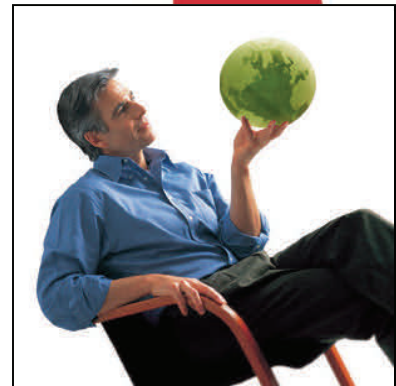




International
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MARKET INDICATOR REPORT | APRIL 2013

Consumer Trends Confectionery in Poland





▶ **MARKET SNAPSHOT**

With nearly 40 million inhabitants, Poland is the third-largest consumer market in Central and Eastern Europe (CEE), behind Russia and Ukraine. An estimated four million people left Poland after the country's accession to the E.U. in 2004, to pursue opportunities in continental Europe, Ireland, Australia and North America.

Almost 6% of the Polish population live in Warsaw, the capital, and its suburbs. Some 64% of inhabitants live in urban areas. The population is spread across a very large number of small and medium-sized towns.

Confectionery in Poland is benefiting from the overall demand for indulgence products. Consumers consider various sweets to be an affordable luxury, both for adults and children, and regularly reach for confectionery, even in tough economic times. In addition, the availability of a wide variety of products at all price levels makes confectionery accessible to consumers from all income groups.

However, gum, milk chocolate bars and boiled sweets are all being adversely affected by mounting consumer health concerns. Obesity and diabetes are major health issues that are increasingly affecting young and old alike. When it comes to "healthy" confectionery, consumers tend to look for products that benefit dental and cardiovascular health, as well as low-calorie products that help assuage guilt over indulgence.

A dynamic increase in sales of premium confectionery was recorded in the Polish market in the past five years, a consequence of Polish society becoming wealthier. The stronger the economy, the greater the demand for premium sweets like pralines, boxes of chocolates, and chocolate bars with unique ingredients. Poles are more willing to reach for sweets with unusual flavours that are offered in elegant packaging, which until recently were considered niche products.

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▶ CONSUMER TRENDS

As in other European countries, the population in Poland is aging, which is having a major impact on consumption trends. The number of seniors increased from 5.1 million in 2006 to 5.2 million in 2010, accounting for 13.5% of the total population.

People in Poland are expected to continue to live longer, while birth rates are expected to continue to decline. The number of Poles aged 65 years and older is projected to grow by 30.4%, reaching 6.9 million in 2020, and will account for 23% of the total Polish population in 2035. Moreover, the median age of the population is projected to increase, from 37.8 in 2010 to 41.1 years in 2020.

Another particularity of the Polish market is that the number of single-person households is expected to increase, reaching 5.4 million in 2020 and representing 35.4% of total households. This trend is the result, in part, of young people increasingly deciding to postpone marriage, while pursuing careers or education and living alone.

According to Euromonitor, the purchasing habits of Polish consumers are becoming more Westernized, and this is reflected in the increased demand for luxury goods in the country, including food items. Indeed, between 2005 and 2010, the luxury goods market grew by 50% (in real terms). The Polish market for luxury goods is relatively young and value sales in all categories increased significantly during this time period. It is forecasted that nearly all luxury sectors will be registering double-digit sales growth through to 2020.

As disposable incomes rise, demand for premium and super-premium brands is expected to grow, while demand for private label products falls, although these less expensive products will remain popular amongst less affluent consumers. In addition, many food shoppers are expected to become more inclined to visit those retailers that offer the most pleasant shopping environment and a range of additional services, such as loyalty programs.

The Polish confectionery industry has been developing steadily since the 1990s. The growth in the confectionery industry is attributed to economic factors, and sociological trends. Polish consumers are starting to purchase more impulse and indulgence products due to the better performance of the Polish economy after the 2008-09 recession. In addition, confectionery sales are being driven by two key trends: the developing snacking trend and rising health awareness. Manufacturers have developed new product lines, with claims such as “sugar-free,” in order to satisfy the need for indulgence mixed with health consciousness. They have also increased their range of dark chocolate lines, due to its perceived health benefits.



In Poland, confectionery is purchased by virtually all social groups. The consumption of confectionery products is also undoubtedly stimulated by promotional campaigns by the largest manufacturers.



Poland Trade Data, HS:180620 – Chocolate and Other Food Preparations Containing Cocoa, In Bars, Blocks, Slabs or Other Bulk Form in Containers of a Content Exceeding 2 Kg

Imports in US\$				Exports in US\$			
Partner Country	2009	2010	2011	Partner Country	2009	2010	2011
World	95,261,515	124,056,008	134,989,967	World	28,230,813	32,429,355	42,690,096
Italy	7,980,605	38,896,424	39,392,769	Czech Republic	10,393,445	10,714,641	8,537,602
Germany	40,412,002	36,648,387	38,619,515	Russia	137,071	1,556,297	6,362,240
Belgium	16,150,167	18,099,625	25,894,405	Sweden	3,171,326	2,566,508	5,644,489
Czech Republic	12,010,949	10,625,550	14,268,107	Germany	3,106,285	3,603,854	5,244,669
France	5,504,909	6,670,898	6,348,243	France	2,338,122	4,505,711	4,411,657
United Kingdom	2,838,070	1,823,372	3,633,180	Lithuania	712,800	1,829,479	3,367,585
Denmark	2,779,351	2,656,178	2,344,249	Croatia	1,297,266	127,692	1,030,511
Netherlands	1,298,124	3,713,494	1,762,953	Serbia	1,049,241	912,393	759,969
Spain	154,291	875,722	1,048,933	Austria	1,273,805	572,043	722,781
Sweden	364,923	422,560	864,957	Belgium	139,904	180,131	610,601

Source: Global Trade Atlas 2012 .

For several years, Italy, Germany and Belgium led chocolate imports into Poland. These three countries represent over 75% of Poland's chocolate imports.

Poland's exports of chocolate and other products containing cocoa are growing steadily. While exports to the Czech Republic have declined by 20% from 2010, exports to Russia and Sweden have increased by 309% and 120%, respectively.

Poland Trade Data, HS:170490 – Sugar Confectionery (Including White Chocolate), Not Containing Cocoa

Imports in US\$				Exports in US\$			
Partner Country	2009	2010	2011	Partner Country	2009	2010	2011
World	142,076,025	139,854,551	158,570,220	World	267,353,926	215,456,735	216,164,937
Germany	55,986,153	62,253,646	66,623,791	Germany	46,035,659	39,198,451	39,691,878
Netherlands	12,636,459	11,184,414	14,626,879	Czech Republic	11,077,117	11,528,539	13,263,394
Czech Republic	11,507,852	10,978,538	13,464,893	United Kingdom	11,146,084	11,819,072	12,882,037
Spain	8,592,893	9,799,886	9,593,949	Hungary	15,436,758	11,019,055	10,844,997
Belgium	5,096,464	4,465,587	7,095,527	Saudi Arabia	8,743,286	7,811,748	10,699,888
Ecuador	3,815,369	4,737,791	5,012,721	Russia	51,307,368	22,877,408	10,257,445
Colombia	5,565,449	3,089,829	4,063,204	Netherlands	6,729,962	5,536,351	8,856,843
Italy	6,591,749	3,941,242	3,894,450	Romania	4,608,119	5,938,713	6,826,430
Lithuania	2,493,266	2,554,692	3,323,233	Italy	10,789,639	7,769,888	6,803,367
Greece	3,065,939	2,666,821	3,150,402	Denmark	4,719,908	5,429,543	5,970,392

Source: Global Trade Atlas 2012 .

▶ **CATEGORY SEGMENTATION**



Poland, Chocolate Confectionery
 – Historic/**Forecast** Category Segmentation Based on Sales Volume,
 in Thousands of Tonnes

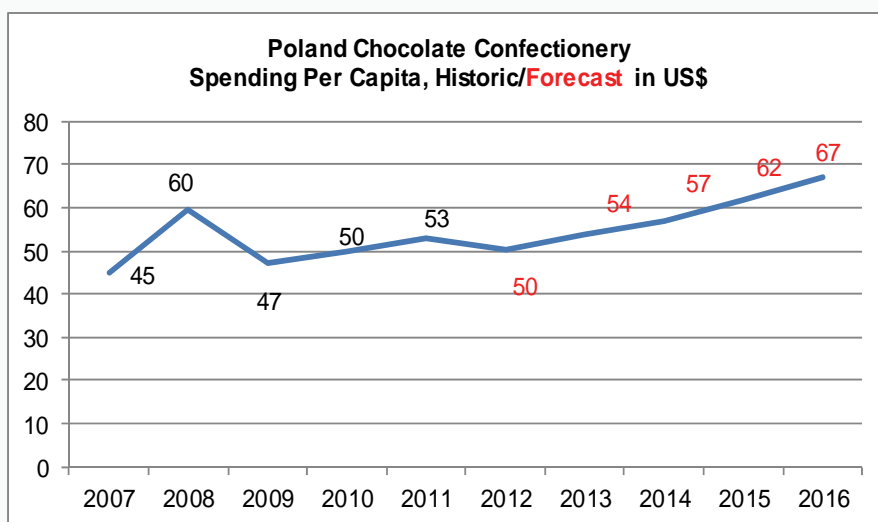
Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Chocolate confectionery	129.8	139.0	152.4	161.9	168.9	175.5	182.7	189.6	196.0	202.4	208.9
Countlines	63.6	68.6	73.6	77.0	79.0	81.3	83.4	85.6	87.5	89.4	91.5
Tablets	39.3	41.9	47.6	50.5	52.3	54.2	56.7	59.0	61.1	63.3	65.3
Boxed assortments	20.1	21.6	24.2	27.3	30.3	32.7	35.1	37.3	39.6	41.8	44.1
Standard boxed assortments	18.0	19.5	21.9	24.9	27.8	30.2	32.5	34.7	36.9	39.0	41.3
Twist-wrapped miniatures	2.1	2.2	2.3	2.4	2.5	2.5	2.6	2.6	2.7	2.8	2.8
Bagged selflines/softlines	3.5	3.4	3.4	3.5	3.5	3.5	3.6	3.6	3.7	3.7	3.8
Seasonal chocolate	2.8	2.9	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.6
Chocolate with toys	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7

Source: Euromonitor 2012 .

In Poland, boxes of chocolates are inherently social, connecting givers and receivers, hosts and guests. Nearly 80% of those who buy boxed chocolates in Poland consider them to be 'easy' gift options. Of those 80%, 30% of them cite packaging as a key reason for purchasing. This highlights the potential for brands to invest in more engaging and interesting design concepts.

Euromonitor forecasts that consumption of chocolate confectionery will grow by nearly 3% year-over-year. At the beginning of the 1990s, an average Pole consumed nearly 2 kg of chocolate products per year. In 2012, average consumption has reached approximately 4 kg per person, but the peak of Poland's market potential has not yet been reached.

In Western Europe, chocolate product consumption is much higher than in Poland; for example, in Great Britain it is approximately 7 kg per person, while in Austria and the Netherlands it is 8 kg per person. If cocoa prices remain stable, the forecast growth in value and consumption will likely materialize.



Source: Mintel 2012.



► **CATEGORY SEGMENTATION (continued)**



Poland, Sugar Confectionery
 – Historic/**Forecast** Market Segmentation Based on Sales Volume,
 in Thousands of Tonnes

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sugar confectionery	40.53	40.51	41.09	41.94	42.98	44.13	45.48	46.82	48.26	49.68	51.19
Boiled sweets	16.92	16.26	15.87	15.67	15.57	15.57	15.66	15.75	15.89	16.05	16.25
Pastilles, gums, jellies and chews	5.49	6.10	6.72	7.29	7.86	8.44	9.07	9.70	10.37	10.98	11.60
Mints	6.77	7.10	7.45	7.76	8.11	8.48	8.85	9.20	9.55	9.91	10.25
Standard mints	5.76	6.05	6.34	6.60	6.89	7.20	7.50	7.79	8.07	8.36	8.63
Power mints	1.01	1.06	1.11	1.16	1.22	1.28	1.35	1.41	1.48	1.55	1.62
Toffees, caramels and nougat	6.80	6.36	6.23	6.25	6.27	6.32	6.40	6.49	6.60	6.73	6.89
Other sugar confectionery	1.77	1.84	1.91	2.00	2.11	2.18	2.26	2.34	2.43	2.50	2.59
Medicated confectionery	1.49	1.58	1.65	1.71	1.79	1.86	1.96	2.05	2.13	2.21	2.30
Lollipops	1.30	1.27	1.27	1.27	1.27	1.27	1.28	1.29	1.30	1.30	1.31

Source: Euromonitor 2012.

The sugar confectionery market in Poland benefits from a stronger perception of value for money than other snack segments. The market is expected to continue to benefit from the image of its products as an affordable treat, even as consumer budgets remain under pressure.

Perhaps surprisingly, 85% of Polish parents are happy to give their children sweets as an occasional treat. This could be linked to the improved perception of the health credentials of sweets that contain less sugar and promote the absence of artificial ingredients, or, it may simply be evidence of more relaxed attitudes towards 'junk food'.

One way to improve the health credentials of sugar confectionery could be to emphasize their fruit content. Some 55% of users prefer sweets using natural fruit juice, with very little deviation in preference among the different demographic groups, indicating that this is a strong attitude across the market.





▶ CATEGORY SEGMENTATION (continued)

Poland, Gum Confectionery – Historic/Forecast Market Segmentation Based on Sales Volume, in Thousands of Tonnes

Category	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gum - all types	6.41	6.51	6.67	6.90	6.80	6.78	6.85	6.94	7.08	7.20	7.28
Chewing gum	5.77	5.87	6.04	6.26	6.16	6.13	6.21	6.30	6.42	6.54	6.62
Sugar-free gum	5.32	5.38	5.49	5.66	5.57	5.51	5.53	5.57	5.64	5.70	5.72
Functional gum	0.37	0.41	0.47	0.52	0.57	0.62	0.67	0.72	0.77	0.83	0.89
Sugarized gum	0.08	0.08	0.08	0.08	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Bubble gum	0.64	0.63	0.64	0.64	0.64	0.64	0.65	0.65	0.65	0.66	0.67

Source: Euromonitor 2012.

The gum confectionery market in Poland is similar to those of Western European countries in terms of market segmentation, as the sugar-free segment dominates sales.

The market is strongly skewed toward the adult segment of the population, while bubble gum is targeted to children, and represents a niche market, according to Euromonitor.

Consumer demands are evolving and a growing number of Poles are seeking new taste experiences when choosing gum. They are reaching for new, interesting flavours and appreciate value-added properties like longer-lasting formulas or tooth-whitening properties. To respond to this demand, manufacturers are expanding their portfolios with new developments, featuring distinctive flavours like apple, watermelon, strawberry, lemon ice, green mint, and lemon lime.



▶ RETAIL SALES

Chocolate Confectionery

Poland tends to be passionate about chocolate, which supports the healthy growth of chocolate confectionery overall. The upward sales movement for high-end products confirms that chocolate confectionery is considered an affordable luxury. In addition, the selection and availability of products at all price segments is very wide, which translates into steady demand.

In Poland, boxed chocolates are one of the fastest-growing segments of the entire chocolate product category. Until recently, they were considered an exclusive product associated with special occasions. However, according to Euromonitor, Poles are more and more willing to reach for these chocolate formats.

When selecting chocolate products, Polish consumers tend to trust familiar brands that are known to be of high quality. This trend applies both to products purchased as gifts such as boxes of chocolates, as well as those purchased for personal use.

▶ **RETAIL SALES (continued)**



**Chocolate Confectionery in Poland by Type
– Historic Retail Sales Value in US\$ Millions***

Category	2006	2007	2008	2009	2010	2011
Total chocolate confectionery	1,182.2	1,277.9	1,407.9	1,512.0	1,595.8	1,680.6
Bagged selflines/softlines	31.7	31.7	32.0	32.5	32.8	33.2
Boxed assortments	296.6	320.2	360.5	409.1	456.5	498.5
Standard boxed assortments	279.6	302.1	341.4	389.2	435.9	477.3
Twist-wrapped miniatures	17.0	18.1	19.1	19.9	20.6	21.2
Chocolate with toys	16.7	17.3	17.9	18.3	18.7	19.1
Countlines	506.7	556.3	599.7	629.7	648.6	671.3
Seasonal chocolate	37.4	38.8	40.2	41.7	43.2	44.7
Tablets	293.1	313.6	357.5	380.7	396.0	413.8

**Chocolate Confectionery in Poland by Type
– Forecast Retail Sales Value in US\$ Millions***

Category	2012	2013	2014	2015	2016
Total chocolate confectionery	1,718.3	1,750.6	1,783.1	1,814.5	1,847.2
Bagged selflines/softlines	32.7	32.4	32.3	32.2	32.3
Boxed assortments	524.0	546.8	569.9	591.3	612.7
Standard boxed assortments	502.8	525.4	548.5	569.9	591.2
Twist-wrapped miniatures	21.2	21.3	21.4	21.4	21.5
Chocolate with toys	19.0	19.0	18.8	18.8	18.7
Countlines	673.9	676.1	677.4	680.1	685.3
Seasonal chocolate	44.8	45.1	45.3	45.5	45.5
Tablets	423.8	431.4	439.4	446.6	452.6

**Chocolate Confectionery in Poland by Type
– Forecast Retail Value Growth (%)**

Category	% CAGR 2011-2016	% Total 2011-2016
Total chocolate confectionery	1.91	9.92
Bagged selflines/softlines	-0.53	-2.65
Boxed assortments	4.21	22.92
Standard boxed assortments	4.37	23.87
Twist-wrapped miniatures	0.3	1.5
Chocolate with toys	-0.41	-2.01
Countlines	0.41	2.08
Seasonal chocolate	0.36	1.82
Tablets	1.81	9.39



Source for all: Euromonitor 2012.

*Note: Bank of Canada Polish Zloty average exchange rate is US\$0.359



Sugar Confectionery

**Sugar Confectionery in Poland by Type
– Historic Retail Sales Value in US\$ Millions***

Category	2006	2007	2008	2009	2010	2011
Total sugar confectionery	354.9	365.5	378.8	391.3	404.9	421.0
Boiled sweets	92.6	89.7	88.3	87.4	87.0	87.5
Lollipops	24.9	24.4	24.2	24.3	24.4	24.5
Medicated confectionery	23.2	28.2	30.8	32.4	34.2	36.0
Mints	78.7	83.5	88.4	92.4	96.9	101.9
Power mints	13.3	14.1	14.9	15.7	16.5	17.5
Standard mints	65.4	69.4	73.5	76.8	80.4	84.3
Pastilles, gums, jellies and chews	57.1	64.6	72.0	78.5	84.8	91.8
Toffees, caramels and nougat	63.3	59.0	57.8	58.1	58.4	59.2
Other sugar confectionery	15.1	16.2	17.2	18.2	19.2	20.1

**Sugar Confectionery in Poland by Type
– Forecast Retail Sales Value in US\$ Millions***

Category	2012	2013	2014	2015	2016
Total sugar confectionery	426.3	431.5	437.9	443.8	450.0
Boiled sweets	85.9	84.6	83.6	82.7	82.2
Lollipops	24.1	23.7	23.3	22.9	22.6
Medicated confectionery	37.1	38.0	38.7	39.6	40.6
Mints	104.0	105.8	107.7	109.5	111.2
Power mints	18.0	18.5	19.0	19.4	19.9
Standard mints	86.0	87.3	88.8	90.1	91.3
Pastilles, gums, jellies and chews	96.2	100.8	105.7	109.8	113.7
Toffees, caramels and nougat	58.5	58.1	57.9	57.9	58.2
Other sugar confectionery	20.4	20.7	21.0	21.2	21.6

**Sugar Confectionery in Poland by Type
– Forecast Retail Value Growth (%)**

Category	% CAGR 2011-2016	% Total 2011-2016
Total sugar confectionery	1.34	6.88
Boiled sweets	-1.26	-6.14
Lollipops	-1.66	-8.02
Medicated confectionery	2.4	12.59
Mints	1.77	9.19
Power mints	2.56	13.45
Standard mints	1.61	8.3
Pastilles, gums, jellies and chews	4.39	23.94
Toffees, caramels and nougat	-0.35	-1.72
Other sugar confectionery	1.42	7.32



Source for all: Euromonitor 2012.

*Note: Bank of Canada Polish Zloty average exchange rate is US\$0.359



Gum Confectionery

**Gum Confectionery in Poland by Type
– Historic Retail Sales Value in US\$ Millions***

Category	2006	2007	2008	2009	2010	2011
Total gum	245.1	241.2	244.0	251.7	249.3	249.6
Chewing gum	234.7	231.2	234.0	241.8	239.2	239.5
Sugar-free gum	216.6	211.6	212.7	218.4	215.2	213.3
Functional gum	16.1	17.6	19.4	21.4	23.8	25.9
Sugarized gum	2.0	2.0	1.9	1.9	0.3	0.3
Bubble gum	10.4	10.0	9.9	10.0	10.0	10.1

**Gum Confectionery in Poland by Type
– Forecast Retail Sales Value in US\$ Millions***

Category	2012	2013	2014	2015	2016
Total gum	246.7	244.6	243.9	243.4	242.3
Chewing gum	236.8	234.8	234.3	233.9	232.8
Sugar-free gum	209.2	205.9	203.9	201.7	199.1
Functional gum	27.3	28.6	30.2	31.9	33.5
Sugarized gum	0.3	0.3	0.2	0.2	0.2
Bubble gum	9.9	9.7	9.6	9.6	9.4

**Leading Flavours of Gum Confectionery in Poland
– Ranking Based on Sales**

Flavour	2006	2007	2008	2009	2010	2011
Mint	1	1	1	1	1	1
Spearmint	3	3	2	2	2	2
Peppermint	4	4	3	3	3	3
Eucalyptus	2	2	4	4	4	4
Fruit	5	5	5	5	5	5
Juicy fruit	6	6	6	6	6	6
Citrus	7	7	7	7	7	7
Honey and lemon	8	8	8	8	8	8
Apple	11	11	11	11	9	9
Cherry menthol	9	10	10	10	10	10
Others	10	9	9	9	-	-



Source for all: Euromonitor 2012.

*Note: Bank of Canada Polish Zloty average exchange rate is US\$0.359



▶ MARKET SHARE BY BRAND AND COMPANY

Main Chocolate Producers and their Polish Brands

Cadbury Wedel Sp zoo led sales of chocolate confectionery in Poland in 2010, holding 16.9% of the market through various brands. Its main brand was Wedel.

**Poland, Top 10 Chocolate Brand Shares Retail Value,
% Breakdown Based on Retail Sales Price**

Brand	Company	2007	2008	2009	2010
Wedel	Cadbury Wedel Sp zoo	9.82	9.74	9.45	9.28
Princessa	Nestlé Polska SA	6.23	6.11	5.62	5.49
Milka	Kraft Foods Polska Sp zoo	4.44	4.96	4.92	4.83
Grzeski	FPC Kaliszanka Sp zoo	4.68	4.64	4.81	4.71
Alpen Gold	Kraft Foods Polska Sp zoo	3.93	4.44	4.53	4.47
Snickers	Mars Polska Sp zoo	4.67	4.6	4.38	4.27
Prince Polo	Kraft Foods Polska Sp zoo	4.18	4.11	3.75	3.66
Mars	Mars Polska Sp zoo	3.09	3.07	3.07	3.05
Ptasie Mleczko	Cadbury Wedel Sp zoo	2.84	2.91	2.83	3.00
Merci	Storck Polska Sp zoo	2.27	2.3	2.45	2.59

Source: Euromonitor 2012.

Main Sugar Confectionery Producers and their Polish Brands

Multinationals hold strong positions in sugar confectionery, as they possess strong brands and have considerable budgets to conduct price promotions. However, domestic players, like ZPC Mieszko SA, strive to improve their performance with the introduction of new products and increased promotional activities.

**Poland, Top 10 Sugar Confectionery Brand Shares Retail Value,
% Breakdown Based on Retail Sales Price**

Brand	Company	2007	2008	2009	2010
Mentos	Perfetti Van Melle Polska Sp zoo	7.95	8.19	8.32	8.45
Tic Tac	Ferrero Polska sp zoo	7.52	7.68	7.78	7.68
Zozole	ZPC Mieszko SA	4.24	4.19	4.23	4.77
Goplana	Jutrzenka Colian Sp zoo	-	4.41	4.47	4.53
Haribo	Haribo Sp zoo	3.05	3.25	3.47	3.58
Halls	Cadbury Wedel Sp zoo	3.25	3.43	3.46	3.51
Chupa Chups	Perfetti Van Melle Polska Sp zoo	2.00	2.24	2.79	2.71
Landryny	Cadbury Wedel Sp zoo	2.25	2.16	2.12	2.36
Werther's Original	Storck Polska Sp zoo	2.31	2.21	2.30	2.24
Jojo	Nestlé Polska SA	1.59	1.68	1.83	2.08

Source: Euromonitor 2012.



▶ **MARKET SHARE BY BRAND AND COMPANY (continued)**

Main Gum Producers and their Polish Brands

Multinationals, such as Wrigley Poland Sp zoo and Perfetti Van Melle Polska Sp zoo, dominate gum sales in Poland. They possess considerable budgets which enable them to invest heavily in the latest technology and advertising. This, in turn, translates into universal brand recognition and positive sales results.

Poland, Top Gum Confectionery Brand Shares Retail Value, % Breakdown Based on Retail Sales Price

Brand	Company	2007	2008	2009	2010
Orbit	Wrigley Poland Sp zoo	58.23	57.37	58.27	57.82
Winterfresh	Wrigley Poland Sp zoo	23.51	23.54	22.56	22.44
Airwaves	Wrigley Poland Sp zoo	5.15	5.61	6.12	6.82
Mentos	Perfetti Van Melle Polska Sp zoo	6.14	6.54	5.64	5.61
Hubba Bubba	Wrigley Poland Sp zoo	2.35	2.28	2.22	2.17
Zozole	ZPC Mieszko SA	0.87	0.87	0.87	1.01
Big Red	Wrigley Poland Sp zoo	0.74	0.72	0.64	-

Source: Euromonitor 2012.

▶ **DISTRIBUTION CHANNELS**

Supermarkets and hypermarkets are and will likely remain the main distribution channels for confectionery in Poland, as they offer a wide selection of brands at all price levels. In addition, their capacity to organize frequent price promotions helps to attract new consumers. At the same time, discounters are expected to gain share, as there are many price-sensitive buyers in Poland, which is expected to lead to rising interest in private label products.

Sales of Confectionery by Distribution Format, % Analysis 2006-2011

Distribution Channel	2006	2007	2008	2009	2010	2011
Store-based retailing	99.66	99.49	99.45	99.35	99.2	99.05
Grocery retailers	99.66	99.49	99.45	99.35	99.2	99.05
Supermarkets/hypermarkets	38.5	38.95	38.45	40.92	43.36	45.08
Discounters	10.00	10.00	11.75	11.85	11.90	11.90
Small grocery retailers	40.11	39.22	37.85	35.28	32.94	31.27
Convenience stores	8.00	8.00	8.00	8.10	8.15	8.20
Independent small grocers	28.98	27.77	26.35	23.58	21.14	19.37
Forecourt retailers	3.13	3.45	3.50	3.60	3.65	3.70
Confectionery specialists	4.50	5.00	5.00	5.00	5.00	5.00
Other grocery retailers	6.55	6.32	6.40	6.30	6.00	5.80
Non-Store retailing	0.34	0.51	0.55	0.65	0.80	0.95
Vending	0.14	0.16	0.20	0.25	0.30	0.35
Internet retailing	0.20	0.35	0.35	0.40	0.50	0.60
Total	100	100	100	100	100	100

Source: Euromonitor 2012.



► DISTRIBUTION CHANNELS (continued)

Large-scale grocery outlets, namely supermarkets and hypermarkets, as well as independent small grocers, generate the majority of revenues in impulse and indulgence products such as chocolate, sugar and gum confectionery. Supermarkets and hypermarkets hold strong positions due to the wide selection of brands on offer, considerable shelf space and frequent price promotions. In the case of independent small grocers, proximity and convenience are the major factors that influence buying decisions.

Discounters are becoming an increasingly important distribution channel in Poland. This trend is becoming even stronger in the face of toughening economic conditions with average disposable incomes diminishing. In addition, Polish consumers tend to be price-conscious and seek a value offering, which makes discounters an ideal place to shop for both private label and branded confectionery products.

► NEW PRODUCT EXAMPLES

Many global brands overlook the value of tailoring their product lines for individual markets, choosing instead to launch a single product line worldwide. In order to give a more local feel within individual markets, manufacturers should take inspiration from large national brands (see examples of customized products from Lindt chocolate on the following page).



Wawel Truffle Białe
(White Compound
Coated Candies)



Tesco Krowki
Smetankowe
(Soft Cream Toffees)



Tesco Extra Strong
Menthol Sweets

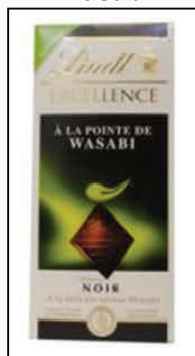
Source for all: Mintel 2012.

▶ **NEW PRODUCT EXAMPLES (continued)**



The Lindt brand is a global market leader in flavour innovation and regularly launches new variants, which are predominantly based on new flavour combinations.

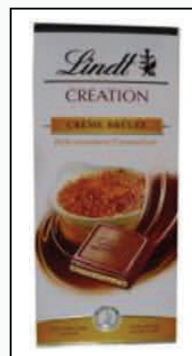
Wasabi



Coconut



Dessert



Lime



Beverage



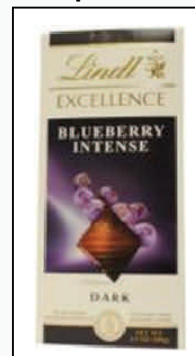
Alcohol



Mousse texture



Super fruit



In the chewing gum sector, unusual flavours included dragon fruit, cucumber and pomegranate, tea varieties (e.g. jasmine tea, herbal tea, and green tea), ginger ale mint, liquorice mint, soy sauce, and violet.

Dragon fruit



Spearmint melon



Cola



Functional



Source for all: Mintel 2012



▶ RESOURCES

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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 (AAFC) assumes no liability for any actions taken based on the information contained herein.

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