

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Voluntary Public

Date: 9/14/2012

GAIN Report Number: FR9609

France

Post: Paris

Sugar Chocolate and Gum Confectionery Markets

Report Categories:

Product Brief

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Report Highlights:

For France, sugar, chocolate, and gum confectionery sales were valued at \$7.6 billion in 2011. Currently, Cadbury France SA leads the sugar confectionery and gum markets, while Ferrero France SA dominates the market for gum. Growth opportunities exist for sugar-free, low carbohydrate, and functional added-value products. There are niche opportunities for U.S. companies offering quality, innovative products with attracting packaging design.

General Information:

Average exchange rate for calendar year 2011:

USD 1 = 0.72 Euros

Source: The International Monetary Fund

SECTION I. MARKET OVERVIEW**Sugar Confectionery**

In 2011, the sugar confectionery market grows 2 percent in value over the previous year. Pastilles, gums, jellies and chews were the market leaders with a 5 percent increase in value to reach \$437.5 million. Cadbury France SA is the market led with 12 percent value market share. The outlook for sugar confectionery market is expected to remain stable in coming years with an increase volume under one percent.

Chocolate Confectionery

The chocolate confectionery market increased slightly in 2011 reaching \$5.4 billion. Seasonal chocolate and chocolate with toys performed best because of the extended choices offered during the holidays. Ferrero France SA was the leading manufacturer, with 19 percent market share in value. Unit prices increased, as key ingredients such as cocoa, milk, and sugar continued to rise. Sales in coming years are expected to slightly decrease in volume.

Gum

After a decline in the previous year, gum sales grew 1 percent volume in 2011, valued at \$861 million. Sugar-free gum has the best volume growth in 2011 at 2 percent. Cadbury France dominated the gum market with 50 percent market share in value. Gum sales are expected to grow moderately in volume in the upcoming year.

SECTION II. MARKET ENTRY**Sugar Confectionery**

Sales of pastilles, gums, jellies and chews rose (5 percent up from previous year). Jellies, preferred by children because of their texture, attracted a new player, Kraft Foods' Carambar brand. Kraft Foods launched Soucoups and Acid Mix in direct competition with jellies leaders- Haribo and Luitti. The market share of Haribus and other Haribo brands decreased slightly in 2011, due to the new EU regulation regarding azoic dyeing. Manufacturers stopped using bright colors and adapted to the new pastel colors instead. Mints and medicated confectionery remain important to sugar key in sugar free-products. According to trade sources, Ferrero France launched a new sugar-free mint Liberty, which is doing well. On the contrary, Haribo launched a sugar-free confectionery with no success.

Boiled sweets sales declined by 4 percent in 2011. This decline is expected to continue in the coming year, due to younger consumers' preference for gum and chocolate confectionery.

Chocolate Confectionery

Chocolate manufacturers were challenged by the increasing prices for key ingredients. Some market leaders chose to raise prices rather than change the recipes of their consumers' favorite brands. In 2011, advertising campaigns, marketing operations, and new product development boosted sales by encouraging impulse purchases. Chocolaterie Cantalou SA, a subsidiary of Cemoi, launched its premium range, Le Monde d'Agathe.

Market share in value increased in 2011 for plain milk chocolate within tablets (43 percent), as well as filled tablets (36 percent). Leading manufacturers in chocolate confectionery such as Kraft Foods France SA with Cote d'Or and Lindt & Sprungli SA developed their offering of filled tablets.

Gum

After declining sales between 2007 and 2010, the gum market slightly increased by one percent in 2011, thanks to fewer innovations responding to consumer needs. Prices returned to normal levels after years of being overinflated. The largest categories of the sector are functional and sugar-free gums with a volume increase of 2 percent each over the previous year. The success of sugar-free gum is partially driven by Wrigley's brand, Freedent, and Airwaves. Sugar-free products' benefits and well-being for overall dental care were promoted by the French Dental Health Association (UFSBD). The top brand flavors were mint and fruit. The popularity of mint flavors, such as menthol, chlorophyll, and power mint is the image of freshness that is preferred by 70 percent of French consumers. As a result of consumers' preference for sugarless products, the sugar gum market share volume sales were only 3 percent in 2011, and the lack of innovation and promotions for bubble gum lead to only a 8 percent in volume sales share.

SECTION III. COMPETITION

Sugar Confectionery

With a 12 percent in value market share, Cadbury France continued to lead the sugar confectionery sector in 2011 thanks to its extensive presence in almost all subsectors. La Pie qui Chante and Carambar were the two main brands in the industry, followed closely by Krema and La Vosgienne. One of the best performances was that of Nature Addict (NA) by Solinest SA. The secret of its success is a 100 percent natural and unique product with no added sugar or preservatives. A new flavor mango-passion fruit is to be launched soon.

Innovations and new launches should at least satisfy one of the following: (1) offer a new or different taste; (2) practical in terms of packaging; or (3) have a health and wellness component. Also, advertising is crucial in driving sales of sugar confectionery. As hyper/supermarkets use more self-checkout tills, it is important for PCP manufacturers to reinforce the visibility of their products. This is why Ferrero developed a stand especially designed for its Tic Tac brand at self-checkouts. In terms of packaging trends: Chupa Chups had an excellent year in 2011, thanks to its new smaller packaging. Since small children tend to not finish their regular-sized lollipops, the manufacturer launched a new brand called Mini Chupa Chups.

Chocolate Confectionery

Chocolate confectionery in France faces direct competition from other indulgence categories, such as sweet and savory snacks, baked goods, and ice cream. Chocolate is popular as an afternoon snack (le

gouter) immediately after school. Ferrero France has based its advertising campaign around this for its Kinder Bueno.

Artisanal chocolate ranked first in chocolate confectionery closely followed by Ferrero France with 19 percent market share in 2011. Private label sales declined in every category except tablets in 2011. Most consumers of chocolate confectionary prefer branded products rather than cheaper private label products.

Gum

The three leading players of the French gum market were Cadbury France, Wrigley, and Perfetti van Melle France all totaling 96 percent in value market share. New launches are frequent in the gum sector, whether it is in terms of packaging, flavors, or entirely new brands. Cadbury France with its flagship brand, Hollywood, and new product line innovations led sales again in 2011, followed by Wrigley France SNC, with its Freedent brand focusing on the most popular: white and classic. As hyper/supermarkets use more self-checkouts it is important for manufacturers to reinforce the visibility of their products. Private labels remained negligible in gum, with only one percent in value share last year. Consumers prefer taste and sensation from well-known brands rather than trying private label. If branded products are perceived as too expensive, consumers will shift to other confectionery or impulse products rather than downgrading to private label gums.

SECTION IV. BEST PRODUCT PROSPECT

French consumers are receptive to innovation and new flavors. In order to ensure the dynamism of the market for the coming years, manufacturers will have to innovate, create new flavors, and new packaging. Consumers are tapping into the health and wellness trend; therefore, manufacturers are likely to focus on sugar-free variants and use of natural ingredients for their products. Stevia, a natural sugar alternative, may become an important confectionery ingredient in the near future.

As for packaging trends, mono-packaging and metal boxes should continue to create sales. Also, mono-packaging’s success should increase due its close visibility to cash registers in hyper and supermarkets and in tobacconists. In addition, hard discounters now offering more self-check outlets should benefit sales. On the contrary, private label sales are not expected to increase, as consumers prefer well-known brands.

Advantages	Challenges
Relative weakness of the U.S. dollar against the Euro should benefit U.S. products	Price competition is fierce. Major actors are large European companies. U.S. exporters must comply with French and European regulations, especially for color additives.
The United States has strong brand power	France imports new-to-market, innovative products
The young and adult generations are looking for healthy and innovative products with attractive package designs	U.S. suppliers must adapt products to French consumers’ expectations and tastes at moderate prices
80 percent of confectionery, chocolate, and cocoa products are sold in hyper/supermarkets	Price wars and strong pressure on suppliers

Basic Labeling/Packaging Requirements

Labels should be written in French and include the following information:

- Product definition
- Shelf life: Indicate “used by” and “best before” dates and other storage requirements
- Precautionary information or usage instructions, if applicable
- Statement of contents: Ingredients, weights, volumes, etc., in metric units. All additives, preservatives, and color agents must be noted on the label with its specific group name or “E” number
- Product’s country of origin and name of importer or vendor within the European Union
- Manufacturer’s lot or batch number

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Internet Home Pages

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

USDA Foreign Agricultural Service (FAS)	http://www.fas.usda.gov
FAS U.S. Mission to the European Union	http://useu.usmission.gov/agri/usda/html
FAS/Paris	http://www.usda-france.fr
European Importer Directory	http://www.american-foods.org
Website for Professional Trade Shows and Events	http://www.salons-online.com

Questions/Comments and Assistance

If you have any questions or comments regarding this report, need assistance exporting to France or desire French buyers contact lists, please get in touch with the U.S. Agricultural Affairs Office in Paris at:

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U.S. Department of Agriculture
Embassy of the United States of America
2, avenue Gabriel
75382 Paris Cedex 08, France
Phone : (33-1) 43 12 2245
Fax : (331) 43 12 2662
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Homepage : <http://www.usda-France.fr>

Please view our homepage for more information on exporting U.S. food and beverages and to find a list of French market sector/briefs, as well as other reports.

