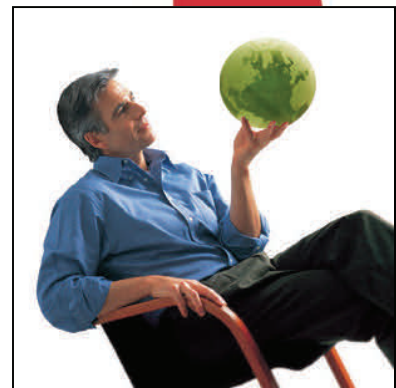




International
Markets
Bureau

MARKET INDICATOR REPORT | APRIL 2012

Consumer Trends Confectionery in France





▶ **EXECUTIVE SUMMARY**

France was Western Europe's second-largest economy in 2011 with a gross domestic product (GDP) of US\$2.8 trillion. France was also Western Europe's third-largest confectionery market, with retail value sales of US\$7.6 billion, following Germany (US\$12.8 billion) and the United Kingdom (US\$12.2 billion).

From 2010 to 2011, France's confectionery sales value increased by 2.1%, while volume increased by 0.6%. Over the same period, chocolate confectionery increased by 2.5% in value terms, while sugar confectionery grew by 1.7% and gum increased by 0.3%.

From December 2010 to December 2011, 195 of the 499 confectionery products launched on the French market were completely new introductions (39%). This made France the fourth most popular market for new confectionery releases in Western Europe, behind Germany (520), the United Kingdom (390) and Spain (287).

▶ **CONSUMER TRENDS**

At the beginning of 2009, confectionery product sales had slowed. French consumers were concerned with their purchasing power following the economic downturn, and the health and wellness trend was increasingly prevalent. However, sugar and chocolate confectionery grew in terms of both value and volume from 2009 to 2010, and again between 2010 and 2011.

Following a decline across all types of gum in 2009-2010, some subsectors bounced back to modest growth in 2011. This category has slowed largely because of decreased traffic through supermarket checkouts, high prices, and consumers turning to more essential products. Furthermore, gum innovations are limited as prices are less flexible in this sector. However, French consumers are responsive to new flavours and original packaging for gum products if the price is right.

Sugar confectionery products targeting children, such as lollipops, grew rapidly thanks to affordability and constant innovation. Acid/sour was the most dynamic flavor and was particularly popular for pastilles and jellies. Sugar-free products did not perform well as French consumers opted for other impulse products or refrained from eating sweets altogether, rather than purchasing products with artificial sweeteners.

Many consumers are trading up from sugar confectionery to chocolate. Chocolate is consumed in France at specific times, namely with a coffee or as an afternoon snack, and faces little direct competition from other indulgence categories like sweet and savoury snacks or ice cream.

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▶ RETAIL TRENDS

- ▶ International brands dominated the French confectionery market in 2010, due to their intensive publicity campaigns, product innovations and well-known brands.
- ▶ Domestic players in chocolate confectionery only produce tablets, boxed assortments and seasonal chocolates, which are targeting consumers seeking quality and taste rather than a convenient snack. However, the two dominating domestic companies, Cémoi SA and Jacquot ETS SA, have encountered issues regarding the quality and overall image of their tablets and seasonal chocolates.
- ▶ Private label is not presently a popular choice amongst French consumers for chocolate confectionery. However, it is expected to grow in future years as economic difficulties have led to the development of more value-for-money products across several sectors.
- ▶ Following the health and wellness trend, French consumers have reduced their confectionery intake and are likely trading up from sugar confectionery to chocolate, which is perceived as offering higher quality. This is particularly the case for dark chocolate.
- ▶ Domestic brands are a minority in the French sugar confectionery market, and are mostly artisanal manufacturers of traditional products such as dragées (a form of decorative confectionery) and Calissons d’Aix (a smooth paste of candied fruit—usually melons or oranges—and ground almonds topped with a layer of royal icing).
- ▶ Novelties with fruit and/or acid/sour tastes are considerable in the sugar confectionery sector, with the market dominated by mid-priced brands. Premium products are also present on the market and are mainly sold by artisanal producers, while economy products, which are increasingly popular, are sold mostly through private labels.
- ▶ In previous years, the gum sector was driven entirely by novelties. However, gum consumption has recently become more saturated in France. French consumers are careful with their spending, but still prioritize taste over low price, and are therefore more likely to shift to other confectionery or impulse products rather than purchase private label gum. Manufacturers must determine the best price/value ratio, which could be done by reducing the unit price instead of the package size and launching more multi-packs.
- ▶ A new regulation regarding food and nutrition labelling has been released by the European Parliament and the Council of the European Union (No. 1169/2011), and will become mandatory as of December 13, 2014. The new legislation may affect sales of confectionery products, as it establishes the product information that must be available to consumers. For more information, the regulation can be found at the following link: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0018:0063:EN:PDF>



**Confectionery Sales in France – Retail Value in US\$ millions
(Fixed 2011 Exchange Rate)**

Categories	2006	2007	2008	2009	2010	2011
Confectionery	6,929.4	7,160.4	7,323.4	7,338.7	7,403.6	7,561.5
Chocolate Confectionery	4,801.8	4,938.3	5,085.4	5,169.1	5,256.4	5,389.3
Gum	862.4	951.5	964.1	885.8	841.3	844.0
Sugar Confectionery	1,265.2	1,270.6	1,273.9	1,283.7	1,305.9	1,328.1

Source: Euromonitor, 2012.

▶ **RETAIL SALES**



Chocolate Sales in France by Sub-Sector – Retail Value in US\$ Millions

Sub-Sector	2006	2007	2008	2009	2010	2011
Bagged Selflines/Softlines	230.3	250.2	259.9	268.0	253.6	247.4
Boxed Assortments	479.3	473.7	517.6	544.6	554.4	567.2
Standard Boxed Assortments	459.8	453.9	497.5	525.2	535.2	548.1
Twist Wrapped Miniatures	19.4	19.9	20.1	19.4	19.1	19.2
Chocolate with Toys	191.7	186.3	186.5	191.1	197.2	203.6
Countlines	550.9	586.7	573.8	568.6	577.2	589.4
Seasonal Chocolate	1,955.5	2,030.2	2,056.0	2,084.9	2,138.4	2,214.1
Tablets	1,345.9	1,362.1	1,441.1	1,461.3	1,485.1	1,516.3
Other Chocolate Confectionery	48.1	48.9	50.4	50.6	50.6	51.4
Chocolate Confectionery	4,801.7	4,938.3	5,085.3	5,169.1	5,256.5	5,389.3

- ▶ Ferrero France SA was the leading company in the chocolate sector in 2010*, with an 18.9% market share. Ferrero's leading brands were Kinder Surprise, Kinder Bueno and Kinder Maxi with shares of 3.1%, 2.7% and 1.2%, respectively.

Gum Sales in France by Sub-Sector – Retail Value in US\$ Millions

Sub-Sector	2006	2007	2008	2009	2010	2011
Bubble Gum	64.0	65.1	66.1	65.1	64.7	64.5
Chewing Gum	798.5	886.4	898.0	820.7	776.6	779.5
Functional Gum	189.5	227.1	237.6	230.2	226.5	228.9
Sugar Free Gum	544.2	611.2	622.5	559.6	524.7	528.8
Sugarised Gum	64.8	48.1	37.9	30.8	25.4	21.8
Gum	862.5	951.5	964.0	885.8	841.3	844.0

- ▶ In 2010, Cadbury France SA was the leader in the gum sector, accounting for 49.7% of the market, followed by Wrigley France SNC with 32.9%. Cadbury's main brand, Hollywood, had a market share of 43.1%, while Wrigley's top brand, Freedent, held 20.1%.

Sugar Confectionery Sales in France by Sub-Sector – Retail Value in US\$ Millions

Sub-Sector	2006	2007	2008	2009	2010	2011
Boiled Sweets	181.9	181.3	175.0	172.0	166.7	160.7
Liquorice	46.4	47.4	48.0	48.0	47.8	48.1
Lollipops	60.3	61.4	63.2	68.7	72.5	75.6
Medicated Confectionery	150.3	154.9	151.8	148.1	146.7	146.0
Mints	241.6	241.9	237.6	240.2	240.8	242.9
Power Mints	51.1	52.7	49.2	45.7	43.8	43.1
Standard Mints	190.5	189.2	188.4	194.4	197.0	199.7
Pastilles, Gums, Jellies and Chews	366.2	364.0	374.6	390.0	410.2	429.9
Toffees, Caramels and Nougat	147.7	148.7	151.5	143.7	147.5	150.6
Other Sugar Confectionery	70.8	71.1	72.3	73.0	73.6	74.3
Sugar Confectionery	1,265.2	1,270.7	1,274.0	1,283.7	1,305.8	1,328.1

- ▶ Cadbury France SA was also the largest company in sugar confectionery, constituting 11.9% of the market in 2010. Cadbury's top brands included Carambar, La Pie Qui Chante and Krema with shares of 4.2%, 4.1% and 2.5% respectively.

*Source for all: Euromonitor, 2012. *Note: 2010 is the latest data available for company shares by sub-sector.*



▶ FORECAST SALES

**Forecast Sales of Chocolate in France
by Sub-Sector: % Constant Value Growth**

Sub-Sector	CAGR* 2011-2016
Bagged Selflines/Softlines	-1.9
Boxed Assortments	0.8
Standard Boxed Assortments	0.8
Twist Wrapped Miniatures	-0.9
Chocolate with Toys	-0.8
Countlines	-1.3
Seasonal Chocolate	0.3
Tablets	0.5
Other Chocolate Confectionery	0.2
Chocolate Confectionery	0.1

- ▶ Chocolate is expected to be the only sector in the confectionery market to see growth, albeit marginal, between 2011 and 2016.
- ▶ Boxed assortments, with a compound annual growth rate (CAGR) of 0.8% between 2011 and 2016, are expected to record the highest growth in the chocolate sub-sector.
- ▶ Rising prices for commodities such as cocoa and sugar as well as growing awareness of health and wellness, are expected to result in consumers purchasing chocolate confectionery less frequently, and to opt for high quality products when they do.

**Forecast Sales of Gum in France
by Sub-Sector: % Constant Value Growth**

Sub-Sector	CAGR* 2011-2016
Bubble Gum	-0.7
Chewing Gum	-0.6
Functional Gum	-0.6
Sugar Free Gum	-0.2
Sugarised Gum	-9.8
Gum	-0.5

- ▶ Sales in the gum sector are forecast to decrease between 2011 and 2016, due to the expected poor performance of both bubble gum and chewing gum. Declining supermarket traffic, high prices, and consumers opting to spend their budgets on more essential products, are primarily responsible for the negative growth in this sector.

**Forecast Sales of Sugar Confectionery in France
by Sub-Sector: % Constant Value Growth**

Sub-Sector	CAGR* 2011-2016
Boiled Sweets	-0.5
Liquorice	-1.0
Lollipops	0.6
Medicated Confectionery	-1.9
Mints	-0.9
Power Mints	-1.0
Standard Mints	-0.9
Pastilles, Gums, Jellies and Chews	1.3
Toffees, Caramels and Nougat	-0.7
Other Sugar Confectionery	0.1
Sugar Confectionery	-0.1

- ▶ Sales of sugar confectionery are expected to decrease slightly between 2011 and 2016, as French consumers are reducing confectionery intake or trading up to chocolate confectionery, which is perceived as being an impulse product of higher quality.

Source for all: Euromonitor, 2012. *CAGR = compound annual growth rate.



**Company Shares of the Confectionery Market in France
– US\$ Millions and % Retail Value**

Company	2009 (US\$ Millions)	2009 (%)	2010 (US\$ Millions)	2010 (%)
Kraft Foods Inc.	485.1	6.6	1,223.0	16.5
Ferrero Group	1,029.2	14.0	1,057.4	14.3
Chocoladefabriken Lindt & Sprüngli AG	608.3	8.3	639.2	8.6
Mars Inc.	604.9	8.2	591.5	8.0
Nestlé SA	571.5	7.8	577.1	7.8
Cémoi SA	225.1	3.1	213.7	2.9
Perfetti Van Melle Group	200.3	2.7	196.2	2.6
Lamy Lutti SA	141.4	1.9	144.9	2.0
Haribo GmbH & Co. KG	142.6	1.9	143.1	1.9
Ricola AG	95.9	1.3	95.1	1.3
Ritter GmbH & Co. KG, Alfred	21.3	0.3	19.3	0.3
Solinest SA	7.4	0.1	17.8	0.2
Lofthouse of Fleetwood Ltd.	15.5	0.2	15.4	0.2
Chabert-et-Guillot	14.7	0.2	14.4	0.2
Storck KG, August	9.3	0.1	9.4	0.1
Cadbury Plc	747.8	10.2	-	-
Artisanal	1,094.3	14.9	1,112.2	15.0
Private Label	605.2	8.2	595.5	8.0
Others	719.1	9.8	738.6	10.0

Source: Euromonitor, 2011.

- ▶ Kraft Foods Inc. acquired Cadbury Plc in January 2010 and became the leading confectionery company in France. With this acquisition, Kraft diversified its brand portfolio to include popular brands such as Krema, Carambar and La Pie Qui Chante sugar confectioneries, Hollywood, Malabar and Stimorol gums, and Populain chocolates.
- ▶ Domestic players, which are mainly artisanal manufacturers, are dominated by multinationals that benefit from well-known brands and extensive advertising.
- ▶ In the chocolate confectionery sector, private label is not a popular choice among French consumers. The same goes for the gum sector, in that consumers prefer buying other types of confectionery over private label gum when branded products are too expensive. However, private label products performed better than the overall sugar confectionery market in 2009.

▶ **NEW PRODUCTS AND TOP FEATURES**



Top Sub-Categories
1. Seasonal Chocolate
2. Non-Individually Wrapped Chocolate Pieces
3. Pastilles, Gums, Jellies and Chews
4. Chocolate Tablets
5. Gum

- ▶ The most popular sub-category for new products launched on the French market between December 2010 and December 2011 was seasonal chocolate, with 38 new products out of a total 195. Of these 38 new products, 37 had a “seasonal” claim and 10 were claiming to be for children aged 5 to 12. The preferred flavors for this sub-category were unflavoured/plain and hazelnut.
- ▶ Non-individually wrapped chocolate pieces was also a popular sub-category, with 32 new products out of a total 195. Primary claims were “organic” and “ethical-human.” Popular flavors included unflavoured/plain, hazelnut, hazelnut and praline, almond, and corn flake.

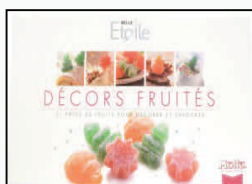
Caramel Filled Milk Chocolates Seasonal Chocolate



Seriously Chocolate Rolled Cherries Non-Individually Wrapped Chocolate Pieces



Fruit Decoration Assortment Pastilles, Gums, Jellies and Chews



White Swiss Chocolate Chocolate Tablets



Strawberry Fantasy Gum Gum



Source for all: Mintel, 2011.

Top Claims
1. Seasonal
2. Organic
3. Children (5-12)
4. Low/No/Reduced Sugar
5. Convenient Packaging

- ▶ “Seasonal” was the most popular claim for the new confectionery products launched in France between December 2010 and December 2011, with 40 new products out of a total 195. Seasonal products were mainly launched in flavors such as unflavoured/plain, hazelnut, praline and caramel.
- ▶ Organic products fell mainly under the chocolate tablets sub-category. Unflavoured/plain was the most popular flavor for this claim, with 10 new products.
- ▶ Of the 21 new products with the “children 5-12” claim, 10 were in the seasonal chocolate sub-category and 5 were in the pastilles, gums, jellies and chews sub-category. The most popular flavour was unflavoured/plain with 11 new products.

Milk, Dark and White Chocolate Assortment Seasonal



Organic Lemon Flavoured Honey Hard Candies Convenient Packaging, Organic



Fruit Flavoured Fizzy Jelly Sweets Children (5-12)



Green Mint Flavoured Chewing Gum Low/No/Reduced Sugar



Source for all: Mintel, 2011.



▶ NEW PRODUCTS AND TOP FEATURES (continued)

Top Flavours (incl. blends)
1. Unflavoured/Plain
2. Hazelnut
3. Mint
4. Strawberry
5. Multiple Flavour

- ▶ “Unflavoured” was the top flavor for new confectionery products in the French market, and the majority fell under the seasonal chocolate sub-category.
- ▶ Hazelnut flavour was also popular within the seasonal chocolate sub-category, as well as non-individually wrapped chocolate pieces, individually wrapped chocolate pieces and chocolate tablets.

- ▶ Mint flavour was used exclusively in sugar and gum confectionery, but mainly for standard and power mints.
- ▶ New strawberry-flavoured products were mostly available in pastilles, gums, jellies and chews.

Dark Chocolate Pieces
Unflavoured/Plain



Crispy Rocher Chocolates
Hazelnut Flavour



Mint Sweets
Mint Flavour



Strawberry and Lime
Flavour Sweets
Lime and Strawberry
Flavour



Source for all: Mintel, 2011.

Top Ingredients
1. White Sugar
2. Sugar Syrups
3. Cocoa Fats
4. Flour and Starches
5. Dairy Powder

- ▶ Of the 195 new confectionery products launched on the French market between December 2010 and December 2011, 13 products contained all of the top five ingredients.
- ▶ The products containing all of the top five ingredients were exclusively present in the chocolate confectionery category, namely in non-individually wrapped chocolate pieces, seasonal chocolate, and individually wrapped chocolate pieces.

- ▶ The preferred claims for the products using the top five ingredients were “children (5-12),” “low/no/reduced sugar” and “no additives/preservatives.”

The following new products all contain white sugar, sugar syrups, cocoa fats, flour and starches, and dairy powder:

Chocolate Assortment
Gourmandes



Chocolate Bars
Assortment



Luxury Belgian Chocolates



Chocolate Assortment
with Fruits



Source for all: Mintel, 2011.



▶ **NEW PRODUCTS AND TOP FEATURES (continued)**

Top Package Types	
1.	Flexible
2.	Carton
3.	Tub
4.	Flexible stand-up pouch
5.	Case

- ▶ Between December 2010 and December 2011, over 50% of the new confectionery products launched on the French market were sold in flexible packages.
- ▶ Flexible packages were launched in a variety of sizes with 100g as the most popular, followed by 150g and 200g. Flexible packages were mainly used for seasonal chocolate, pastilles, gums, jellies and chews, as well as non-individually wrapped chocolate pieces.

▶ Products packaged in cartons represented 26% of all the new launches between December 2010 and December 2011. Flexible sachets were popular for seasonal chocolate and non-individually wrapped chocolate pieces. Tubes were mainly used to package pastilles, gums, jellies and chews, and gum. Flexible stand-up pouches were used exclusively for boiled sweets and non-individually wrapped chocolate pieces. Cases were used for standard mints and power mints in pack sizes of 25g or 32g.

Milk Chocolate with Pear Flavour
Flexible



Milk Chocolate Collection
Carton



Jelly Sweet Assortment
Tub



Cereal Filled Chocolate Balls
Flexible stand-up pouch



Forest Fruits Flavoured Mints
Case



Source for all: Mintel, 2011.

Top Pack Sizes	
1.	100g
2.	150g
3.	250g
4.	200g
5.	180g

- ▶ Packages of 100g were the dominant format in the chocolate confectionery category between December 2010 and December 2011, and were mainly used for chocolate tablets. Of the 24 new products launched in this pack size, 11 were packaged in cartons and 10 were in flexible packages.
- ▶ Boiled sweets, seasonal chocolate and non-individually wrapped chocolate pieces constituted most of the new confectionery releases in the 150g size. Of the 18 new products launched in this size, 8 were in flexible packages, 5 were in flexible stand-up pouches, and 3 were in cartons.
- ▶ The new products launched in a 250g size were mainly chocolate confectionery. Of the 12 new 250g confectionery products released on the French market between December 2010 and December 2011, 6 were in flexible packages, 5 were in cartons, and 1 was in a tub format.

Meringues
100g flexible package



Milk Chocolate Eggs
150g carton package



Assorted Flavours Sweets
250g flexible package



Source for all: Mintel, 2011.

▶ **NEW INNOVATIVE PRODUCTS**



The following is a small sample of the innovative product introductions to the French marketplace, from the Mintel Global New Products Database (2011). For the purposes of this report, “innovative products” are defined using the Mintel criteria of “novelty,” “innovative ingredients,” “interesting packaging,” and/or “convenient packaging.”



Christmas Stocking

Kinder Happy Christmas Stocking (13 products) consists of four Kinder chocolate bars, three Kinder Country bars, two Kinder Bueno bars and four Kinder Maxi bars. The product was launched for Christmas 2011, and retailed in a 290g pack for US\$13.72.

Company: Ferrero

Organic Licorice Humbugs

Pinson Bonbons Miel Saveur Citron Bio (Organic Honey with Lemon Flavour Hard Candies) is a certified organic product sold in a resealable and easy to open 150g pack. It was displayed at the 2011 Anuga trade show in Cologne, Germany. This product retails for US\$3.45.

Company: Confiserie Pinson



Flavoured Sugared Drink

Fizzy Bibi Fruit Boisson Sucré Aromatisée (Sweetened Fruit Flavoured Drink) is free from colourings. This product retails in a 420ml pack containing six 70ml bottles (five plus a free one) with a child-safe spout opening, and is priced at US\$3.74.

Company: Fizzy Distribution

Chocolate Cornflake Pieces

Milka DAim Snax Éclats de Daim et Cornflakes (Chocolate Cornflake Pieces) also contains caramel and almonds. The cobranded product retails in a 145g pouch featuring a resealable closure and is priced at US\$2.88.

Company: Kraft Foods



Hazelnut and Wheat Crisp Chocolates

Milka Lila Stars Snax Noisette Entière et Céréales Croustillantes (Hazelnut and Wheat Crisp Chocolates) are coated with an outer layer of Alpine milk chocolate and an inner layer of white chocolate. This product retails in a 170g pouch featuring a resealable opening and is priced at US\$2.88.

Company: Kraft Foods

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.

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