unhealthy.

Growth comes mainly from in-store bakeries within retail. Most retailers operate or have plans to operate in-store bakeries. On the plant bakery site there is increased focus on private label and chain specific concepts.

Finland

Health aspects of food/bread are discussed in the public on fibre and whole grains. At the same time there is a lot of public discussion about carbohydrates. In general the bakery sector faces tough competition with increased price pressure. The increasing costs are very difficult to pass on consumer prices. In Finland small bakeries have increased their market share.

France

There is a negative impact on financial results due to inflation increase and high raw material prices (in particular wheat flour and butter). In addition the sector must cope with a strong increase of transport costs due to the oil price inflation. It is very difficult to transfer those cost increases to the customers, especially in the retail sector.

Greece

Today the market poses many threats. The recession of the economy and consumers have considerably less disposable income. These issues are combined with big increases of the price of all raw materials (especially flour) and energy, however the industry cannot increase sales prices due to the recession and fear of loss of market share (not due to competition, but consumer behaviour).

The market share of hard discount and private label products is increasing. The market share of chain bakeries, although very small at present, shows signs of increase too.

Germany

There are three retailers with own baking capacities (EDEKA, REWE, LIDL). LIDL is planning a new production plant in Germany and EDEKA is now running 2.500 own bakery outlets with different brands. The discount retail is implementing automatic bake-off ovens (ALDI with 7 articles; LIDL with 23 articles). The market share of deep-frozen bakery wares is growing.

Italy

In Italy, the decrease of bread consumption is structured at minus 2.9%. However, a positive trend for breadsticks, crackers and bakery wares is to mention with around plus 4.3%. The good performance of PDO/PGI products and bread with special ingredients continue.

The Netherlands

The pressure on margins increases, due to many factors:

- High competition of retailers,
- Lack of an adequate consumer price,
- Increased raw material costs,
- Increased packaging and labour costs.

There is high competition between retailers with strong focus on fresh food. An increased market share of successful small bakeries is recognized, which are run by foreign bakeries; however craft bakers are losing market share every year.

Slovenia

The Slovenian bread production is decreasing, due to an increased import of bread and bread products from other countries. Cereals from Slovenia are mostly exported to Italy.

Spain

There are strong impacts from hard discounting in fresh bakery. However there are some developments of "other retails" outlets for example petrol stations and convenience stores.

Turkey

Next to traditional bread, more varied bread, whole grain and multigrain breads are becoming more and more popular in Turkey.

UK:

The 2010 hike in wheat prices led to rising prices for the consumer. Branded bakery promotions, NPD activity in producing new lines in healthier bread and healthier eating provided the consumer with a vast choice of value added products. Bread continues to be and exciting area of activity and innovation.

Questionnaire 2010

In total 14 national association /countries participated in this questionnaire in the time period April 2011 to May 2011. AIBI thanks all participants for their great support!

The responses from the 14 national associations (Belgium, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Greece, Italy, The Netherlands, Slovenia, Spain, Turkey and United Kingdom) can be found on the AIBI extranet:

http://www.aibi.eu/login.html?FORWARD_URL=/aibi-mitgliederservice/

You can receive the responses on request in paper version, please contact us at:

ASSOCIATION INTERNATIONALE DE LA BOULANGERIE INDUSTRIELLE
EUROPEAN PLANT BAKERIES ASSOCIATION
GRAND PLACE 10 – B-1000 BRUXELLES
TEL.: +0032-2-361 1900 • FAX: +0032-2-305 1308
INTERNET: WWW.AIBI.EU • EMAIL: INFO@AIBI.EU

A I B I Q U E S T I O N N A I R E for 2010

The European Bread Market

Year 2010

1. COUNTRY: .... **DATE**: ....

2. PRODUCTION AND CONSUMPTION OF BREAD (Bread= bread and rolls)

2.1. Total production of bread in **tonnes** (craft sector included):	........................tonnes
2.2. Increase/decrease of the production compared with previous year:	**+** ....% / **-** ....%
2.3. Consumption of bread (kg/head/year):	.... kg
2.4. Increase/decrease of the bread consumption compared with previous year:	**+**.......... %/ **-** ....%

3. PRODUCTION STRUCTURE AND MARKET SHARE

3.1. Number of industrial bakeries (line production):	
3.2. Number of craft bakeries:	
3.3. Estimate of market shares	Plant bakeries (= supplier of retailers): .... % Chain bakeries (= own production, sales via own shops): ....% Single bakeries (up to 3 outlets):..........%

4. WHEAT FLOUR PRICES

4.1. Price per ton, 1st September 2010 in EUR: ....EUR/ton

4.2. Price changes, compared with previous year in %: .... %

4.3. Outlook September 2011:

Wheat flour prices: increase ❐ stable ❐ decrease ❐

5. AVERAGE CONSUMER PRICES OF BREAD (PER KG)

	2010 **Premium**	**Discount**
5.1. White basic bread (non-sliced)	EUR	EUR ....
5.2. Prepacked bread	EUR	EUR ....

5.3. Price increase / decrease 31 December 2010 compared with 1 January 2010, in %:

……................ %

6. PRESENT SITUATION AND NEW TRENDS

....

....

....

7. WORKING CONDITIONS IN INDUSTRIAL BAKERIES

7.1. Average effective working time per week: …......................................hour/week

7.2. Average wage of a craft worker per hour: ....EUR