INTRODUCTION

Euromonitor International

- A global strategic market intelligence source for 30+ years
- Helping clients make informed decisions
- Consumer-focused: industries, countries, consumers
- Annually-updated syndicated research in 80 countries
- Customized ad-hoc projects conducted globally in virtually every market
- 800+ analysts in 80 countries
- Regional research hubs and industry specialist support teams
PASTA MARKET OVERVIEW

GROWTH DRIVERS

COMPETITIVE LANDSCAPE

LOOKING FORWARD
Pasta Continues to Grow

The Global Pasta Market: Retail Volume Sales and Growth 2006-12

Million tonnes

2006 2007 2008 2009 2010 2011 2012

0,0 0,5 1,0 1,5 2,0 2,5 3,0 3,5 4,0
% growth

Pasta retail volume sales
Pasta year-on-year sales growth

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Consumer Expenditure Varies by Region

PER CAPITA RETAIL SPENDING ON PASTA. 2012

1) $3.7bn
   Italy

2) $3.4bn
   USA

3) $2.1bn
   Brazil
Underdeveloped Markets Driving Growth

Top 10 countries – Total Volume Sales Growth, 2007-12

- Iran
- India
- Egypt
- Malaysia
- Vietnam
- Indonesia
- Algeria
- South Korea
- U. A. E.
- China

- Recent growth driven by small pasta markets
- Consumers increasingly discovering pasta’s numerous benefits
  - Affordability
  - Convenience
  - Versatility
- Prepared according to local taste preferences
Unit Prices Increase

- Strong global demand has had an upward effect on the global price of wheat

- Both manufacturers and retailers pass cost increases to consumers to an extent, with average retail prices up 33% from 2007-12

- Higher-priced premium options also serve to drive up average unit prices
  - Chilled pasta
  - Health/Wellness varieties
$3.0 bn
2012 GLOBAL VALUE SALES OF HEALTH & WELLNESS PASTA
INCLUDES GLUTEN-FREE, ORGANIC, HIGH-FIBER, FORTIFIED/FUNCTIONAL, AND REDUCED CARBOHYDRATE PASTA

11%
OF TOTAL PASTA VALUE SALES IN 2012 WERE OF HEALTH & WELLNESS VARIETIES

IN 2012, SALES OF HEALTH & WELLNESS PASTA WERE

2x LARGER THAN THEY WERE IN 2006
• Health & Wellness pasta outperforming the general pasta market

• H&W pasta value sales have nearly tripled over this period

• High-fiber and fortified pastas are most prominent varieties

• Organic and gluten-free varieties expected to grow strongly in the future
Eat Your Veggies

- High obesity rates are one factor driving health & wellness trends
- Diet is primary focus
  - Vegetables as healthy
  - USDA suggestions
- The global pasta market responds
  - Vegetable pastas
  - Pasta sauces

Obesity and Overweight Rates by Country, 2011
GROWTH DRIVERS

Pasta “Premiumization”

- Premium options like Chilled/Fresh Pasta have outperformed others
  - Fresh/healthy/gourmet
  - Opposite of canned
  - Examples of organic, natural, preservative-free, renewable packaging

- Limited to developed countries
  - Much higher unit price
  - Dried pasta a low-price staple in poorer regions

Pasta Retail Volume Sales Growth by Category: 2002-12
PASTA MARKET OVERVIEW
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LOOKING FORWARD
Retailers: Low Prices Winning Out

- Consumers seeking best value for money with tight budgets during the recession
- Retailers that compete primarily on low-prices have seen share growth
  - Hypermarkets
  - Discounters
- Non-store retailing’s value share nearly doubles on the growth of internet commerce
Other Staples Provide Strong Competition

- Pasta lags behind both rice and noodles in terms of global retail value sales and recent growth.
- Both of these staples are primary calorie sources for the Asia Pacific region.
- New noodle launches in East Asia have also driven growth through Health & Wellness developments and premiumization:
  - New spices/flavors
  - Organic ingredients
  - Low fat/high fiber

Comparing Staples: Retail Value and Volume Growth: 2007-12

- Note: Bubble sizes correspond to proportionate retail value sales size in 2012.
PASTA MARKET OVERVIEW
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Future Growth from Underdeveloped Areas

PASTA RETAIL SALES GROWTH FORECAST, 2012-17

Constant Prices, % CAGR
- 3.8 - 17.5
- 2.2 - 3.6
- 0.0 - 2.2
- -0.1 - -0.6
- -0.7 - -3.2
- Not Illustrated

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Looking Forward

Cooking at Home to Grow

How often do you do the following?

- **Cook a meal entirely from raw ingredients**
  - Never: 15%
  - <once a month: 14%
  - 1-2 times a month: 16%
  - 1-2 times a week: 25%
  - Almost every day: 30%

- **Cook a meal using some pre-prepared ingredients**
  - Never: 15%
  - <once a month: 20%
  - 1-2 times a month: 27%
  - 1-2 times a week: 29%
  - Almost every day: 9%

- **Order home delivery/takeaway for home consumption**
  - Never: 32%
  - <once a month: 31%
  - 1-2 times a month: 22%
  - 1-2 times a week: 12%
  - Almost every day: 4%

- **Purchase ready meal for others**
  - Never: 37%
  - <once a month: 24%
  - 1-2 times a month: 20%
  - 1-2 times a week: 16%
  - Almost every day: 4%

- **Purchase ready meal for own consumption**
  - Never: 16%
  - <once a month: 26%
  - 1-2 times a month: 26%
  - 1-2 times a week: 23%
  - Almost every day: 8%

- **Prepare own meal to eat at home**
  - Never: 7%
  - <once a month: 6%
  - 1-2 times a month: 7%
  - 1-2 times a week: 14%
  - Almost every day: 67%

- **Prepare own meal to eat away from home**
  - Never: 38%
  - <once a month: 19%
  - 1-2 times a month: 12%
  - 1-2 times a week: 14%
  - Almost every day: 18%

- Consumers increasingly looking to cook/prepare gourmet meals at home
- New exclusive data from our newest product: Analyst Pulse survey
  - Exciting new tool surveys our 800+ analyst pool in over 80 countries
  - 55% still cook meals entirely from raw ingredients on a regular basis

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Cooking at Home to Grow

- A new gourmet home cooking culture
  - Celebrity chefs
  - Cooking television shows
- New opportunities
  - Licenses/endorsements
  - Promote pasta as an ingredient
- Potential for growth in Health & Wellness pasta
  - Cooking at home as part of a healthy lifestyle

Cooking With Fresh vs. Packaged Ingredients

- I tend to only use fresh, unprocessed food
- I use both, but more fresh food than packaged
- I use both fresh and packaged food in equal amounts
- I use both, but more packaged food than fresh
- I tend to only use packaged, processed food

Cooking With Fresh vs. Packaged Ingredients: Analysis by Gender

- Female
- Male
Foodservice continues to grow globally, in terms of both general transactions and volume sales of pasta.

Growth expected to accelerate over the forecast period.

Consumers looking for both experience and convenience.

Pasta manufacturers to help push growth.

Global Foodservice Growth: Pasta and Total Transactions, 2007-16
Transformational Technology

- Social Media as a way to interact
  - Timeline feature
  - Likes/Comments
- Smartphone Apps

Peapod in Chicago (right) and Yihaodian in Shanghai (top)
Future Consumers

- Consumers looking to save
- Consumers looking for convenience
- Consumers better informed
- Consumers living healthier lifestyles
- Consumers increasingly interconnected
- Changing retail environment for pasta

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Key Findings

- Pasta has strong momentum
- Health & Wellness pasta is a growth driver
- Branded pasta manufacturers face strong competition
- The polarization of the pasta market
- Consumers relate to their food
- Technology will become even more central
THANK YOU FOR LISTENING

Jared Koerten, US Research Analyst Jared.Koerten@euromonitorintl.com

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