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“Covid-19 crisis – Impact on European Bakery Markets”

A report published in March 2021

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The COVID-19 crisis, the lockdown period and all the measures taken to limit the spread of the virus have led to **considerable disruption** and fear, touching every aspect of business and social life. We thought we had returned to a certain “New Normal” this summer, but things have accelerated. What has been the impact of this crisis for the food industry, and what will be the consequences in the months to come?

The food industries of the world are facing challenges of an unimaginable scale.

- There are lessons to be learned, challenges to be shared, and a process of trying to understand how the global industry and markets are reacting.
- At a professional level we are all facing similar challenges, and the industry must go through a series of steps:
 - *Breakdown => Handling the direct impact => Rebuilding in a fragile consumer market.*
- In this crisis analysis Gira has put the first markers down, looked for the early lessons and built a base of insight for us all to move forward from.

The objective of this new Gira report « COVID-19 CRISIS - IMPACT ON EUROPEAN BAKERY MARKETS » is to provide clear insight into the impact of the global COVID-19 crisis on the European bakery markets, while updating the last Gira figures and forecasts published end-December 2019 in the “BAKE-OFF BAKERY MARKETS IN EUROPE” report.

This report lays out, at European level and for the 14 main European countries:

- **The evolving situation in Europe: the impact of COVID-19 crisis at each level of the bakery chain:**
 - Consumer purchasing behaviour: from fresh to packaged bakery products, from indulgence to staple products, coming back to home-baking.
 - Shopping habit changes and consequences for the different channels.
 - Foodservice downturn impact on bakery products consumption.
 - Switch in supply method strategies for fresh bakery products.
 - And the consequences of all these changes for the fresh and bake-off bakery markets, at each level of the bakery chain.
- **Implications for the future:** given a recovery process and the possible scenarios for the evolution of the pandemic, what will the consequences be for fresh, packaged and bake-off bakery products’ consumption, distribution and production through 2021 and in the medium term 2025f.
 - Adjustments have been made to our recent report “Bake-off bakery Markets in Europe 2019” for data in 2020/2021 and 2025 forecast.
 - Scenario analysis are being conducted to provide alternative development paths with baseline and downside cases modelled.

Today the bakery industry is struggling to understand the scale of the issue and its implications across all sectors of its supply chain. All the answers are not there yet and the situation will continue to evolve. To help clarify the situation Gira wants to:

- Provide a reference point at an uncertain time.
- Link the various implications and issues back to the root cause.
- Carry out a strategic assessment of the future impact.

The work on this Gira ‘Crisis-Impact’ report has been carried out in three interconnected tasks:

1. **Focused desk research on key developments**, in the context of Gira’s existing bake-off study insight, updated with the latest data to provide an accurate description of what has happened since the onset of the covid-19 crisis:
 - Significant update of Gira’s view of the current situation in Europe, based on the latest numbers available (Panels, trends in foodservice etc.), and Gira’s understanding of the forces at play in the market.
 - Update of the situation across the key European markets; how are distribution channels and industry responding to a challenge that nobody had contingency plan for.

2. **Selective interview program** has been conducted with key companies and experts across the bakery supply chain (ingredient manufacturers, industrial bakers, retail and foodservice chains etc.):
 - How the crisis is impacting fresh and packaged bakery product consumption? Analysis by Quarter for 2020 and 2021.
 - How badly damaged is consumer spending going to be?
 - Which bakery products see overtrading, which see weak sales?
 - Medium term impact of the come back to home-baking.
 - The consequences within the different channels, with analysis by Quarter for 2020 and 2021.
 - How much the hit will hurt the foodservice in the short and medium term.
 - How much the retail sector will gain?
 - Any opportunities for fresh bakery products related to the development of home-delivery and takeaway?
 - To what extent fresh bakery products supply strategies could be modified in the short term, and why?
 - Less scratch baking due to the lack of staff?
 - More bake-off for hygienic or storage reasons?
 - Or even buying more fresh products to favour local operators?
 - What challenges are industrial bakers facing, and how are they reacting?

3. **Scenario analysis**: the ‘think tank’ – using Gira’s decades of experience, and the insight gleaned in steps 1 and 2, what scenario are really plausible.
 - Revised 2020/2021f and 2025f figures. Selective scenarios (baseline case and downside cases).
 - Gira forms a view of how the European fresh and bake-off bakery markets might look in the aftermath of this catastrophe.

Gira has utilised its experienced consultants to focus on the most important factors that may affect the fresh and bake-off bakery product markets. They have gathered the most up-to-date and relevant insight on strategic issues to be able to **update the bake-off report figures and forecasts** and deliver an informative report that gives Gira clients a solid view of what we expect the situation to be in the future...

Executive Summary

Updated European total, fresh and bake-off bakery figures, with 2020 data and 2021f/2025f forecast.

- Key bakery consumption figures and trends.
- Sales channel evolution and long-term impact of the Covid-19 crisis.
- Impact of the crisis on fresh bakery product supply strategies.
- Bake-off bakery market outlook.
- Fundamental industry shifts and future challenges.

Short and medium term impacts on consumption, distribution and production, under baseline and downside case scenarios.

Strategic implications of this unfolding crisis

Impact in Key European Bakery Markets

Short summary for each of the 14 main European country covered, with bakery figures and trends.

- The specific situation in the supply chain, current challenges:
 - Fresh bakery products consumption shifts.
 - The foodservice hole and the gains in other channels.
 - Impact of the crisis on fresh bakery product supply strategies and on bake-off bakery product markets.
- The *2020/2021 short-term* demand impact with a particular focus on sales channel migration and change in fresh bakery product consumption and supplies.
- *Longer term impacts through 2025* stemming from changes in fresh bakery products demand and supply have been modelled.
 - Scenario analysis have been conducted to provide alternative development paths with baseline and downside cases modelled.

Excel database

- EU14 and country figures for bakery consumption, distribution and supplies.
- EU14 and country figures for the bake-off market.
- Providing updated data for 2019, 2020, 2021f and 2025f (baseline scenario).

Timing

A **first** interview programme has been conducted in May/June 2020, and a preliminary study has been released end-July 2020.

A **second** phase has been conducted in February 2021 to confirm the most probable scenario case, with the new summary and database published mid-March 2021.

Deliverable

The deliverable includes:

- **First country reports** released in July 2020: 110 pages with detailed description of the impact of the Covid-19 crisis and the **first lockdown** on the bakery supply chain in each country market in 2020.
- **Updated country reports** released in March 2021: reviewing the 2020 situation and providing new 2021/2025 figures and scenario.
- Overall **Summary** released in March 2021.
- **Excel** database.

Subscription

The subscription to the crisis-impact programme is (before applicable taxes):

- Standard subscription: **Euros 9,500**.
- For clients of Gira 2019 Bake-off report: **Euros 5,000**.

Payment will be requested 100% on signing of the contract.

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European Summary (March 2021, 50 pages)

- Introduction, definition and scenarios
- **Bakery product consumption outlook:**
 - Quarterly change in 2020 and 2021
 - Consumption overview: 2020, 2021f and 2025f
 - Key bakery consumption trends
 - Short term and medium term impact on bakery consumption (baseline and downside scenario)
- **Fresh bakery product distribution outlook:**
 - Quarterly change in 2020 and 2021
 - Sales channel evolution: 2020, 2021f and 2025f
 - Short term and medium term impact on fresh bakery distribution channels (baseline and downside scenario)
- **Fresh bakery products supply strategies:**
 - Impact of the crisis on fresh bakery product supply strategies
 - Short term and medium term impact on bakery product supply structure (baseline and downside scenario)
- **Bake-off bakery markets outlook:**
 - Bake-off bakery market change in 2020, 2021f and 2025 (baseline and downside scenario)
 - Fundamental industry shifts and future challenges.

Country Reports (Update March 2021, 72 pages)

- **2020 review: Impacts/disruption due to COVID-19 epidemic :**
 - Trends in bakery product consumption, distribution and supply structure
- **Where we are at 2021 beginning? The current situation:**
 - Lockdown and curfew
 - Vaccination campaign
 - Impact on economics
- **What could 2021 be? Impact on bakery supply chain:**
 - Baseline scenario
 - Downside scenario
- **2025 prospects:**
 - Baseline scenario
 - Downside scenario
- **Tables and figures:**
 - Baseline scenario
 - Downside scenario.

Scope

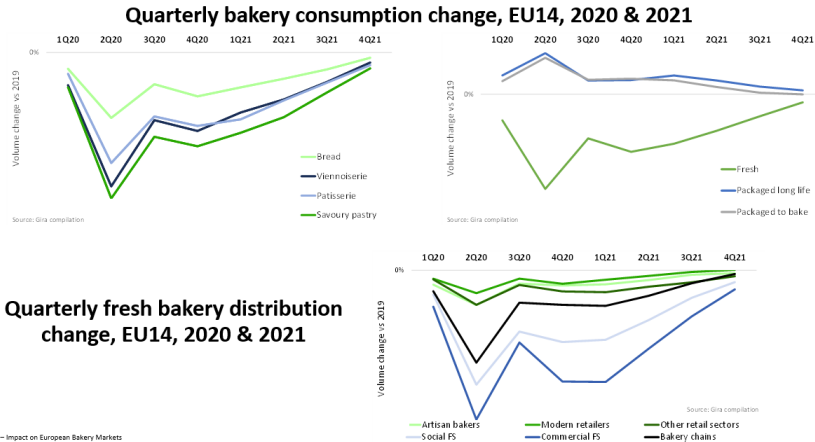
- **14 European countries:** BE, CZ, DE, DK, ES, FI, FR, HU, IT, NL, PL, PT, SE, UK
- **Bakery products:**
 - Bread
 - Viennoiserie
 - Patisserie
 - Savoury pastry snacks
- **Technologies:**
 - Packaged B2C (long life and to-bake)
 - Fresh and bake-off bakery products
- **Distribution circuits:**
 - Retail: artisans, modern retail, other retail (c-stores, small grocery stores)
 - Foodservice: social, commercial foodservice, bakery chains
- **Supply structure:**
 - Artisanal supply: artisan bakers, modern retail in-store scratch baking and others (foodservice and bakery chains)
 - Industrial supply: B2C, B2B bake-off and B2B fresh.

Country Reports (July 2020, 110 pages)

- **Underlying fundamentals:**
 - Phases of COVID-19
 - Impact on macro-economics
- **Bakery consumption:**
 - Overall COVID-19 impact on bakery product consumption
 - Evolution of fresh bakery product consumption
 - Downside and upside case scenarios
- **Sales channel evolution:**
 - Impact on sales channels for bakery products
 - Longer term trends
 - Foodservice and Retail
 - Downside and upside case scenarios
- **Fresh bakery product supply strategies:**
 - Overall COVID-19 impact on supply strategies
 - Specific comments by distribution channel
 - Downside and upside case scenarios
- **Impact on bake-off markets:**
 - COVID-19 impact on bake-off markets
 - Impact for industrial bakers and bakery ingredient manufacturers
 - Downside and upside case scenarios.

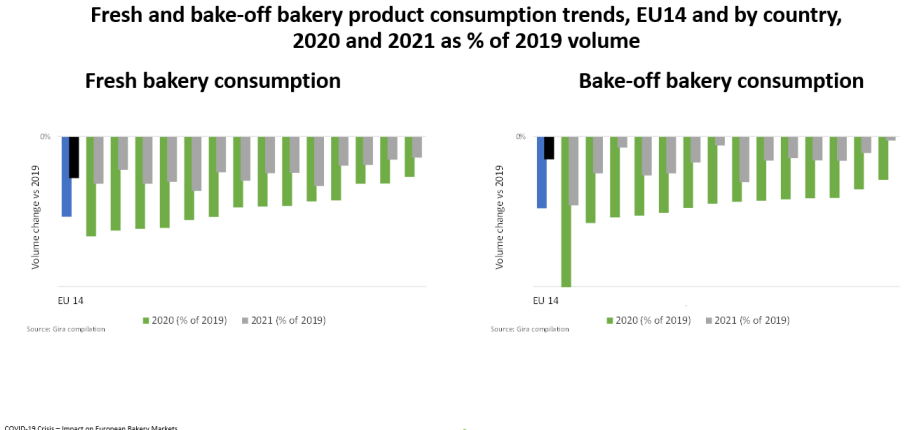
Consumption and distribution overview: quarterly change

Abrupt demand shocks from COVID-19 restrictions in 2Q20



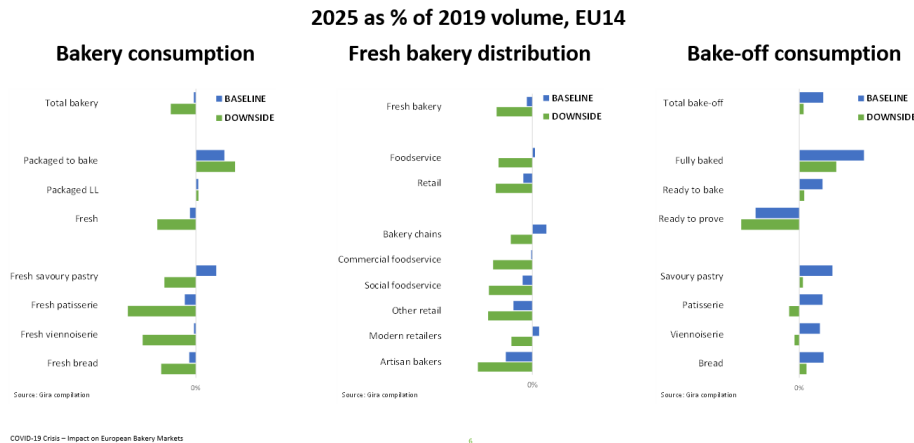
Fresh and bake-off bakery consumption forecast by country

2020 and 2021 vs. 2019



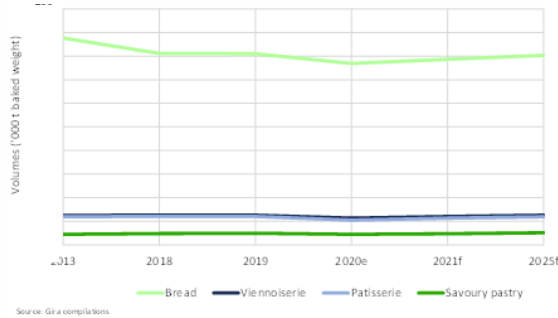
Medium term impact on bakery and bake-off markets

Baseline and downside case scenario for 2025

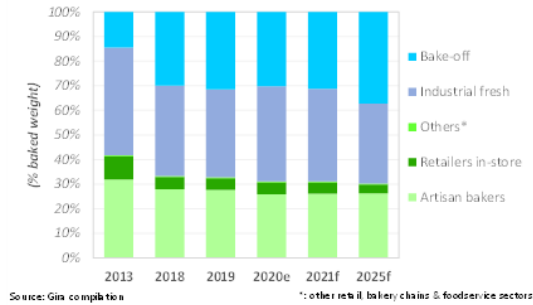


Gira Country
Tables and figures – Baseline scenario

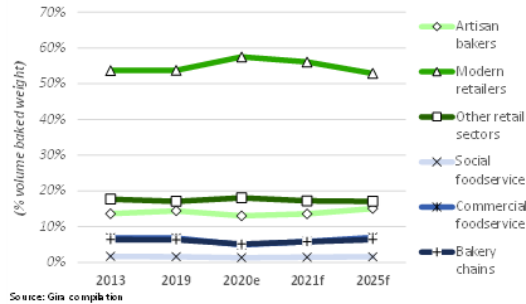
Fresh bakery consumption by product, 2013/2019, 2020e, 2021f & 2025f



Fresh bakery product supplies, 2008/2019, 2020e, 2021f & 2025f



Fresh bakery distribution by channel, 2013/2019, 2020e, 2021f & 2025f



Bake-off bakery markets, 2013/2019, 2020e, 2021f & 2025f

('000 tons raw weight)	2013	2018	2019	2020e	2021f	2025f	Δ 13/18 (% po)	Δ 19/20 (% po)	Δ 20/21 (% po)	Δ 21/25 (% po)
Bread										
Viennoiserie										
Patisserie										
Savoury pastry										
Pastry bases										
Ready to prove										
Ready to bake										
Fully baked										
Artisan bakers										
Modern retailers										
Other retail										
Social foodservice										
Commercial foodservice										
Bakery chains										
Total bake-off bakery										

Source: Gira compilations

Over the last 30 years we have built up a **major reputation** and client base in the international bakery sector.

- A list of our more recent bakery clients is given on the next page of this proposal.
- Gira has carried out many assignments in recent years for bakery companies, especially in the area of fresh bakery products distribution and production.
- Gira is active in strategy consulting and market research in most food and drink sectors worldwide. More details are available on www.girafood.com.

Gira's **extensive network of international experts**, contacts and clients all along the bakery supply chain means that it was uniquely qualified to carry out this highly challenging research and analysis project.

- Experience has also shown that our long-standing reputation for research and consultancy in the global market opens doors for us to the most informed and competent sources of information.

Gira's team of managers & consultants is probably **the most experienced & knowledgeable** in European bakery markets today:

- The Gira team has been supervised by **Anne Fremaux**, Director of Bakery, 30 years with Gira.
 - She is responsible for all of Gira's bakery research projects and she is well-known for her expertise throughout the European bakery sector.
 - She has headed up a very large number of strategic consultancy, due diligence and research assignments throughout the food & drink chain worldwide.
- Our team consists of **Gira consultants with wide experience in the bakery sector**, retail & foodservice, each of whom has an **intimate knowledge of the individual country market** & industries for which she/he is responsible.
 - Most of the Gira team had also worked on the last 2019 edition of the Bake-off study, the 2017 edition of the Bakery Panorama and the Dynamic Bakery study.

AB-Mauri	Dutch Bakery	Lidl	Panzani
Agromousquetaires	East Balt	Lieken AG	Pasquier
AIBI Aisbl	Erlenbacher Backwaren	Limagrains	Pastisart
AIT Ingrédients	Eurogerm	LLI Goodmills	Puratos PatisFrance
Ankerbrot	Europain	Mademoiselle Desserts	Phil Savours
Arla Pro	Europastry	Mane	Pomona
Artadi Alimentacion	European Flour Milling Association	Mapple Leaf Foods	Rabobank
Aryzta	European Union	Mc Key Holdco	Rademaker
Asemac	Fazer	Mecatherm	Rich Products Corp.
Atrian Bakers	Fedima	Mitsui & co Benelux	Royale Lacroix
Bimbo	Ferrero	Monbake	Sasa Industries
Bridor	Forno d'Asolo	Mondial Forni	Smart 74
Carrefour	Fourneo	Monoprix	Smilde Bakery
CEBP Aisbl	Friesland Campina	Moulines Soufflet	Solvay Aroma Performance
Ceres	Gemef Industries	Nederlands Bakkerij Centrum	Système U
CNIEL	Gourmand Pastries	Nestlé	Transgourmet
Cofalec	Holder-Château Blanc	Neuhauser	Unigrà
Compleat	Ingredion	Novozymes	Unigrains
Confédération de la Boulangerie	Ipasa	Nowel SP	Uno Bakeries
Coppenrath & Wiese	Irinox	Nudспа	Upfield
Corman	JBT Food Tech	Nutrixo	Valora
CSM Bakery Supplies	Kerry Ravifruits	Oetker-Condifa Ancel	Valrhona
Danisco Dupont Nutrition	La Lorraine Bakery Group	Orkla Food Ingredients	Vandemoortele
Dawn Foods	Lantmännen Unibake	Pagen	Wolf Butterback
Deco Industrie	Leclerc Galec	Panotel	Yamazaki Baking
Delibreads	Lesaffre	Panamar Panaderos	Zeelandia
Banks and Investment Funds			