



# THE IMPACT OF BREAD SUBSIDIES ON BAKED GOODS

DECEMBER 2014 – IAOM MIDDLE EAST & AFRICA

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# About Euromonitor International

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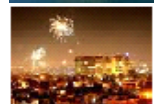
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## STATE OF THE BREAD MARKET

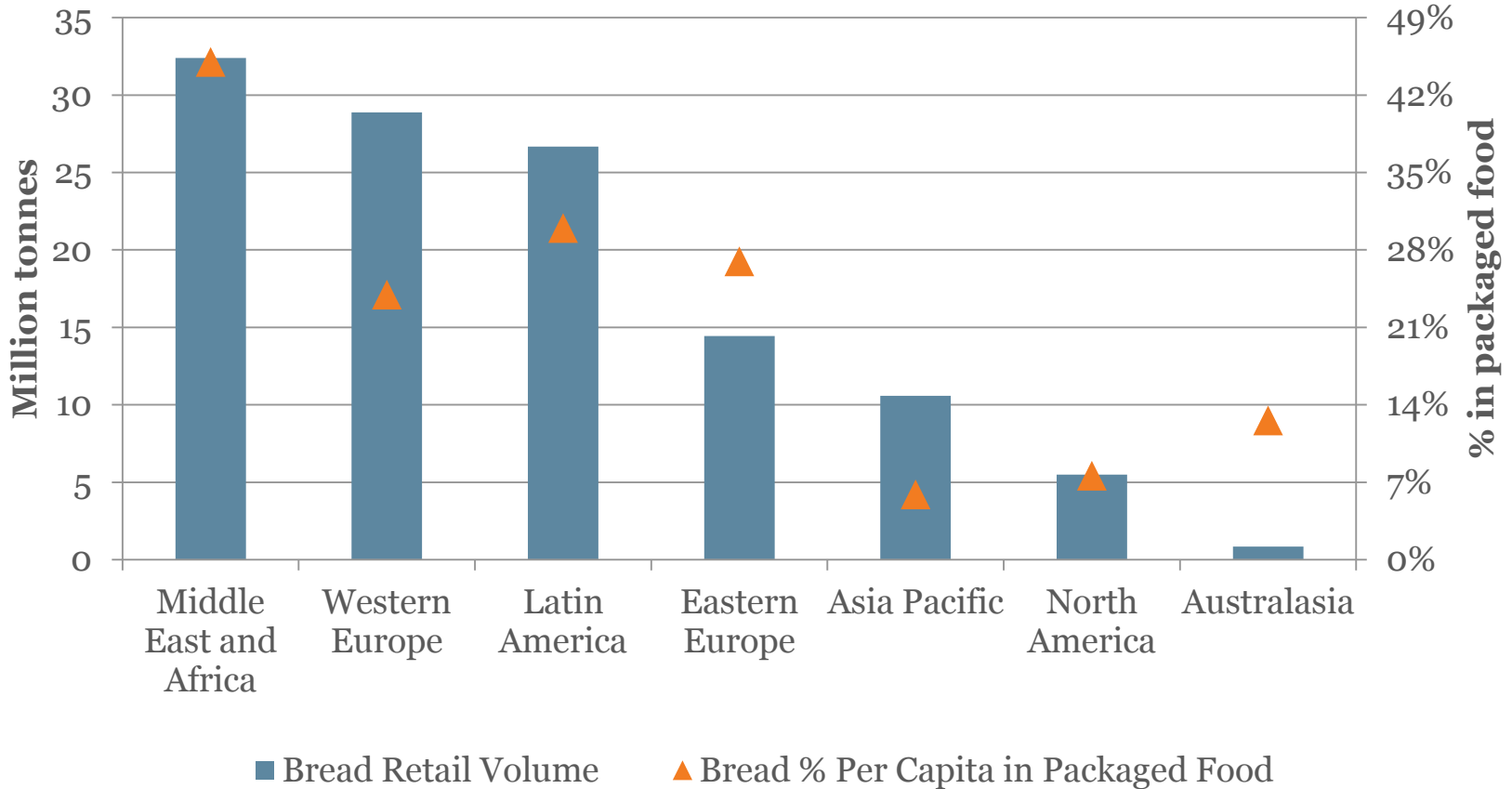
BREAD SUBSIDIES AND THEIR IMPACT

OPPORTUNITIES AND PROSPECTS



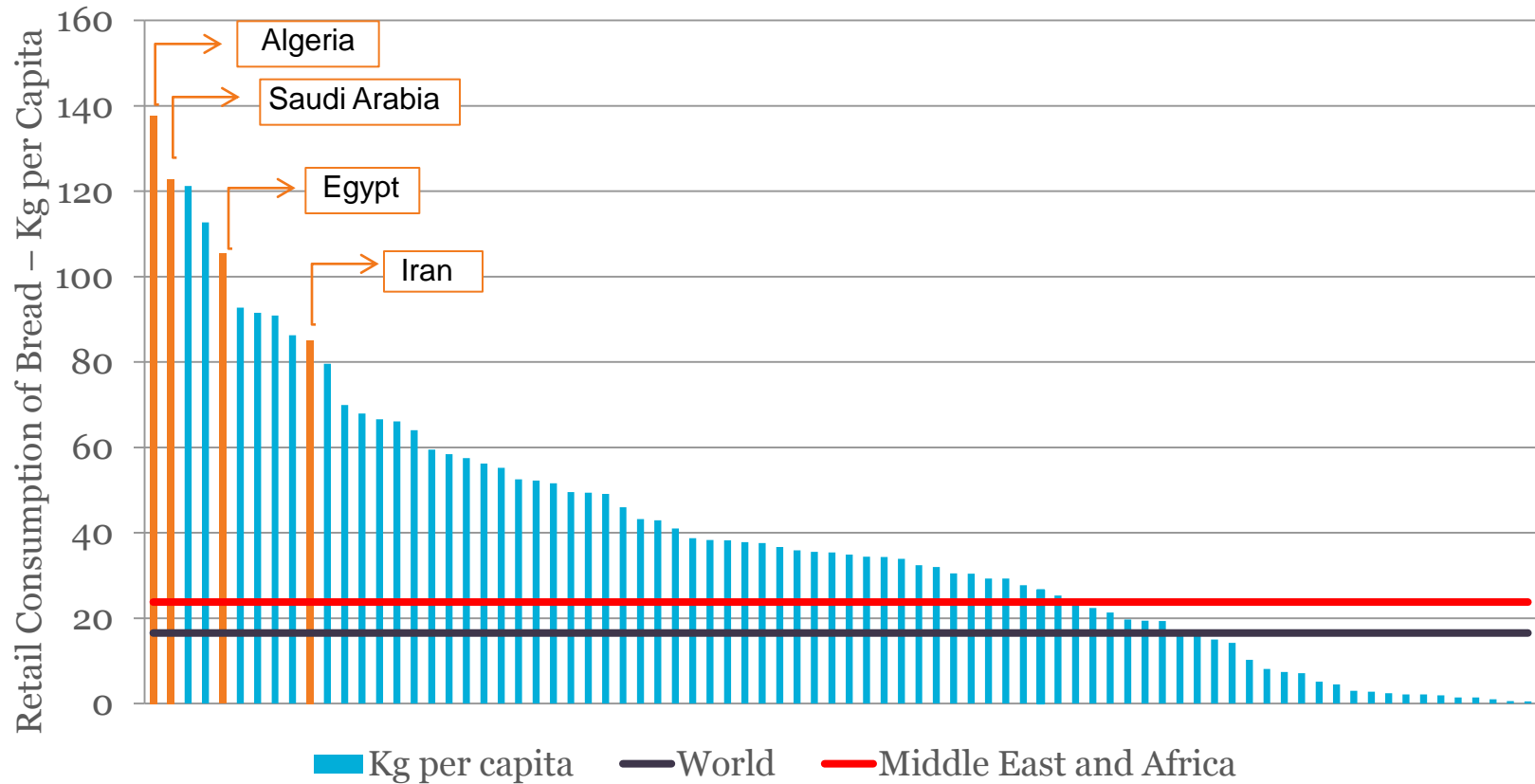
# Bread is the biggest part of the region's daily diet

## Retail Consumption of Bread by Region 2014

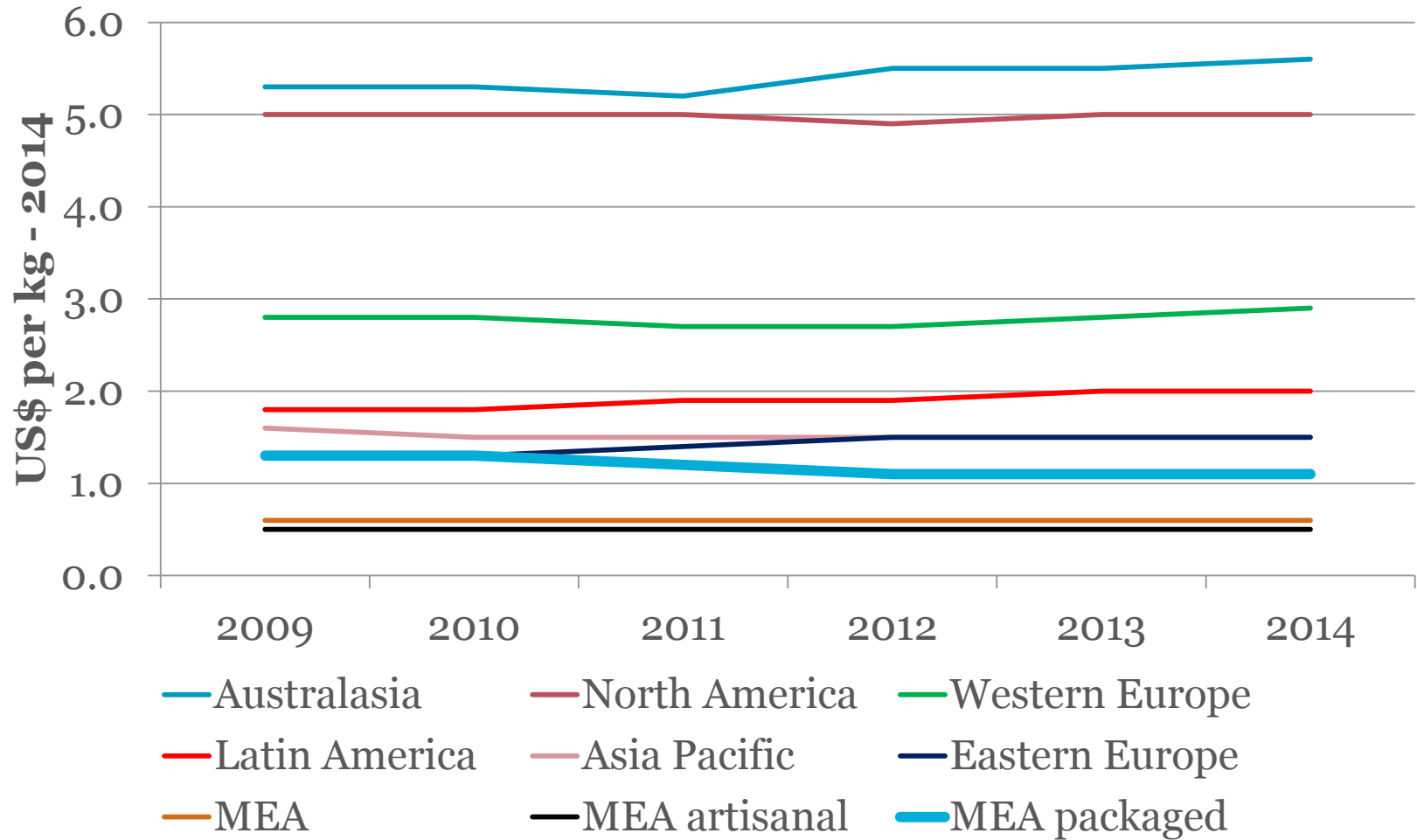


Some of the world's biggest bread eaters come from MEA...

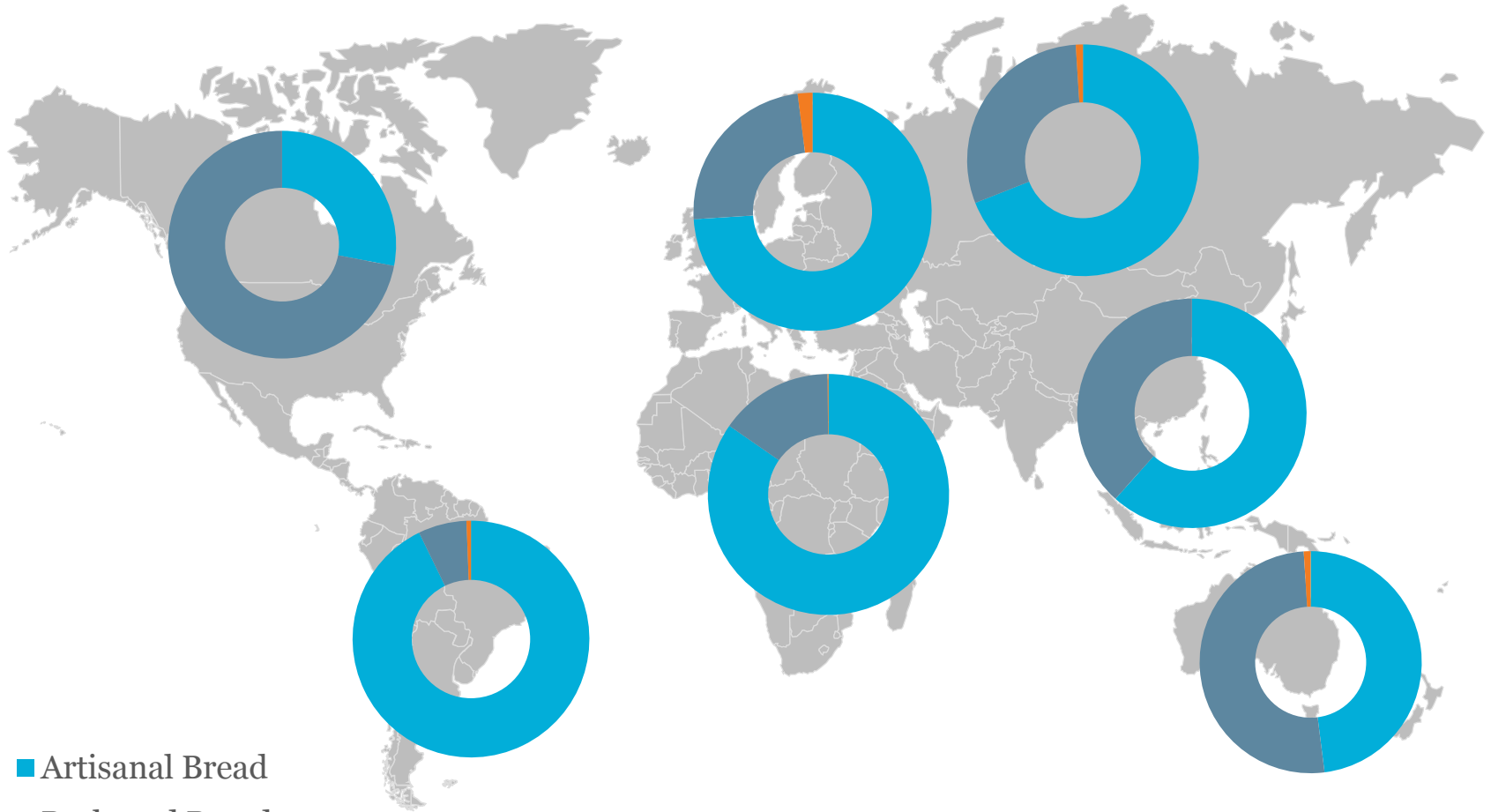
## Putting Middle Eastern & African Bread Consumption in Context, 2014



...However they consume the cheapest bread



# Artisanal dominates bread sales...



- Artisanal Bread
- Packaged Bread
- Bread Substitutes

But its consumption is declining...

### Artisanal Bread



### Packaged Bread





# WHY?



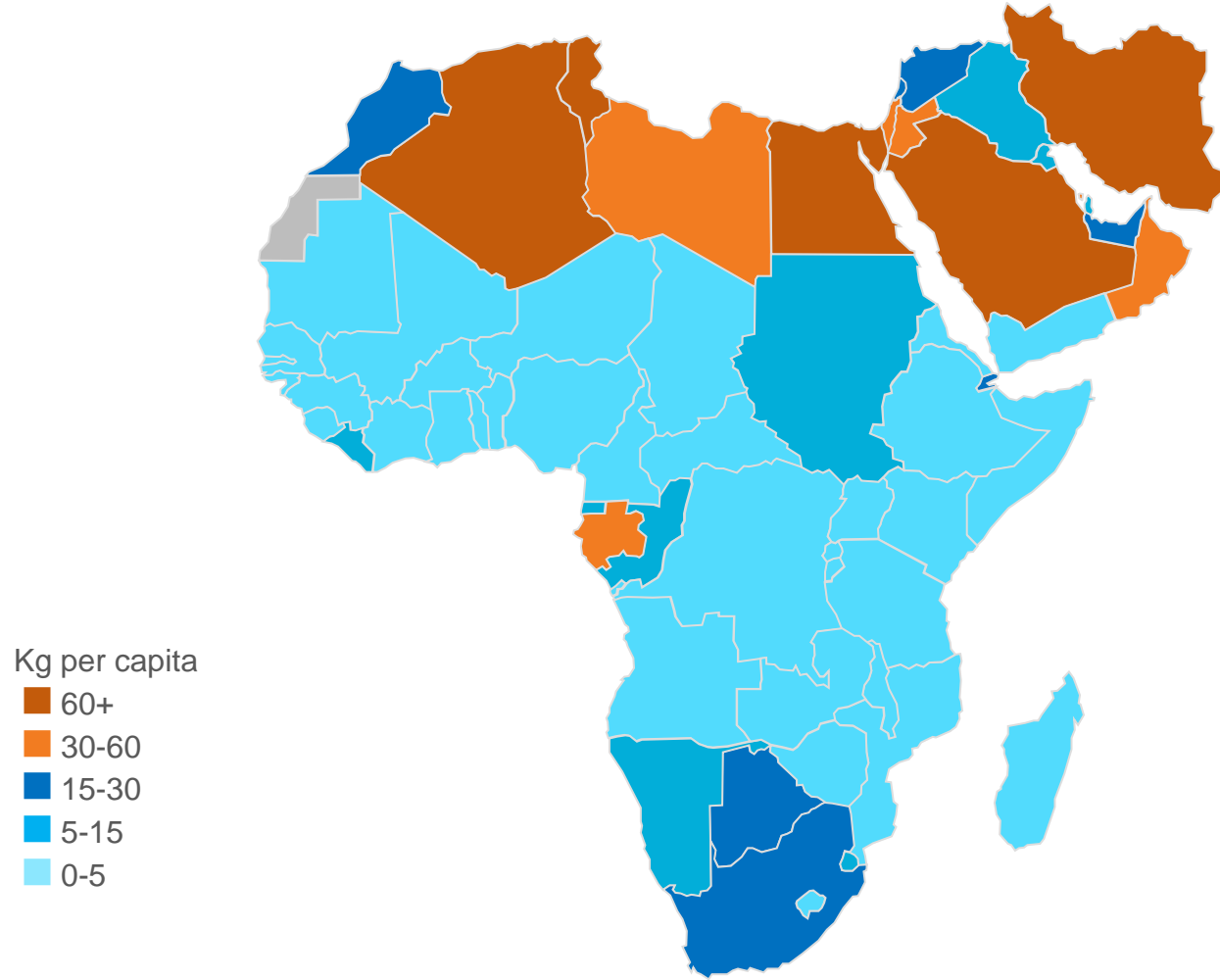
STATE OF THE INDUSTRY

**BREAD SUBSIDIES AND THEIR IMPACT**

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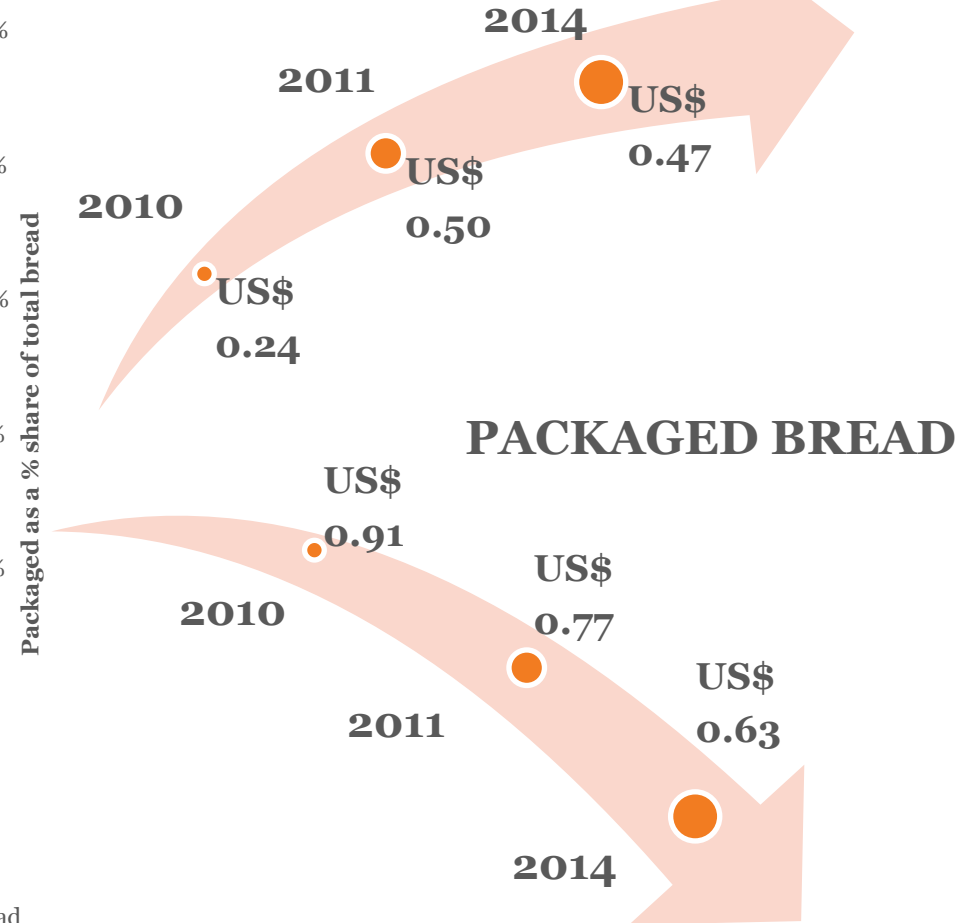
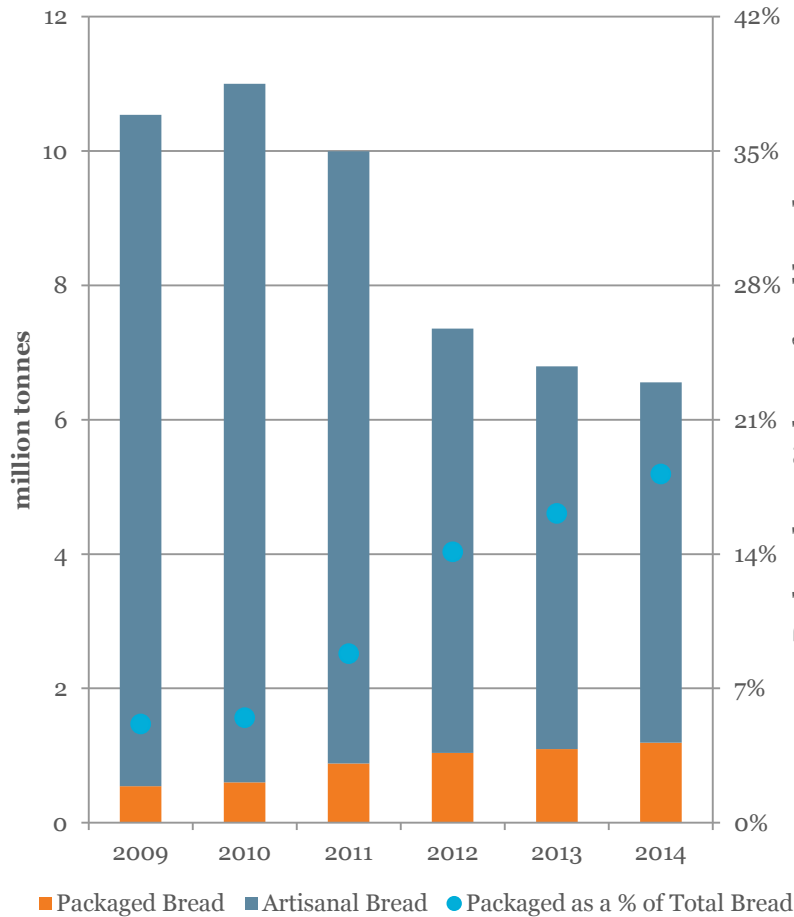
# Bread consumption shows significant variation across the region



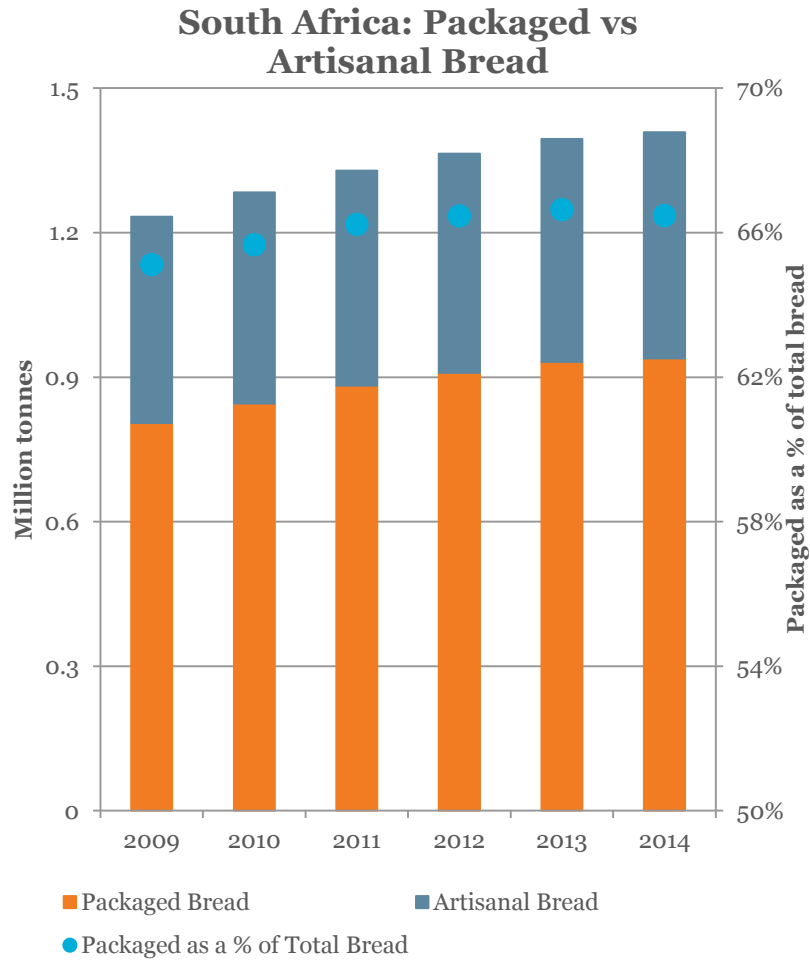
# Iran : End of government subsidies leads to less bread wastage

## ARTISANAL BREAD

Iran: Packaged vs Artisanal Bread



# South Africa: Retailer subsidies define packaged bread growth



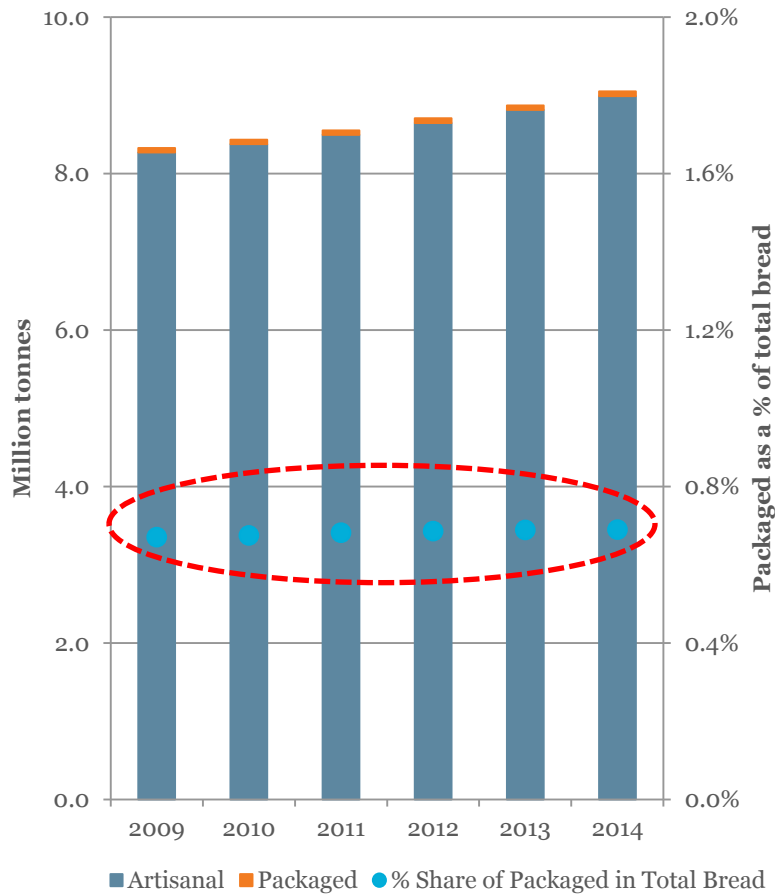
# South Africa: Retailer subsidies define packaged bread growth



- Rising input costs
- Affordable substitutes
- Value-added substitutes

# Egypt: End of cheap bread?

Egypt: Packaged vs Artisanal Bread



- Subsidized flour
- New subsidy system
- Reduced bread wastage

## Reasons for artisanal bread's decline



### Market Maturity

- Iran, Egypt, Algeria, Saudi Arabia

### Reduced Bread Wastage

- Iran (potentially Egypt?)

### Promotions and Discounts

- South Africa

### Availability of Cheaper or Added-Value Substitutes

- South Africa, Iran, Algeria, Nigeria etc.



STATE OF THE INDUSTRY  
BREAD SUBSIDIES AND THEIR IMPACT  
**OPPORTUNITIES AND PROSPECTS**



## Competing Staples for Bread Vary Across MEA

### Rice

- **4.6 kg per capita**
- Key markets: Cameroon, Algeria, Morocco
- Shift to packaged food
- Affordability



### Pasta

- **1.2 kg per capita**
- Key markets: Iran, Egypt, UAE
- Convenience
- Versatility



### Noodles

- **7% volume CAGR 2009-2014**
- Key markets: South Africa, Nigeria, Kenya
- Affordability
- Exoticism

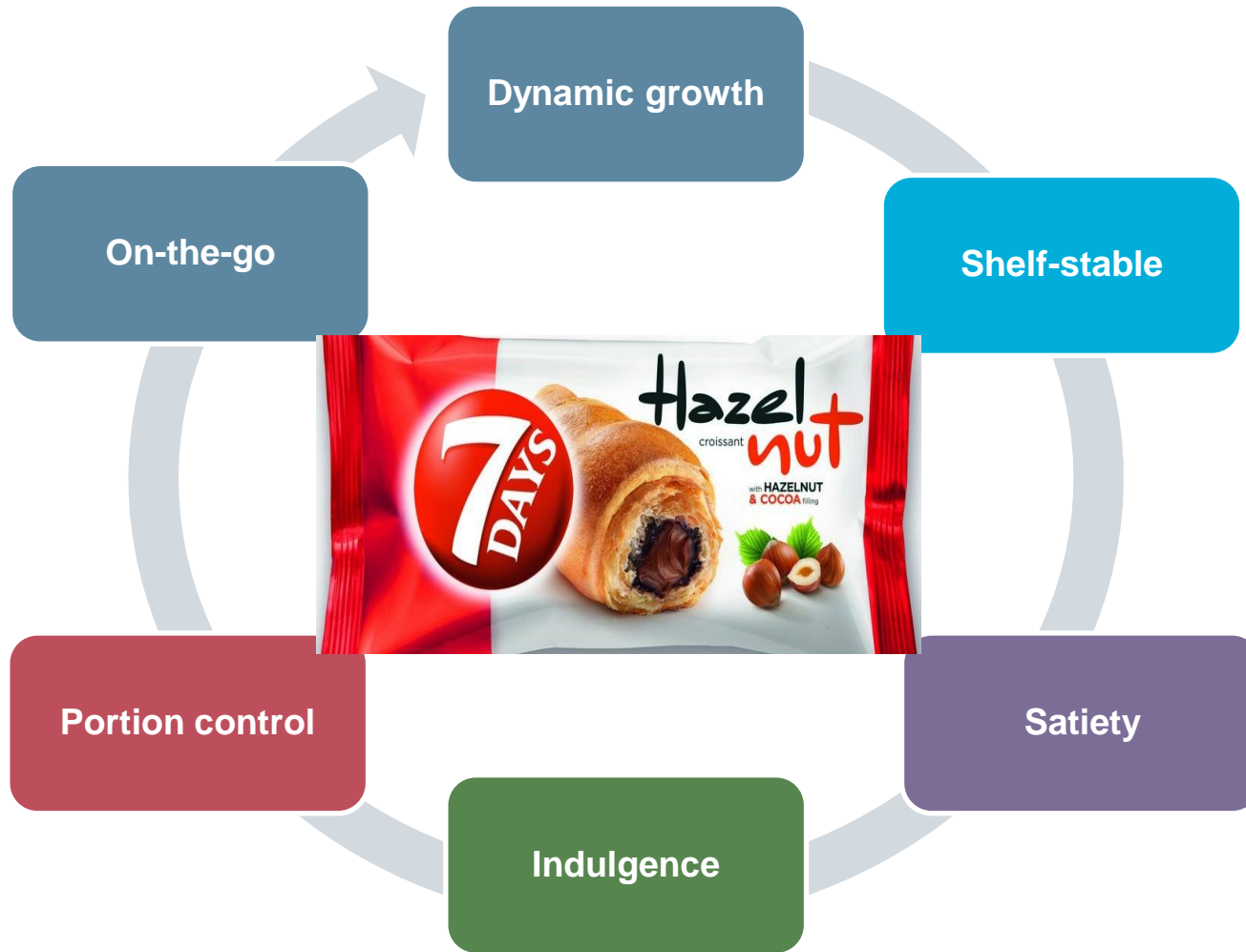


### Breakfast Cereals

- **0.1 kg per capita**
- Key markets: UAE, South Africa
- Lack of time
- Westernisation

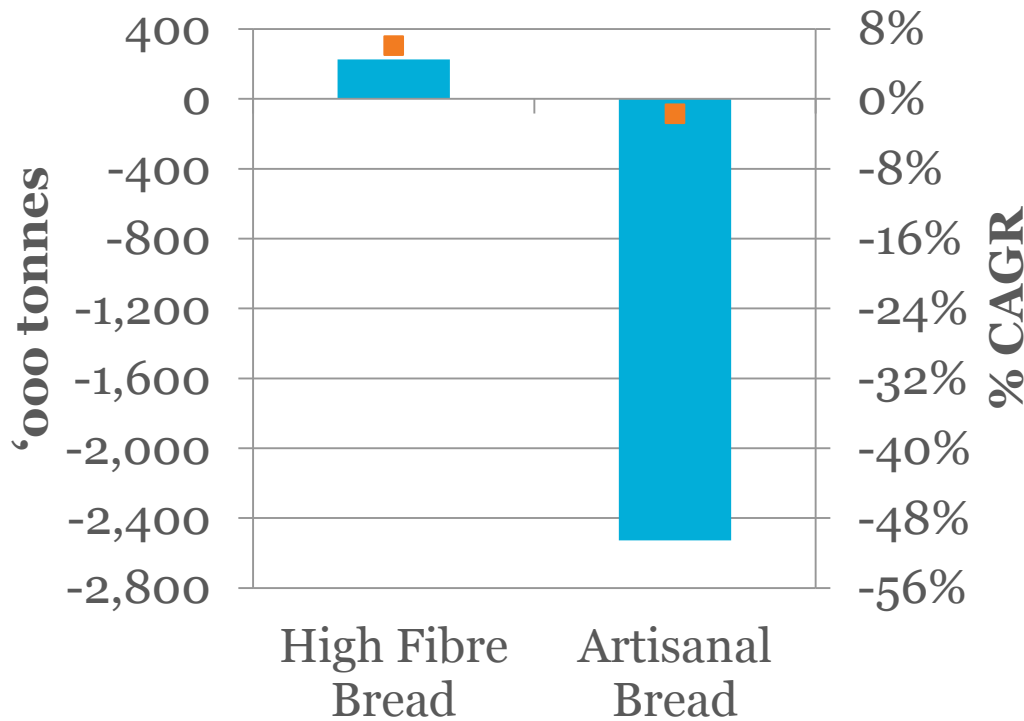


# Packaged pastries have several unique selling points



# High Fibre Bread Promises Added Value

## High Fibre Bread Growth



- Absolute Volume Growth 2009-2014
- % CAGR 2009-2014

Higher unit price

Longer shelf life

Modern grocery

# What can bread learn from other convenient packaged foods?

Convenience food category	Retail Volume CAGR 2009-2014
Drinking yoghurt	7.2%
Instant noodles	6.6%
Sweet and savoury snacks	5.8%
Snack bars	6.1%
<b>Total bread</b>	<b>-0.7%</b>

## Examples of convenience products



## Opportunities for bread

# Key takeaways





**THANK YOU FOR LISTENING**

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