



AIBI Bread Market Report 2013

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ASSOCIATION INTERNATIONALE DE LA BOULANGERIE INDUSTRIELLE - AISBL
INTERNATIONAL ASSOCIATION OF PLANT BAKERS AISBL

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About AIBI

The International Association of Plant Bakers was founded in Paris in 1956 and has its seat in Brussels since January 2011. At present, 15 national member organisations are affiliated to AIBI including Ukraine and Russia. AIBI represents 2293 of large baking companies with more than 470.000 employees.

The markets for bread and pastry products have become more integrated over the years and the AIBI is taking this development into account. AIBI holds contacts to key Members of the European Parliament and the European Commission services and represents its member's interests to those institutions. The association's presence in Brussels also facilitates the collaboration with other chain partner associations located here.

The AIBI's member information service includes the distribution of internal circulars (Information for members) on key issues for the plant bakery sector. AIBI has delivered positions on acrylamide, palm-oil, country of origin labelling and food waste and is seeking to enhance the visibility and communication actions of the plant bakery sector in the future.

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

The AIBI market 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 member associations. The AIBI bread report is addressed to AIBI member organisations and key contact points at the level of the European Institutions and EU value chain partners.

Production and Consumption of Bread 2013

Country (15)	Total production in tons	Total production increase/decrease	Consumption of Bread ~kg/head/year	Consumption increase/decrease
Belgium	600.000	decreasing	55 kg	decreasing
Bulgaria	689.000	-1%	95 kg	stable
Denmark ¹⁾	125.000	- 1%	45 kg	stable
Finland*	210.000	stable	42 kg	stable
France	3,150.000	+1%	57 kg	stable
Germany	6,400.000	stable	56 kg	stable
Greece	865.000	stable	68 kg	stable
Italy	3,000.000	+ 1%	52 kg	stable
The Netherlands	620200	-1%	62 kg	-1 %
Russian Federation	7,000.000	+2%	55 kg	+2%
Slovenia*	85.728	n/a	42 kg	stable
Spain	1 699.095	+ 3,7%	37 kg	+4,2%
Turkey	8,300.000	- 9,8%	104 kg	-10%
Ukraine	4,020.000	-7,5%	89 kg	-7,5%
United Kingdom	1,409.353	-2%	32 kg	-1%
Total	38,173.376		891 kg	
Ø	2,544,891		59,4 kg	

The Bread production is **relatively stable** in countries like Finland, Greece and Germany, but in most countries the bread production is slightly decreasing (especially in Turkey, Ukraine). The production of bread in Spain, Russia and France is slightly increasing.

The bread consumption pattern differs widely in European countries. The highest consumption levels are recorded in Turkey (app. 104 kg) and Bulgaria (app. 95 kg) and the lowest consumption is in UK (app. 32 kg). On average the European consumer eats **59 kg bread/head** based on the statistics from these 15 countries, which can be stated as **stable**. Most countries with an average consumption of more than 50 kg bread/head can be considered as bread-eating countries, referring to bread as a key staple food.

Conclusion: Although the bread consumption in general is stable, it is important to analyse consumer preferences for bread in order to increase bread consumption by launching successful targeted bread promotions initiatives at national level.

*Data from Finland and Slovenia are 2012 statistics - 1) Data from Denmark are not from the whole market but only from members.

Production Structure and Market Share 2013

Country (15)	Number of industrial bakeries	Number of craft bakeries	Market share of industrial bakeries	Market share of craft bakers
Belgium	60	3.000	50%	50 %
Bulgaria	39	810	87%	10%
Denmark ¹⁾	6	n/a	45%	n/a
Finland*	17	640	75%	25%
France	220	30.000	35%	55%
Germany	50	10.750	40%	60%
Greece	22	7000	4,5%	95,5%
Italy	190	22500	15%	85 %
The Netherlands	67	2000	85%	15%
Russia	751	12500	70%	30%
Slovenia*	289	190	55%	45%
Spain	40	11.000	34 %	59%
Turkey	300	15.000	12 %	88%
Ukraine	194	n/a	37%	63%
United Kingdom	48	n/a	80%	n/a
Total	2293	115.390		
Average ø	152	7692	48 %	52 %

*data from 2012 – ¹⁾ Data from Denmark are not from the whole market but only from members.

Conclusion: The production structure in Europe is very different.

Bulgaria, the Netherlands and UK show the highest percentage of market share of industrial bakeries and are followed by Finland and Russia. In Turkey the market share of plant bakers is growing. The market share of craft bakers in southern Europe countries (Greece, Turkey and Italy) is very high, but their relative market share also decreasing on average.

In total following the data 2013, **2293 large bakery production sites** are recorded in Europe (including Russia and Ukraine).

Working conditions and employees in Plant Bakeries 2013

Country (15)	Basic working time (hours) per week	Average wage of a worker in Euro/hour	Number of employees
Belgium	38	15	6780
Bulgaria	40	2,55	7000
Denmark ¹⁾	37	35	1225
Finland*	40	13,5	4000
France	37	12	35000
Germany	42	16,1	36500
Greece	40	n/a	1300
Italy	36	25	n/a
The Netherlands	32	13,56	7000
Russia	40	2	300.000
Slovenia*	40	7	3746
Spain	40	10	5000
Turkey	50	2,15	4500
Ukraine	40	1,5	45.000
United Kingdom	42	n/a	15.055
Europe average	39,6	11,95	472106

*Data from 2012 ¹⁾ Data from Denmark are not from the whole market but only from members.

Conclusion:

The average working time in plant bakeries are **39 hours** per week. The wages of the working hours differs widely in Europe and in average the workers are paid 11,95,-Euro per hour.

Referring to the figures, there are more than **470.000 employees** working in plant bakeries in Europe.

Present Economic Situation and Trends in 2013/2014

Main trends in 2013/2014

Bakery Market developments

- High raw material costs combined with volatile prices
- Tendency of low margins and increasing business risks
- High competition between producers
- Continued high retailer price pressure combined with unfair trading practices
- Increasing Bake off/frozen dough products – new selling concepts in retailers

Product innovation and development

- Increasing consumer awareness of healthy lifestyle and clean label
- Gluten free trend in Europe – free-from products
- Food losses – food waste discussion continues
- Whole grain, fibre, omega-3, cholesterol lowering, salt and fat discussion
- Enzyme discussion on the horizon

Consumer behaviour/bread consumption

- Stability in bread consumption
- consumers, who want convenient, natural, healthy and indulgent-pleasure food
- growing of out of home consumption
- Less time on home food preparation
- Bread consumption under pressure due to breakfast alternative and fast food options
- Return to home baking – buying local/regional – preference for the old fashioned style of bread

Reports from the Countries:

Belgium

There is high price competition in retail and high price pressure on the producers. That means that the margins are becoming smaller. The consumer has strong interest in authentic, natural, convenient and indulgent food. In Belgium the discussion around the nutritional benefits around bread is on-going. Those health advices from nutritionists to consumers could enhance that Belgians go back to basics, notably for breakfast. This could mean that the consumption of bread could continue to slightly recover.

Republic of Bulgaria

The situation in the bread sector became stable with stable energy prices and flour prices. However the bread producers are coming under pressure from trade chains. The bake off of frozen/prebaked products in large retail outlets – hypermarkets are increasing.

Denmark

The problem of overcapacities in the European Baking industry remains and parts of the production went to retailers own production (private label). Therefore the price pressure on bread production is an issue. Discounter implement different of in-store bakery solutions which leads to changes in consumer behaviour and their focus on freshness and price. The consumer confidence is on the rise, but the consumer continues to focus on low price.

Finland

In general the bakery sector faces the reality of tough competition with tough price pressure. However the Finnish Bakery industry managed better to transfer the rising energy and raw material costs into more value of the products.

There is an intense discussion about health aspects of food/bread with focus on salt (labelling) and the discussion on fibre and whole grains. The public opinion is as well focused on the good or bad of carbohydrates.

France

The price variations and market volatility of raw materials pose difficulties in production. The relationship with retailers is not easy as there are big delays in price negotiations. As a consequence the financial situation in companies is very tight and degrading. The consumer behaviours in bread consumption are changing, with more snacking and less bread eating.

Germany

The increase of production costs, especially energy remains an important issue. Retailers are gaining market shares.

Greece

The economy stabilised with -0,3 % to 0% growth in 2013. However this comes at the lowest point of the economic cycle as 2012 was the 5th year in recession and in total a minus of 25 per cent since 2008.

2013 saw the shut down and eventual bankruptcy of the old and historic "Katselis" industrial bakery, a market leader for many decades.

Small and medium sized companies are quite active in bake-off for the hard discount. The market was liberalised in 2012 and 2013 after restrictive legislation since 2007.

Chain bakeries are increasing too, offering extensive variety of both low priced and premium products. Craft bakers find it more difficult to cope and are losing market share with a direct negative impact on market share and employment.

Italy

The main discussions are going around healthy products, organic bread and bread with cereals. The trend is going to small products which have special flavours. Also "German style products with seeds" and wholemeal bread are more requested bread products. The soft industrial bread and crisp bread industrial bread are going well in the market.

The Netherlands

There is severe competition between the baking producers and hard negotiations from the landscape with supermarkets. Health aspects (carbohydrates, wheat) of the bread are discussed in the public domain and there is rising popularity of spelt and sourdough bread.

Russia

The whole landscape of bread is in terms of modernisation because the consumer shows interest in new types of products. The production has an increased range of enriched bread with natural ingredients. This goes in line with the increased production of "hot bread" (freshly baked) which included the increased production of frozen semi-finished products.

Slovenia

The Slovenian bread production is decreasing and at the same time the prices of raw materials are going up. The import of bread and bread products from other countries is increasing.

Spain

Several networks of bakery franchises (Granier, Panaria) have been established successfully, but there are implications from severe discounting in fresh bakery. In Spain there is the development of other retails like petrol stations and convenience stores.

Campaigns from the government to promote healthier lifestyles by creating innovative healthy products to reduce cholesterol levels, obesity and diabetes were taken up successfully. More and more bakery companies are eliminating trans-fatty ingredients and using wholegrain and high fibre with no preservatives or colorants and zero sugar in their bakery products. Other innovative products are rye and oat breads and breads with herbs (oregano) and black olives to attract consumers.

Turkey

A lot of actions in Turkey went on the reduction of salt content in bread, increase in extraction (ash content or yield) of bread flour used in traditional white Turkish bread and promotion of consumption of whole wheat and variety breads.

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

"Don't waste your bread" was a public communication campaign promoted by the office of prime minister.

Ukraine

The governmental price regulation on bread and bakery products has driven companies into balance losses.

United Kingdom:

The reduced consumption of bread and price deflation has driven the economic situation of bakery companies in 2013/2014. There is an increase in the production of alternative bakery products instead of bread.

Questionnaire 2013

In total 15 national association /countries participated in this questionnaire in the time period April to September 2013.

AIBI thanks all participants for their great support!

A I B I Q U E S T I O N N A I R E for the year 2013

The European Bread Market

Year 2013

1. COUNTRY: **DATE:**

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

2.1. Total production of bread in tons (craft sector included):tons
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):	
3.1.1 Number of employees in industrial bakeries	
3.2. Number of craft bakeries:	
3.3. Estimate of market shares	<p>Plant bakeries (= supplier of retailers): %</p> <p>Chain bakeries (= own production, sales via own shops):%</p> <p>Single bakeries (up to 3 outlets): %</p>

4. PRESENT ECONOMIQUE SITUATION AND NEW TRENDS IN BREAD SECTOR

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5. WORKING CONDITIONS IN INDUSTRIAL BAKERIES

5.1. Average effective working time per week:hour/week

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