

Bulgaria: Canned fruits Market



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GLOBAL TRENDS

Global Canned Food market growth

- In 2015 the market size of the subsector Processing and canning of fruits and vegetables, without ready meals features is \$ 75.49 USD billion. On annual base the market growth rate is 2.94%.
- According to the forecasts made by Technavio, the Market of Processing and canning of fruits and vegetables, without ready meals features, will continue to grow and by 2020 its market size will be \$ 87.68 USD billion, which is 3.1% Market growth rate for five years. For this consumption growth there are two main reasons: the economic crises, and the lack of time.

Highlights

- Revenue in the global canned food market is likely to grow at a CAGR of 3.04% during 2016-2020.
- The demand for convenience is the primary growth factor in the market.
- In 2015, Europe dominated the global canned food market.
- In 2015, supermarkets and hypermarkets registered the highest sale of canned food, in terms of revenue

Asia Pacific

In Asia Pacific region (APAC), product innovations and increases in consumers' disposable incomes factor significantly in the purchase decisions of consumers.

Global Market size and forecast

The canned food market in Europe was valued at \$38.9 billion in 2015 and will reach \$45.3 billion by 2020, growing at a CAGR of 3.09%.

Though the canned food market in Europe is growing at a steady rate, it is slower than the markets in other regions. However, a rise in consumption is expected in Central and Eastern European countries. The UK, France, Italy, Spain, and Germany are the key contributors to the market in Europe. European consumers are opting for private label products owing to lower cost. Premium canned foods will also see moderate growth because of the economic downturn in some countries in the region, which has significantly affected purchasing power. Canned foods, being cheaper than fresh foods, are more attractive to consumers during times of economic turmoil. Processed foods take less time to prepare and are fast replacing fresh, unprocessed foods. Convenience products are popular in the UK, Ireland, and Germany. The Netherlands is an important hub for canned fruit exporters from developing countries. Close to half of canned fruit imports comes from developing countries, and a major part of this is re-exported to other EU countries.

Fruits and vegetables - Index of Auction prices for fruit and vegetables

- The analysis of the movement of wholesale prices of fruit and vegetables in 2015 shows the following trends:
- Prices during the year keep the typical seasonal trends of decreasing its values in summer and increasing its value in winter months;
- The comparative analysis of prices in recent years illustrates the strong influence of the climate factors, leading to frequent fluctuations in both directions depending on meteorological conditions. For this reason, the prices of these goods are highly sensitive and vary in relatively large ranges for short periods of time.
- Prices of Bulgarian fruits and vegetables during the year remained relatively high compared to the prices of imported goods.

United Bulgarian Bank

“Chief Economist
Directorate”

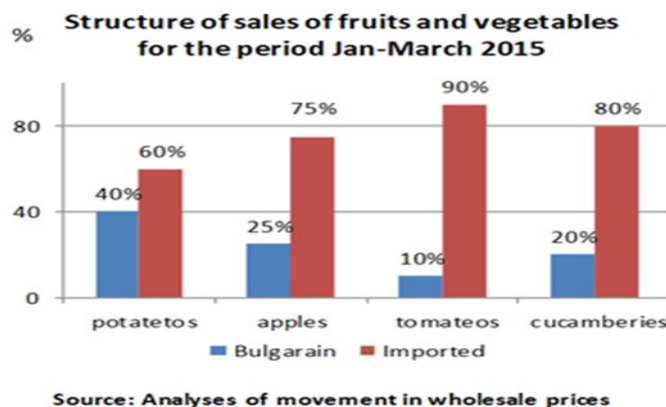
Chief Analyst Gergana
Kosturska

tel. (359 2) 811 29 82
e-mail: kosturska_g@ubb.bg

- In 2015, we observe the same trend from the last few years to less supply of Bulgarian fruit and vegetables and strengthening the volume of imports. This trend is observed almost all year round. During the winter and spring months the share of Bulgarian fruits and vegetables is extremely low and is most pronounced in sales of tomatoes and apples.

Movement of commodity prices in the Subsector Processing and canning of fruits and vegetables, without ready meals

The movement of the curve ITTS10 fruit and vegetables is typical for these products seasonal trends. The reported maximum winter values are higher than the previous three years and come close to the levels of 2008 and 2011. Summer minimum values are lower compared to the previous two years and remained slightly above the levels of 2012.



Trends in the market for canned fruit in Bulgaria

Production of fresh fruit and vegetables in Bulgaria

The latest data (published by MAF in September 2016) in 2015 in Bulgaria are processed 84.7 thousand tons of fresh fruit and 98.4 thousand tons of fresh vegetables. Production for 69.9 thousand tons of production of fruits and mixed (with predominantly fruits), a finished production of vegetables was 86.7 thousand tons. Enterprises in the sector of the food industry for processing of fruits and vegetables develop in all districts of the country. Respondents were 191 enterprises for their activities in 2015. As companies are registered 86% of enterprises processing fruits and vegetables, 13% are sole traders and individuals, while 1% are cooperatives. The largest share of the processed fruits are cherries, apples and peaches. Of all processed vegetables with the biggest share are tomatoes, peppers and eggplant.

Production

- The preliminary data from the Short term business statistics for 2015, show increase in the canned food production with 9.6% and an increase in the can manufacture with 9.5% compare to 2014.
- The final data for 2014 show decrease with 3.3% of the production volume compared to 2013, while the turnover from sales of goods and services increased with 1.4%. The share of the production of canned industry in manufacture for the country is 1.1% for 2014.

Sales

- The preliminary data of the sales on the primary market in 2015 show that there is a decrease in the sales of the canned fruits and vegetables, juices, and sauces in comparison with 2014. 11.5% less are the processed and canned fruits and with 13% less are the canned manufactured fruits, while the sauces sales decrease with 0.3%.
- The final data for 2014 show that the value volumes of the sales of the manufacturers during 2014 show increase with 3% compare to 2013.

Foreign Trade of the Subsector Processing and canning of fruits and vegetables, without ready meals

- Trade turnover with canned fruits and vegetables continues to increase. Compared to 2014 the increase is with 9.5%. The foreign trade balance for the period 2010-2015 is positive, and the tendencies are to increase after 2012.
- The imported quantities of processed and canned fruits and vegetables are with 6.5% more, while its value volume is with 9.1% more compare to 2014.
- The share of the processed and canned fruits and vegetables in the import in Bulgaria in 2015 is 0.70% against 0.65% in 2014.
- It is also reported an increase in the export. The exported of processed and canned fruits and vegetables in 2015 are with

Consumption

Consumption of canned fruits and vegetables in the country marks 10 -15% average annual growth over the past few years. Canning is traditionally export-oriented. But structuring and lightness of domestic arouse the interest of more and more companies that sell abroad. The expectations are for a greater supply and more competition. According to the Union of Fruit and vegetables at home were manufactured 350 million jars a year. Over time, however, continued to decrease the number of those that bind the survival in the following winter with the amount of cans in the basement. Migration to the cities, increasing work rate, the upward trend in income all these factors explain the attitude to refuse to prepare winter supplies in the kitchen. It is observed changes also in food culture. People buy what they eat now, tonight, not after six months. Manufacturers also adjusted to the requirements of fruit and vegetable cans and now all tastes can be satisfied. All this explains the growth in retail sales in the country during the past few years despite the absence of former big consumers such as public chairs and army. On annual base in Bulgaria are sold 150-200 million jar of canned fruits and vegetables. The domestic market consumes about 50 thousand tons of vegetables and about 10 thousand tons of canned fruit.

To the characteristics of the market should be given the divergence of the production cycle with this of the sales and its heavy dependence on agricultural production, which is at a much lower level. In the opinion of all companies in that business, the real volume of sales is not clear because of 4th the presence of many "gray manufacturers."

Demand

The market of canned products is strongly influenced by prices of vegetables. When the prices are low, people produce more home canned food. When they are more expensive, people buy more factory produced cans. Most wanted are different types of vegetable cans, but manufacturers noticed changes in trends in consumer behavior. The sales of ready and semi-ready meals increased on the account of the can production.

Vegetable cans

Bulgarian Chutney (Luitenitsa) is with the largest share among vegetable cans. Bulgarian Chutney (Luitenitsa) in all range have almost half of the market of vegetable cans in the country. In Bulgarian Chutney (Luitenitsa) both companies' Olineza "and" Deroni "held on 20-22% market share and half of the sales.

It is divided into three price classes (segments):

Low price class with price in range 55-60 stotinki for 265 gr. to BGN 1.29 for 690 gr

In this segment are the products of "Bioplod" - Sevlievo, and "Ideal product" - Perushtitsa.

Middle price class with price in range of 89-90 stotinki . za 265 r. to BGN 1.40 for 580 r.

In the middle "Orheo" and "Todorka" which are products of "Deroni" - haskovo, "Nahs marka" product of "Olineza", "Purvomajska Lutenitsa" product of "Konservinvets" - Pravoslaven, "Bulkons" - Purvomaj and etc.

High price class with price in range BGN 1.80-1.90 for 265 - 300 gr

The producers are "Olineza" and "Deroni".

At ground wholesale products drop and buttercup (Liutika), which also enjoys a good reception. According to Olinea the mostin ketchup most sought after is the standard version. Varieties - barbecue and chili, buy less.

Canned tomatoes and peas

After chutneys (Lutenitsa) and ketchup most sought are canned tomatoes, peas and pickles. In tinned peas with the largest market share "Storko" (12%).

The three price classes in canned peas are as follows:

Low price class

Products with a price of 80-90 stotinki a jar of 680 grams.

Middle price class

Products with prices at around 1.30 lev for 680 grams. Bulgarian producers generally fall into this class.

High price class

At the high end are imported products. In this product the Peas are small, calibrated and sells for around 1.70-1.80 lev to 680 grams

Pickles

Production of pickles is relatively easiest in terms of technology and product safety. Therefore, the number of manufacturers is quite large and difficult to talk about the clear market leader.

Fruit canned food

The variety of canned fruit market is quite large - offered various jellies, jams, jams with pieces of whole or ground fruit jams for diabetics sweet from selected fruits, jelly jams, compotes. The market of jams is developing. For the consumer it is cheaper to buy jams instead of them preparing is by themselves because fruits and sugar are expensive, and the competition is strong which forces manufacturers to reduce prices. Bulgarian trademark are some rare jams - for example with extracts of green pine cones. Rose jams are very attractive for markets in Japan and Taiwan. Five or six years ago almost nobody in Bulgaria used to buy the elixir of roses, but now purchases increase. Bestsellers are jams of strawberries and blueberries. The demand for canned food fruit shifts to jams with a greater percentage of fruit. The market for jams is doing well, but if compotes came out from daily menu of Bulgarians and entered in the confectionery industry. The largest producer of canned peeled peaches - "Fructo Sliven" JSC - Varna, as not seling in the country under its own brand. The domestic market is small, consumption is not large and there are still traditions in the production of household compost. Branding is associated with many costs and speed are smaller and do not justify the effort. The company operates the brand "Krami" to "Hermes Commerce R" but the majority of the production is sold abroad.

Import

In Bulgaria are imported many canned vegetables from Hungary, Thailand, China, Turkey, Greece, Italy - corn, peas, cucumbers, tomatoes, mushrooms, peppers, tomato puree, different varieties of dried beans. Leader in imported brands is "Bonduelle". Besides the "classic" peas and corn company imports also various vegetable mixes, beetroot, different types of white and red beans, mix soy sprouts, which are not genetically modified. All products are calibrated, which allow to cook very quickly and at the same time. The raw materials and finished products undergo more than 70 inspections and canning is done within 3-4 hours after harvesting vegetables from the field. Imports cover also the demand of different from traditional cans. "Saranda Distribution" - Sofia submit specific products such as sauerkraut in a jar, red cabbage, grated beets and asparagus Rolnik Poland. The company also offers passion and peeled tomatoes and tomato sauce Riscossa from Italy. The demand of this type of good is not great one. The products are bought mostly by people who want to cook something special. Typical Bulgarian canned food will be preserved, but this does not stop the import in the country from wider choice of cans with different flavors. Of canned food fruit are imported mainly jams and canned pineapple with good quality in the high price range.

Main trends

- It expectations are of 10% growth in the domestic market for canned food. The reasons are it in the search for new tastes, increased income and consumption.
- The market will grew because people have less and less time not only for the preparation of canned food, but cooking in general. They will pay more attention to quality and healthy food, not just the price of the products.
- Estimates are that the price of sugar will also rise because of European intervention price. This will increase interest in imports. There are also expectations for a dumped prices because of high-technology and lower costs of European producers.
- It is expected to shift to the domestic market of some companies that now sell mainly abroad. But for many manufacturers this is not just a question of market development, but also on the capacity of production lines. Until recently there were duties and quotas on imports of certain preserved. Now these restrictions do not exist, therefore reducing the prices of canned tomatoes.
- Estimates are that the liberalization of the market import of canned vegetables will increase. In jams are also waiting for an increase in products from abroad.
- Greater production of dietary and functional (providing additional value) preserved foods. In production entering probiotic strains (lactic acid bacteria) that shorten the time for the production of pickles and bring new benefits to the body.
- These strains will be the foundation for functional foods based on plant material.

Key Market Players

The trend in fruit cans to the imposition of dietary products with less sugar. Among the new products that enjoy consumer interest are large ground Bulgarian chutneys (Lutenitsa) and Traditional chutneys (Lutenistsa) that are close to the old home recipes jams with high content of fruit, sweet berries, roasted vegetables on the grill. Sales of all rankings come mainly from processed fruits and vegetables have a small share in the product lists. For exports go to 76% of sales in the category value. The number of companies reported revenues from the sale of processed fruit increased from 91 to 93.

TOP 25 OF THE PRODUCERS OF PROCESSED FOOD IN BULGARIA IN 2014				
Producer	in kind (kg)		in th. BGN	
	Production	Sales	Sales	Export
1 AGRI BULGARIA EOOD	3829395	3829395	37768	37768
2 KUMINYANO FRUIT OOD	9450241	7042218	24479	19460
3 FRUCTO SLIVEN AD	10608021	9199284	15635	14976
4 EKOVIDA OOD	1923286	1252967	7813	7813
5 BALKAN FRUIT EOOD	3216605	2778312	7469	5033
6 CIMA-99 OOD	1876225	1876225	6231	2792
7 HLADILNA BAZA ZA DIVECHOVO MESO AD	1377887	1899477	6102	5252
8 AVIUS 2003 EOOD	2385589	2385589	4713	394
9 JAM & JAM OOD	1302348	1302348	3964	626
10 BULGARCONSERVE RUPITE OOD	1504711	1722750	3428	3412
11 ECOPLD BG EOOD	801455	760906	3194	3032
12 RODINA-AGRO EOOD	819130	707358	2824	0
13 FRANCO EOOD	1061080	1061080	2719	2719
14 BULGARIA FOODS OOD	1146919	729226	2242	1944
15 LENOX FROZEN FOOD OOD	588775	522970	2209	2133
16 96 AGROGROUP OOD	694198	791070	1890	653
17 EASTER ECO CONSULT	427478	377684	1761	1746
18 BULFRUCT OOD	498364	351164	1499	1267
19 KALUFRUCT PRODUCTION OOD	1233721	708293	1414	1261
20 MARICA ECOFROZE EAD	618681	797693	1403	706
21 BULMED 2002 EOOD	379155	379155	1346	263
22 ECOTERMA EOOD	185113	184620	1208	871
23 ANONA TRADE EOOD	758810	553610	1179	958
24 KOALA OOD	1507993	790808	1119	985
25 KRICHIMFRUCT OOD	913441	913441	1075	0

Source: Regal

"Agri Bulgaria", which is a subsidiary of the Italian Ferrero Group, is the undisputed leader not only in the category, but the market for canned food in general. In the factory with. Radinovo, Plovdiv, produced spirited cherries, which carry 80% of revenue. "Agri Bulgaria" operates entirely for export, cherries are for use in confectionery by product group Ferrero, which owns brands Ferrero Rocher, Kinder, Tic-Tac and Nutella.

Cherries are in the center of the activity of **"Kuminyano fruit"** (Roberto brothers, Giovanni and Michele Santorelle), which is the second highest income group. Company from a. Katunitsa, Plovdiv district, specializes in buying, processing and canning of cherries as raw material for the food industry. The company's results for 2014 are slightly lower than a year earlier, as sales fell by 9%. Of revenue 79% comes from sales abroad.

Fourth in range of sales is **"Ekovita"**, Pazardzhik, owned by brothers Andrea and Antonio Rigoni from Italy. The company is part of the holding Rigoni Da Asiago (the largest European manufacturer of biokonfityuri), which has subsidiaries also in Japan and the US. In Pazardzhik group builds in 2002. Involved in the processing of organic certified fruits and vegetables for businesses in Italy, where they are produced jams.

"Balkan Fruin" works more export orientated company. It is located in Sofia, and owned by Italian Michele Mastropaskul. The company retains its fifth position despite a slight decrease in revenue of almost 3%. The company has facilities in Montana Kopilovtsi village where in 2006 bought the former processing plant. It owns and base

Nikolichevtsi village, Kyustendil. Besides cherries is engaged in the production of potatoes, carrots and onions. Revenue from 67% of sales abroad.

"Fructo Sliven" is the largest producer of canned peaches in Bulgaria - in all these cuts represent 80% of its product range. The company produces almost the entire range of traditional stewed fruit - cherries, apricots and plums. "Fructo Sliven" supports small production lines of canned vegetables - about 5-6% of production. The company exports 96% of its production mainly in Europe. On the Russian market the company sells an ever smaller percentage of the output. Shareholders in the company are "Ark" (40%), "Saha Trade", "Iso Transkomplekt" and Karl Adranikovich.

"Cima 99" has its own factory in the village. Strumiani Plovdiv. Under the brand "CIMA 99" it produces jams, marmalades, dessert sauces, pine extract, compotes and fillings for confectionery industry, a total of over 80 items. To 45% of them are exported to the US, Israel and EU countries. Owners of the company are Tsvetan Zhekov and his sons George and Nicholas Jekovi.

"Avius 2003" e specialized in the production of canned fruit company is registered in Plovdiv. Owner is Velin Belyakov, which operates in its own workshop in. Tsaratsovo, Maritsa Municipality. This is done mainly preservation and processing of cherries. The production is sold mainly on the domestic market.

"Jam and Jam" is a family company founded by Iliana and Stojko Kirovsky is fully focused on processing of fruits. The company produces more than 150 types of products under the eponymous brand - jellies, jams, jams, toppings, jams, marmalades and fruit fillings such as cooked for confectionery industry. It develops products based on natural extracts - pine and herbal and extract from Rosa.

"Bulgarconserv Roupite" is part of an international company, which has factories in Russia and Bulgaria. Almost the entire production is exported mainly to the Russian market. The company specializes in the production of sauces in a jar or box and canned vegetables. The production base is near Petrich. Owners of capital are Alexander Gordeyev and Jordan Vyatrov.

"Ekoplod-BG" is a manufacturer and supplier of frozen fruits, vegetables and vegetable mixes commercial and food industry. The company works mainly for export, which accounts for 92% of revenue.