

About the Report

- This confectionery report is one of 10 super category reports designed to show high-level comparison and analysis for retail markets across major countries in Europe.
- This report contains data gathered from around Europe. This market was consolidated into one super category.
- The report highlights key metrics such as total sales figures, market trends, category shares, winners and losers for Europe and for individual countries.
- The data has been sourced from IRI retail databases and Eurostat – the statistical branch of administration for the European Commission.
- Countries included in the report are: France, Germany, Italy, the Netherlands, Spain and the United Kingdom (UK).
- The market channels used for each country in this report are as follows:

Country	Channels used
UK	Hypermarkets, supermarkets, drugstores and impulse outlets
ES	Hypermarkets, supermarkets, hard discounters and drugstores, including the Canary Islands
DE	Hypermarkets, supermarkets, hard discounters and drugstores
NL	Hypermarkets, supermarkets, hard discounters and drugstores
IT	Hypermarkets, supermarkets, small self-service, hard discounters and drugstores
FR	Hypermarkets and supermarkets

- For analytical purposes the data sourced from available retail databases has been consolidated to provide consistent results. However, for some countries it was not possible to source data pertaining to certain categories. When this has occurred it has been documented in the *Notes* section found at the end of the report.

On the Radar

Despite a positive Easter holiday performance across Europe, confectionery is experiencing a low level of growth on a moving annual total basis.

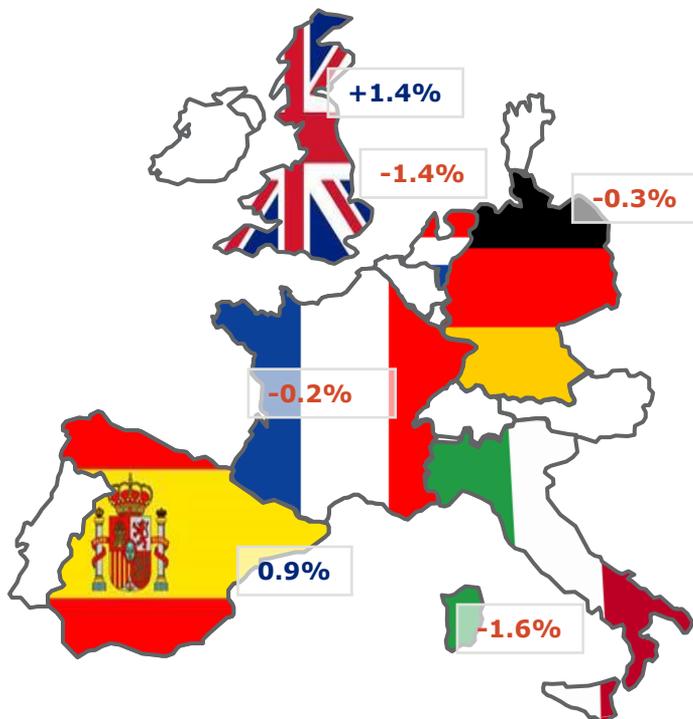
ECONOMIC FIGURES INFLUENCING CONSUMER BEHAVIOR

	POPULATION IN MILLIONS		UNEMPLOYMENT (%)		AVERAGE 12 MONTHS INFLATION RATES		GDP IN MILLIONS (€)	
	Jan. 2012	Jan. 2013	Sep. 2013	Average 2012	Sep. 2013	Average 2012	2012	2013 (Estimate)
France	65.3	65.6	11.1	10.2	+1.2	+2.5	2 032 297	2 059 358
Germany	80.3	80.5	5.2	5.5	+1.8	+2.4	2 644 200	2 694 499
Italy	59.3	59.6	12.5	10.7	+1.8	+3.5	1 565 916	1 568 388
Netherlands	16.7	16.8	7.0	5.3	+3.1	+2.8	600 638	604 459
Spain	46.8	46.7	26.6	25.0	+2.3	+2.3	1 049 525	1 051 076
United Kingdom	63.4	63.8	7.5	7.9	+2.7	+3.7	1 901 001	1 854 920

Source: Eurostat, September 2013

GLOBAL TRENDS

TOTAL CONFECTIONERY VALUE SALES AND % CHANGE VERSUS PRIOR YEAR

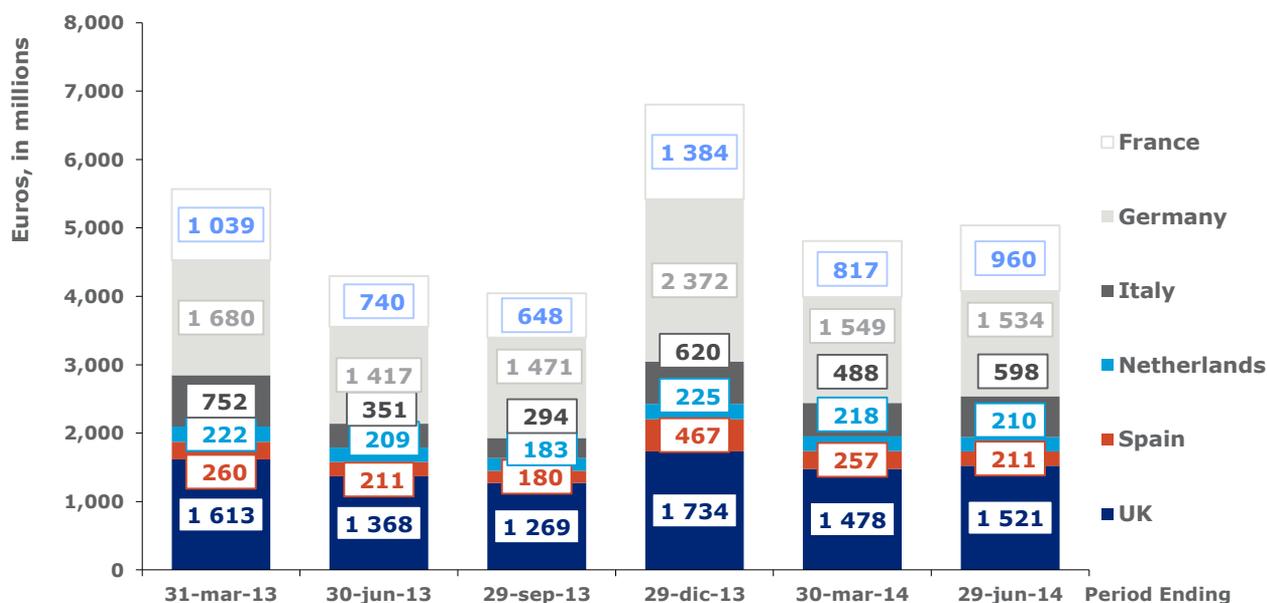


VALUE SALES IN MILLIONS (€)	
Total EU	20 689
DE	6 926
UK	6 002*
FR	3 809
IT	2 000
ES	1 115
NL	837

*based on an exchange rate of €1.150 to the pound

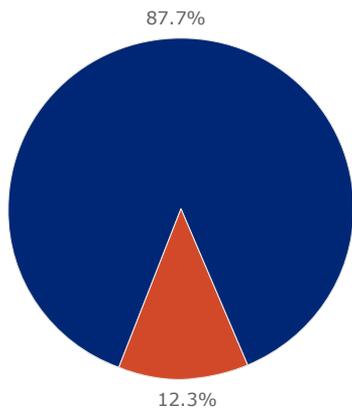
TOTAL EUROPE +0.1

TOTAL CONFECTIONERY VALUE SALES FOR THE PAST SIX QUARTERS



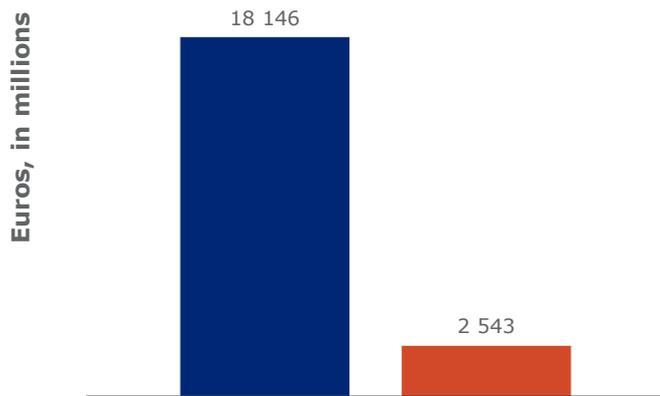
Source: IRI retail databases; period ending 29 June 2014

CATEGORY SHARE OF VALUE IN THE PAST YEAR



■ Non Seasonal Confectionery

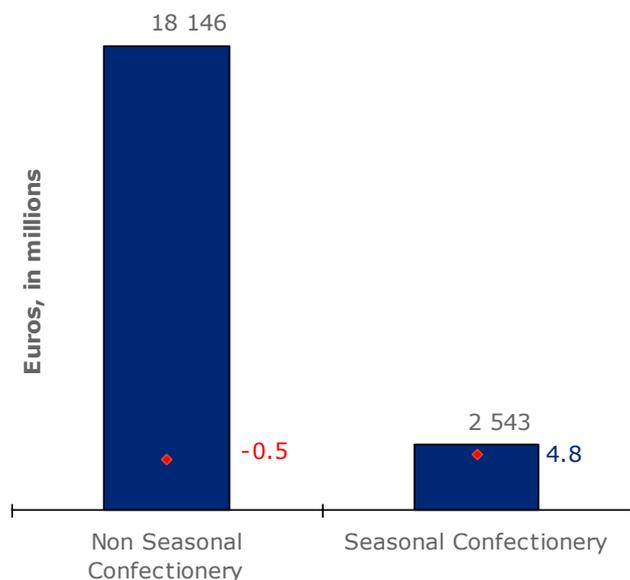
CATEGORY VALUE SALES IN THE PAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus one year ago



■ Total € Sales ◆ % € vs. YA

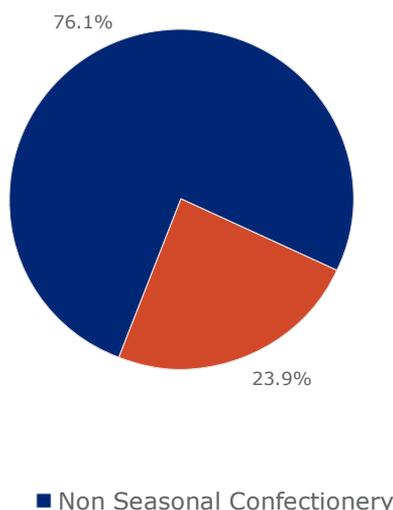
KEY TRENDS

- Thanks to the Easter holiday shift, seasonal confectionery is performing well across Europe in Q2, but this growth is not enough to boost overall sales.
- On a long term basis confectionery shows decreasing trends.
- Chewing gum shows negative trends around many European countries.
- Chocolate bars and snacks, two of the most popular forms in confectionery, are showing difficulties in some countries.

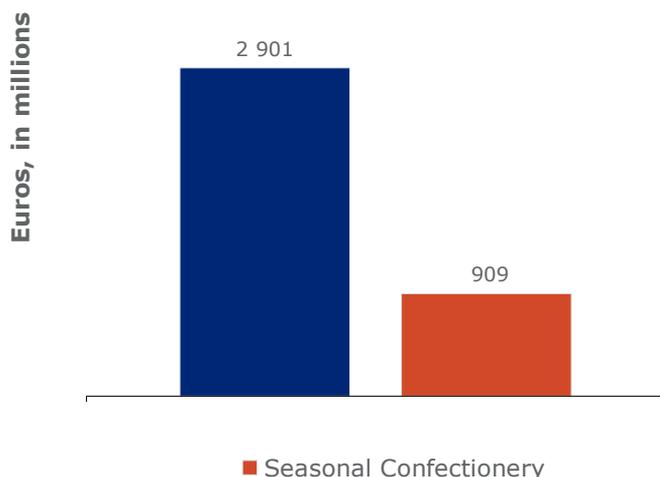
Europe includes: France, Germany, Italy, the Netherlands, Spain and the United Kingdom

Source: IRI retail databases; period ending 29 June 2014

CATEGORY SHARE OF VALUE IN THE LAST YEAR

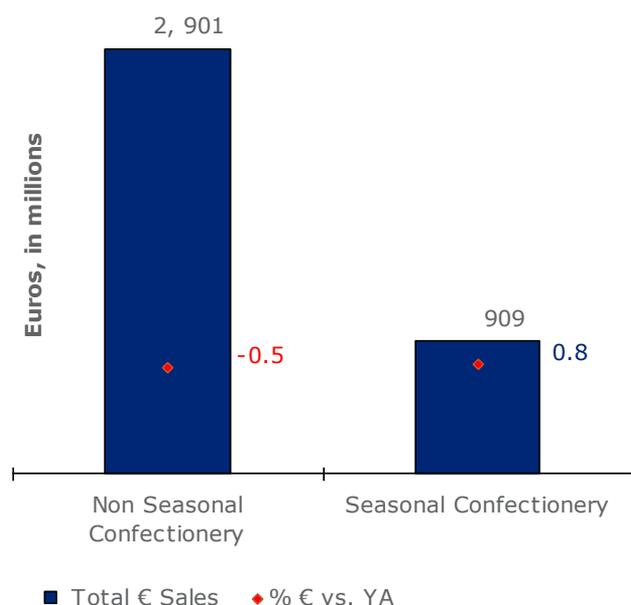


CATEGORY VALUE SALES IN THE LAST YEAR



TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



KEY TRENDS

- Non seasonal confectionery - After several quarters of deceleration, the category continues to show declining trends in Q2. Whereas total fast moving consumer goods (FMCG) are still growing but at a slower pace due to the deflation.

This change is driven by outside factors:

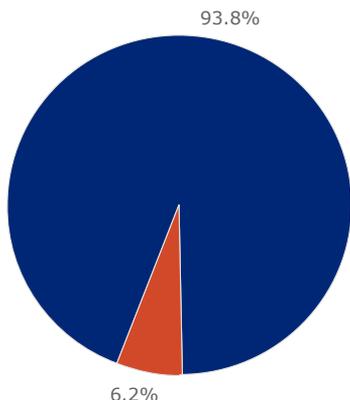
- Weather conditions in first quarter; warmer temperatures compared to 2013 affect negatively chocolate products consumption.
- Deflation, penalizing FMCG value sales since the beginning of this year, especially ambient categories, has continued during Q2.
- Growth in sweets and candies are getting weaker due to lower promotion and less demand.
- Seasonal confectionery - Christmas season as well as Easter show a slight increase, although weaker than the previous year. More attention is being paid by consumers on their spending this year.

Source: IRI retail databases; period ending 29 June 2014



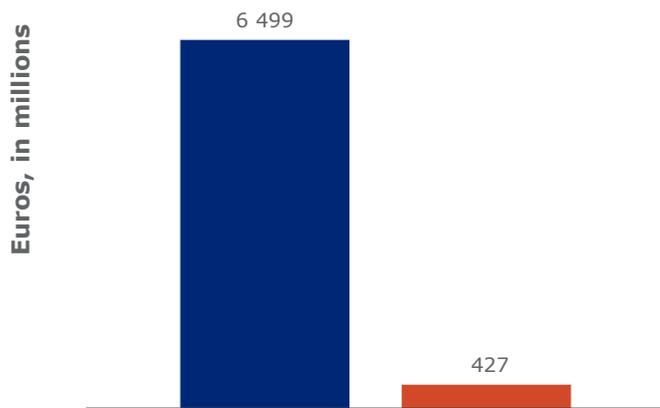
Germany

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non Seasonal Confectionery

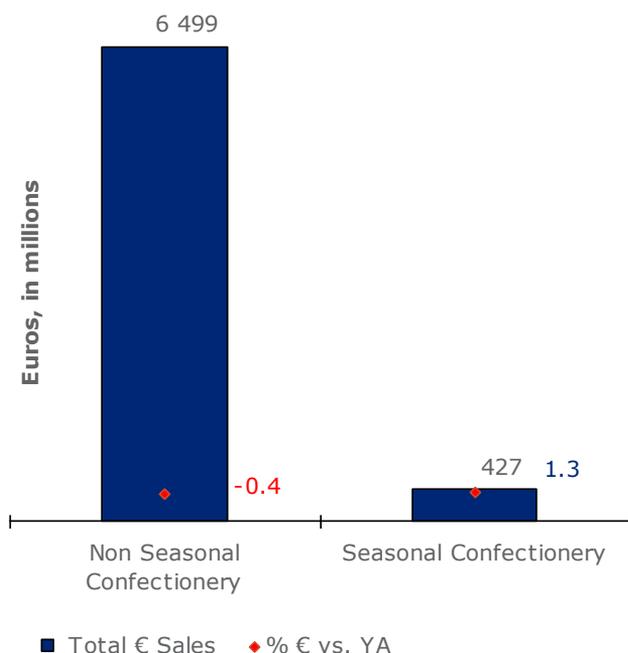
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



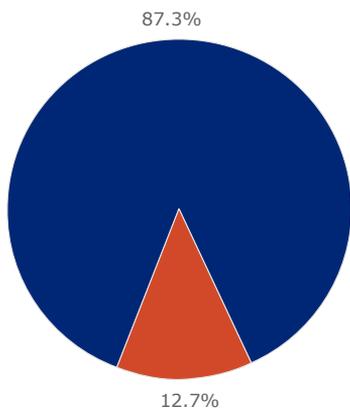
■ Total € Sales ◆ % € vs. YA

KEY TRENDS

- Price increases are driving seasonal chocolate confectionery. Ferrero is driving positive development in chocolate, due to growth at hard discounters by listing more items this year. Private label also manages to extend its value share.
- Non seasonal chocolate confectionery slightly declined driven by chocolate bars. Mars drives the positive development of the other chocolate segments like bite size and boxed chocolate, by being promoted in Lidl and Edeka this year. Ferrero also shows good growth in chocolate, while Mondelez only grows in value not in volume. Nestlé declined in chocolate driven by bars (KitKat).
- In sugar confectionery, fruit gum, licorice, and foam sugar are in nominal decreases driven by private label; but market leader Haribo grew. Candies decreased due to private label, while brand manufacturers like CFP, Storck and Wrigley grew. Chewing gum is up due to the growth of market leaders Wrigley as well as CFP.

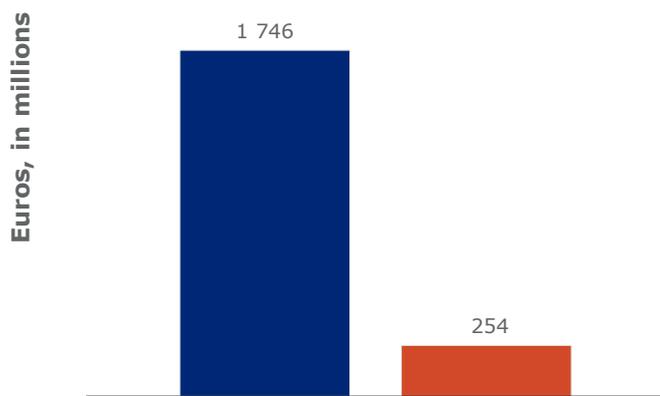
Source: IRI retail databases; period ending 29 June 2014

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non Seasonal Confectionery

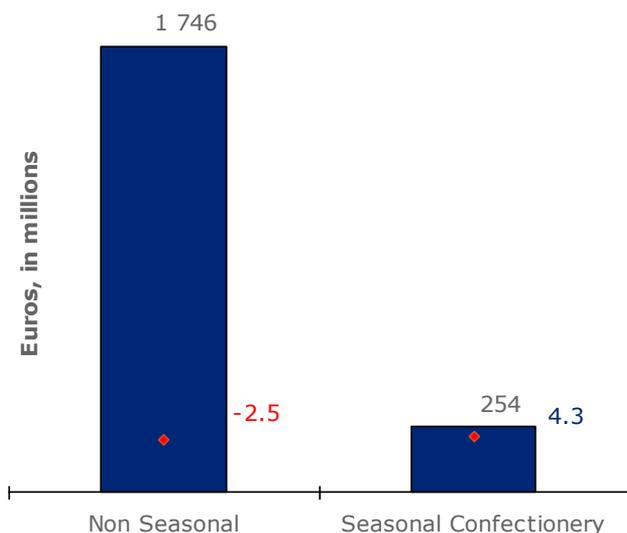
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

KEY TRENDS

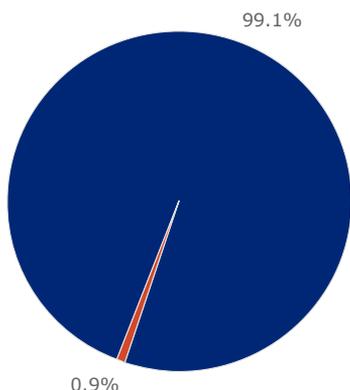
- Confectionery expenditure in seasonal categories grew in Q2 thanks to the Easter holiday shift, while in non seasonal categories it is still declining.
- Sales are concentrated in Easter chocolate eggs and small eggs that represent 36.4% of all confectionery sales in Q2.
- Snacks are declining in Q2 both in volume (2.9%) and value (4.3%), while on a year to date (YTD) basis the trend is still positive (1.3% value and 0.9% volume).
- Chocolate bars confirm the positive trend both in value (3.7%) and in volume (2.2%).
- Mondelez, with Milka, is performing very well thanks to both its promotional strategy and innovation.
- Chewing gum and candies continue experiencing negative performance both in volume and value.

Source: IRI retail databases; period ending 29 June 2014



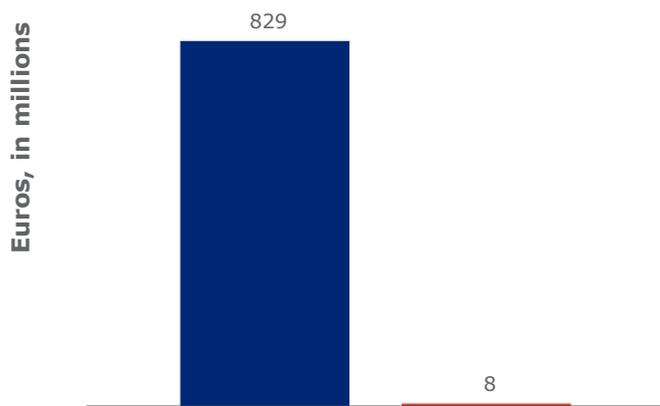
The Netherlands

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non Seasonal Confectionery

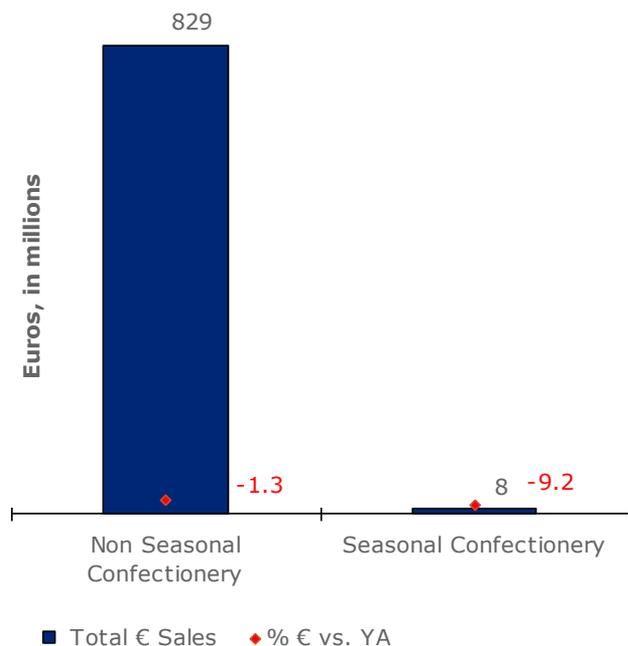
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



KEY TRENDS

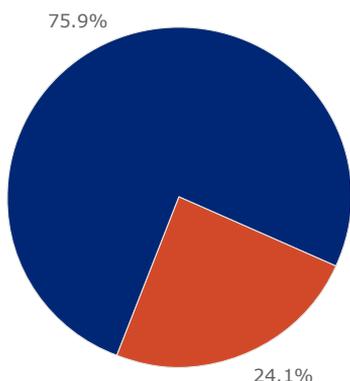
- Total drugstores and supermarket value sales (excluding hard discount) for confectionery are stable at -0.2% YTD versus last year to date. Volume sales have increased by 0.4%, indicating very slight price erosion.
- Value sales development for total confectionery versus last quarter is 2.3%, while volume sales show -3.6%.
- Chocolate is the only segment to show growth on a YTD basis.
- Tony’s Choclonely and Milka are the main drivers of chocolate growth moving annual total (MAT) and YTD.
- Throat care has declined by 7.9% in value sales YTD, with volume by 5.8% in the last quarter. Driven by brands like Anta Flu and Tic Tac. But Mentos still manages to grow by 8.6% YTD.
- Candy declined in value sales by 1.9% YTD but has grown by 9.4% in the last quarter. Hard candy and lollipops are growing, while toffee and chewy candy declined.

Source: IRI retail databases; period ending 29 June 2014



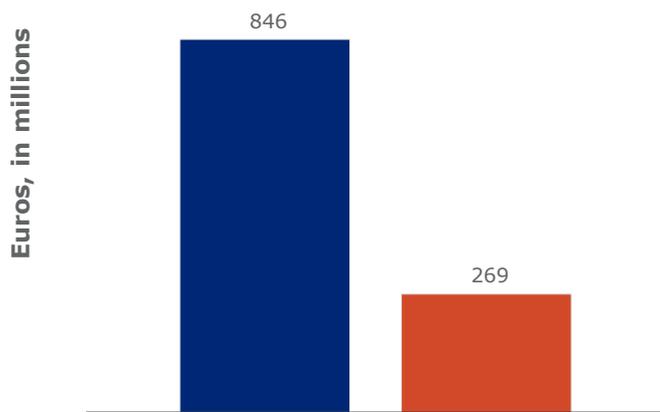
Spain

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non Seasonal Confectionery

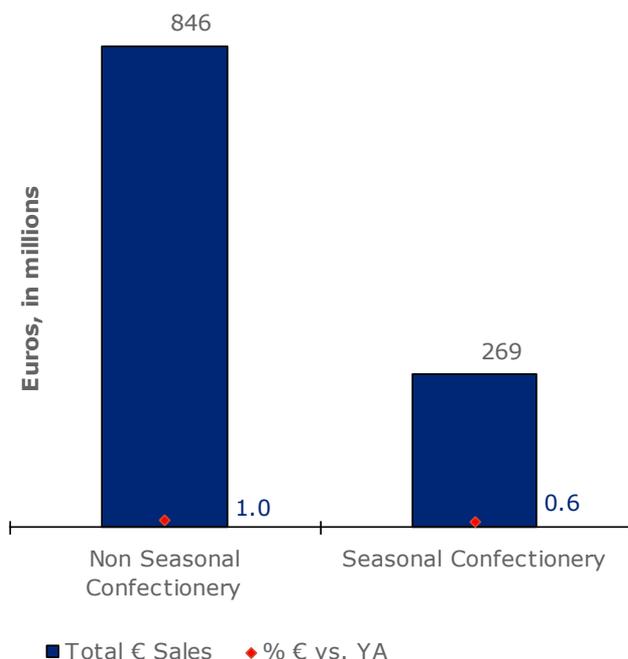
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

KEY TRENDS

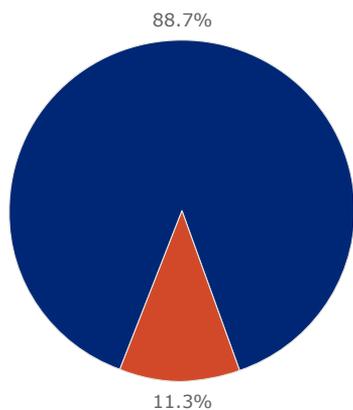
- The confectionery market is in good shape, despite four years of economic crisis, and is experiencing growth over the FMCG market (0.6%).
- This positive trend in value is driven by candies but chocolate bars, the biggest category, is declining in sales (2.6%). Chewing gum and chocolate snacks are decreasing in value sales too.
- Candies are growing by 5.3% in value sales. This category has an important presence in the impulse channel, but in the last year, the retail channel has gained more weight. Private label has gained more presence which has resulted in lower category price.

Source: IRI retail databases; period ending 29 June 2014



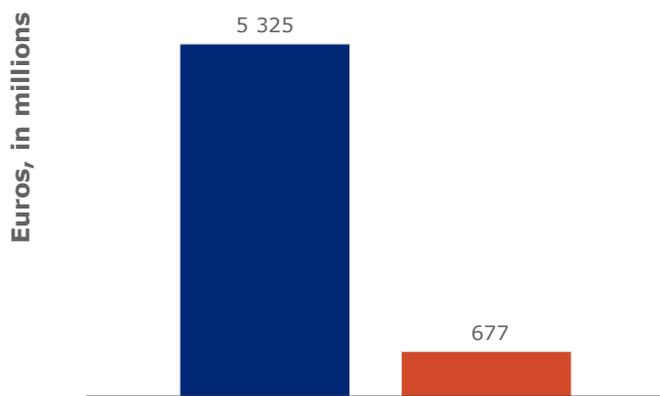
The United Kingdom

CATEGORY SHARE OF VALUE IN THE LAST YEAR



■ Non Seasonal Confectionery

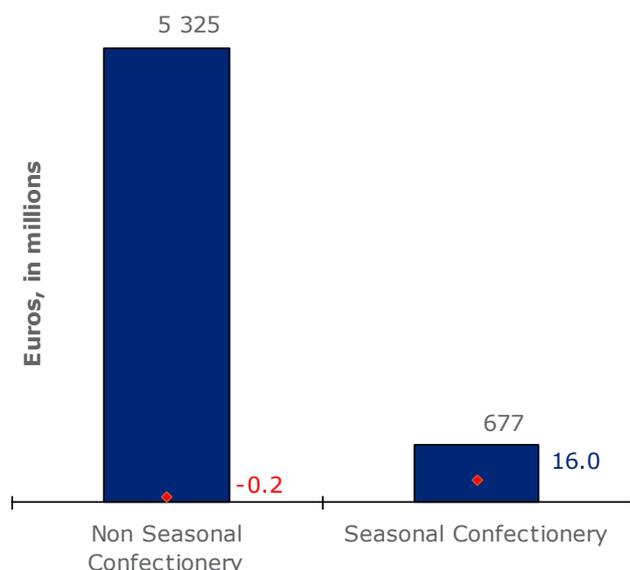
CATEGORY VALUE SALES IN THE LAST YEAR



■ Seasonal Confectionery

TOP 5 CATEGORIES: EVOLUTION

Value sales (€) and % change versus a year ago



■ Total € Sales ◆ % € vs. YA

KEY TRENDS

- Confectionery, along with overall grocery market is experiencing some of its lowest levels of growth in recent history (1.7%) versus a year ago. But continues to show growth through the seasonal sector.
- Seasonal confectionery has performed well this year, due to a longer Easter break contributing to growth.
- Expectations will need to be managed next year, as a shorter season will be cycled against a longer season.
- Non seasonal confectionery declining through chocolate single and tablets. Sharing bags is the only sector in growth.
- Volume sales are in significant decline, as pack are being size engineered to hit price points. This has led to higher £/kg and declining rate of sale.

Source: IRI retail databases; period ending 29 June 2014

Final Notes

Notes on category definitions for countries

Due to the diverse products found in individual countries across this market it was necessary to consolidate the available data into the categories in this report. In some cases it wasn't always possible to align products across all 6 countries hence the need to highlight any anomalies in the report. Those exceptions are listed below:

Confectionery

- The Netherlands and Italy data in this report includes toffee products whereas the other countries do not.

Resources

To gain insight into opportunities across specific categories, segments, channels, or retailers, contact your IRI client service representative regarding custom analysis leveraging the following resources:

- **InfoScan Census**[®] is a syndicated retail tracking service that enables manufacturers and retailers to acquire industry insights used to make better business decisions. InfoScan Census utilizes the data that IRI collects from grocery, drug, and mass merchandise retailers to provide the most comprehensive and accurate syndicated data offering in the FMCG sector. With access to accurate, granular detail by category, geography, measure, and time period, clients have the tools needed to develop marketing and sales strategies based on product performance, distribution, and promotion responsiveness. All data about confectionery comes from InfoScan Census.
- **IRI Consulting** provides strategic insights and advice leveraging a variety of data sources, predictive analytics, enabling technologies, and business analyses to help FMCG manufacturers and retailers address significant sales and marketing issues effectively.

FOR MORE INFORMATION

Please contact Cristina Lazzaroni, Consultant, IRI at **Cristina.Lazzaroni@IRIworldwide.com** or + 39 02 52579 333 with questions or comments about this report.

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