

SCIENTIFIC INFORMATION

Characteristics for the market of sweets in the Slovak Republic

Charakteristika trhu výrobkov obsahujúcich cukor v Slovenskej republike

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SUPPLY SITUATION

This analysis evaluates the Slovak market of sweets in 1998–2002. The sweets are divided into four parts: chocolate products, sugar confectionery, fine bakery and savoury snacks. The analysis includes the supply situa-

tion in 1998–2002; evaluation of the market situation and market trend; import/export in 2002; development of demand, consumption and market shares; sales channels, distribution channels; top 5 companies producing sweets in 2002 and specialised importers of sweet products in Slovakia (Table 1).

Table 1. Supply situation: sweets total, chocolate products, sugar confectionery, fine bakery and savoury snacks

		Unit	Period				
			1998	1999	2000	2001	2002
Sweets total	total production	t	50 454.5	56 004.9	57 315.2	63 557.3	64 473.7
	export	t	19 785.1	18 868.5	21 952.8	29 749.5	31 758.5
	import	t	35 240.0	34 567.2	37 508.4	40 954.4	45 416.6
	total consumption	t	65 909.5	71 703.5	72 870.8	74 762.1	78 131.9
	degree of self-supply	%	76.6	78.1	78.7	85.0	82.5
Chocolate products	total production	t	13 552.9	17 535.5	16 365.4	21 820.7	23 834.8
	export	t	10 883.1	9 543.0	10 748.5	13 744.1	15 315.5
	import	t	12 775.8	12 389.0	12 897.6	14 990.3	17 355.9
	total consumption	t	15 445.6	20 381.6	18 514.6	23 066.9	25 875.2
	degree of self-supply	%	87.7	86.0	88.4	94.6	92.1
Sugar confectionery	total production	t	1 145.2	3 231.3	3 575.8	4 042.9	3 166.5
	export	t	2 077.4	1 816.2	1 935.7	3 058.2	2 454.2
	import	t	5 600.0	5 127.7	5 490.5	6 214.0	6 963.7
	total consumption	t	4 667.9	6 542.8	7 130.6	7 198.7	7 676.0
	degree of self-supply	%	24.5	49.4	50.1	56.2	41.3
Fine bakery	total production	t	30 001.3	30 024.3	31 507.3	31 635.5	29 958.8
	export	t	6 544.8	7 416.6	8 319.9	11 403.9	10 801.7
	import	t	11 910.6	12 307.0	13 963.0	14 562.5	15 356.5
	total consumption	t	35 367.1	34 914.7	37 150.4	34 794.1	34 513.6
	degree of self-supply	%	84.8	86.0	84.8	90.9	86.8
Savoury snacks	total production	t	5 755.1	5 213.8	5 866.8	6 058.2	7 513.6
	export	t	289.8	272.2	948.7	1 543.3	3 187.1
	import	t	4 953.6	4 829.1	5 157.2	5 187.6	5 740.6
	total consumption	t	10 418.8	9 770.7	10 075.2	9 702.5	10 067.1
	degree of self-supply	%	55.2	53.4	58.2	62.4	74.6

Evaluation of the market situation and market trend

The Slovak sweet market showed a steady growth both in production and in consumption during years 1998–2002. The production increased in the five-year period by 14 019 t and the consumption by 12 222 t. The margin of 1 796 t was exported. This number reflects also in the growth of self-supply which value improved from 76.6% in 1998 to 82.5% in 2002.

This growth was effected mainly by the raise in self-supply of savoury snacks and chocolate products.

The product category of savoury snacks changed its degree of self-supply from 55.2% in 1998 up to 74.6% in 2002. The reason of this growth was a merger of the Wolf Slovensko and the CHIO-SLOVAKIA, and subsequent merger with the SLOVAKIA CHIPS in January 2000. The new company under the name of the Intersnack Slovensko is nowadays the biggest salted crisps producer in the Slovak Republic. Intersnack Slovensko has evaluated new products under the brand name of SLOVAKIA CHIPS similar to CHIO CHIPS in high quality and raised its export.

The change in the degree of self-supply of chocolate products was not so significant but has changed from 87.7% in 1998 up to 92.1% in 2002. The reason is again evaluation of new products mainly by big producers like the Jacobs Suchard Figaro.

These big producers have modernised old plants, changed management and set up new more effective working processes. New production capacities have not been set up.

The development in the other product categories sugar confectionery and fine bakery has basically reminded at the same level. Although the degree of self-supply of sugar confectionery rocketed in 1999 (the degree is doubled to 49.4%) but in the following years it has not changed or even has declined to 41.3%.

When we look at the particular market segments of chocolate products, the most significant segments are the filled chocolates/bars and non-filled chocolates/bars where the production during five years has been doubled. Production in other segments is sluggish (Table 2).

When we look at the market segments of savoury snacks, the most important segments are potato chips and extruded baker's products where the production during five years has been increased (Table 3).

IMPORT 2002

The summary (Table 4) presents countries where from Slovakia imports the most sweet products. Countries are in ascending order.

Table 2. Market of chocolate products (t)

Product categories	1998	1999	2000	2001	2002
Filled chocolate/bars	5 221	6 420.0	6 900.7	10 905.0	11 361.5
Non-filled chocolate/bars	3 974	4 688.3	4 794.8	5 424.4	7 099.6
Other chocolate bonbons filled	4 358	3 224.0	2 327.0	3 108.5	3 367.1
Chocolate non-filled with ingredients like walnuts, fruits or cereals	0	2 435.0	1 444.6	1 750.9	1 350.8
Chocolate bonbons containing alcohol	0	506.2	371.5	430.5	444.8
Other chocolate bonbons	0	261.5	446.1	24.6	0
Other chocolate bonbons non-filled	0	0.6	0	51.9	92.9
Confectionery based on sugar containing cocoa	0	0.0	77.0	54.9	42.1
Butters containing cocoa	0	0.0	3.7	70.1	76.0
Total	13 553	17 535	16 365	21 821	23 835

Table 3. Market of savoury snacks (t)

Product categories	1998	1999	2000	2001	2002
Potato chips and potatoes processed/conserved	1 879	1 911.9	1 595.1	2 317.5	2 158.8
Peanuts processed or conserved	407	385.5	378.0	262.7	118.3
Baker's products extruded or foamed salted, spiced	2 761	2 913.9	2 078.5	3 461.4	3 601.0
Fruits and walnuts frozen, non-boiled or boiled in steam or water	708.309	0.0	0.0	0.0	1 635.5
Walnuts conserved or processed	0	2.5	20.8	16.6	0.0
Other baker's products without sweeteners	0	0.0	1 794.4	0.0	0
Total	5 755	5 214	5 867	6 058	7 514

Table 4. Slovakia imports (in t) of the sweet products according to the country of origin (year 2002)

	Czech Republic	Germany	Hungary	Poland	Netherlands	Greece	France	Austria	Total
Chocolate products	10 856.773	1 658.647	1 324.206	1 231.214	404.689	360.432	322.469	253.621	17 355.893
	Czech Republic	Poland	Spain	Germany	Italy	Netherlands	Turkey	Austria	Total
Sugar confectionery	4 481.198	705.493	576.864	422.745	203.001	166.971	99.801	61.778	6 963.563
	Czech Republic	Poland	Turkey	Greece	Romania	Germany	Belgium	Bulgaria	Total
Fine bakery	8 835.651	2 303.194	1 437.640	815.115	351.700	332.848	252.596	205.153	15 356.464
	Czech Republic	Hungary	Poland	China	Austria	Italy	Germany	Iran	Total
Savoury snacks	1 959.879	1 465.363	623.017	576.612	365.157	164.313	152.807	101.128	5 740.585
	Czech Republic	Poland	Hungary	Germany	Turkey	Greece	Netherlands	Austria	Total
Sweets total	26 133.501	4 862.918	2 939.454	2 567.047	1 709.799	1 188.817	818.612	721.386	45 416.51

The most important exporters of sweet products to Slovakia are the Czech Republic, Poland, Hungary and Germany. Explanation of this fact is the following: The main producers of sweets in Slovakia like Intersnack Slovensko (savory snacks) or Nestlé Slovensko (chocolate products, fine bakery) usually have their plants in every above mentioned country, therefore the production is separated by product categories and every plant is specialising at a particular product, e.g. Nestlé produces in Slovakia only broth, soup, seasoning and other culinary products. Sweets are produced in the Czech Republic or in Germany. Intersnack Slovensko produces and sells brands like Chio, Wolf and Slovakia Chips but produces only the Slovakia Chips brand in Slovakia. Brands like Chio or Wolf are produced in Germany, Hungary and in

Poland. Of course all products of these brands have been sold in Slovakia and therefore must be imported.

EXPORT 2002

Table 5 presents countries to which Slovakia exports the most sweet products. Countries are in the ascending order. In every market segment, export to Germany is highlighted.

The most important importers of sweet products from Slovakia are the same as the exporters that is the Czech Republic, Poland, Hungary and Germany. Explanation of this fact is the similar to the explanation of the import. Main producers of sweets in Slovakia have their plants

Table 5. Slovakia exports (in t) the sweet products according to the country of origin (year 2002)

	Czech Republic	Poland	Hungary	Belgium	Slovenia	Turkey	Croatia	Germany	Total
Chocolate Products	7 429.028	3 898.498	1 345.717	1 072.281	459.553	359.923	213.903	32.465	15 315.491
	Czech Republic	Poland	Hungary	Belgium	Russia	Austria	France	Germany	Total
Sugar confectionery	1 057.477	499.083	212.006	148.965	97.430	57.305	57.034	52.449	2 454.189
	Czech Republic	Hungary	Poland	Croatia	Russia	Romania	Ukraine	Germany	Total
Fine bakery	8 188.008	2 126.530	180.158	130.488	52.536	27.805	19.716	1.100	10 801.691
	Russia	Czech Republic	Germany	Austria	Hungary	Ukraine	Romania	Poland	Total
Savoury snacks	1 242.510	917.991	428.828	353.784	164.534	22.643	18.469	14.862	3 187.114
	Czech Republic	Poland	Hungary	Russia	Belgium	Austria	Germany	Slovenia	Total
Sweets total	17 592.504	4 592.601	3 848.787	1 392.476	1 221.306	535.782	514.842	503.222	31 758.485

in every above mentioned country therefore the production is separated by product categories and every plant is specialising at a particular product, e.g. Jacobs Suchard Figaro exports their products produced in Slovakia into the surrounding countries, consequently one producer can offer a wide variety of products.

The only difference in the main exporters and importers is Russia thanks to 1 242 t of walnuts and peanuts exported in 2002. It was a short-run matter because no trend or continuity is to be expected.

DEVELOPMENT OF DEMAND, CONSUMPTION AND MARKET SHARES

According to the last census in 2001, there are 5 379 455 inhabitants in Slovakia. Because there is a population census in every 10 year, for the years of 1998–2002 the same number was calculated with.

The total consumption and consumption per capita of sweets, chocolate products, sugar confectionery, fine bakery and savoury snacks for the period 1998 to 2002 is presented in Table 6.

The total consumption of sweets has had an increasing tendency. In the period of years 1998–2002, the total consumption has increased by 18.5% due to the increased consumption in chocolate products (67.5%) and sugar confectionery (64%). Consumption in fine bakery (–2.5%) and savoury snacks (–4%) has been almost the same or has decreased.

SALES CHANNELS, DISTRIBUTION CHANNELS

Number of companies and entrepreneurs producing sweets in the Slovak Republic in 2003 is ca. 150. Most of these producers are small entrepreneurs or family businesses producing typical Slovak sweet specialities like Turkish delight, skalický trdelník (sweet cake/kolach with cinnamon or milled walnuts) or coconut bar and rarely

have an opportunity to get their products into the groceries, shops or supermarkets. They sell their production on the traditional markets occurring every city once a year.

In principal, the whole sweet market is divided between the top 5 producers and the specialised importers. Three of the Big 5 are companies with foreign ownership (Jacobs Suchard Figaro, Nestlé Slovensko and Intersnack Slovensko) who gained the biggest old Slovak sweet producing companies in the large-scale privatisation in the 90's. The remaining two are of Slovak ownership. They were formed either from Co-operatives COOP VYROBA (DRU, a.s. Zvolen) or after a successful privatisation joined together the remaining old big Slovak sweet producing plants (I.D.C. Holding which holds three plants Figaro Trnava, Pečivárne Sereď and Pečivárne Holič). All five producers have modernised their plants and have improved their products. Usually no new plants have been set up.

Top 5 companies producing sweets in 2002

Jacobs Suchard Figaro

Figaro the biggest producer of sweets in Slovakia with the tradition reaching back almost 100 years was divided into two parts in 1990. 100% of shares of the production plant Figaro Trnava was privatised by the I.D.C. Holding in 1993. The other production plant Figaro Bratislava was bought by the Kraft Jacobs Suchard. KJS got possession of 67% of shares of the Figaro Bratislava in 1992.

The main Jacobs Suchard Figaro brands in the Slovak market:

– Chocolate and chocolate sweets: Finetta, Nutina, Forte, Monte, 3BIT, Africana, Exotic, Monkey, Kokosino, Tatiana, Milka.

Nestlé Slovensko s.r.o.

In Slovakia, all local Nestlé activities were organised by the Nestlé Food, s.r.o. Prievidza since 1992. All Nestlé companies in Czech and Slovak Republics have had a

Table 6. Consumption: sweets total, chocolate products, sugar confectionery, fine bakery and savoury snacks

	Consumption	Unit	Period				
			1998	1999	2000	2001	2002
Sweets total	total	t	65 909.5	71 703.5	72 870.8	74 762.1	78 131.9
	per capita	kg	12.25	13.33	13.55	13.90	14.52
Chocolate products	total	t	15 445.6	20 381.6	18 514.6	23 066.9	25 875.2
	per capita	kg	2.87	3.79	3.44	4.29	4.81
Sugar confectionery	total	t	4 667.9	6 542.8	7 130.6	7 198.7	7 676.0
	per capita	kg	0.87	1.22	1.33	1.34	1.43
Fine bakery	total	t	35 377.1	35 094.1	37 150.4	34 794.1	34 513.6
	per capita	kg	6.58	6.52	6.91	6.47	6.42
Savoury snacks	total	t	10 418.8	9 685.0	10 075.2	9 702.5	10 067.1
	per capita	kg	1.94	1.80	1.87	1.80	1.87

common management team since 1999. On 1st October 2001 the Slovakian company Nestlé Food was renamed to the Nestlé Slovensko s.r.o.

The Nestlé Slovensko plant in Prievidza is focused on production of broth, soup, seasoning and other culinary products. The other products that Nestlé offers on our market are imported from the Central (mainly from the CR where Nestlé's production activities are focused on the production of chocolate and non-chocolate sweets. Chocolate and chocolate sweets are produced in the Orion and Zora plants. Sugar confectionery of many types, tastes and colours are produced in the complex Sfinx-Maryša.) and Western Europe and they are distributed from the central stores in individual countries together with the domestic production.

Nestlé Slovakia was awarded in 1999 the "Golden Bi-atec" and in 2000 the title "Firm of the year 2000". The review TREND TOP 2000 placed Nestlé on the 2nd place among the Slovak biggest food producers.

The main Nestlé brands in the Slovak market:

- Chocolate and chocolate sweets: Orion, Studentská pečeť, Křupíno, Kofíla, Milena, Kaštany, Deli, Koko, Margot, Banány, Pomy, Libretto, Maryša, Orient dezert
- Sugar confectionery: Nestlé Lentilky, Jojo, Lipo, Bon-Pari, Toffo, Hašlerky, Sfinx, Antiperle, Polo, Anticol, Zones
- Biscuits and wafers: Orion Delissa, Milena, Sandwich, Nestlé Kitkat, Lion, Flipz
- Non-chocolate delicacies: Zora.

Intersnack Slovensko

Intersnack Slovensko was founded as a result of a merger of the Wolf Slovensko and CHIO-SLOVAKIA, and subsequent merger with SLOVAKIA CHIPS in January 2000. Intersnack Slovensko is the biggest salted crisps producer in the Slovak Republic and has been awarded the SLOVAK GOLD certificate and ZLATY KOSAK (quality mark award on the biggest agricultural and food exhibition in the SR – AGROKOMPLEX) award for the high quality level of their products. Product range of Intersnack includes popular products of the international salted snacks brands Chio and Wolf, as well as the products of our national brand SLOVAKIA Chips.

The main Intersnack Slovensko brands in the Slovak market:

- Potato crisps/sticks: Chio Chips, Chio X-TREME, Chio Master Crock, Chio Totilla Chips, PomBär, Gold Fishli, Stickletti, Party Mix, Slovakia Chips, Slovakia X-Chips, Slovakia white crisps
- Peanuts: Slovakia peanuts, Chio salted peanuts

I.D.C. (Investment Development Company) Holding, a.s.

Important producer of biscuits and other confectionery in Slovakia. The production is concentrated in three production plants (Figaro Trnava, Pečivárne Sereď, Pečivárne Holič) that altogether employ over 1500 employees. The annual production represents approx. 30 000 tons of products, the turnover amounting to approx. 40 Mio. USD.

The portfolio of the I.D.C. Holding products consist of over 20 kinds of candies, rock-candy lollypops, refreshing jelly and frappe, chocolate-coated products, special Christmas and Easter sweets, fine filled wafers, chocolate-coated and non-coated biscuits, crispy wafer rolls, crackers, gingerbread and chocolate bars.

The I.D.C. Holding has a share on the Slovak confectionery market higher than 50% in biscuits and cookies, and 30% market share in the sale of candies. About half of the total production is exported.

On July 2000, the company was awarded the quality certificate ISO 9002.1994 and its ambition is to become a major Central-European food producing company.

The main I.D.C.Holding brands on the Slovak market:

- Gingerbread: Bombi(chocolate coated), Familio
- Candies: Bari, Doxy, Sibirky, Snehulky
- Biscuits and wafers: Lusette, Horalky, Romanca, Trend, Andante, Mäta, Mila
- Crackers: Trocre
- Candies (functional sweets): Verbena Active, Verbena Anise, Verbena Pine, Verbena Sage, Verbena Fit, Verbena Young

DRU, a.s. Zvolen

The DRU Company based in Zvolen was founded in 1999 as the result of the corporate transformation of the Co-operative COOP VYROBA into a joint stock company. Shareholders of the company include the selected co-operatives Jednota SD in Slovakia, together with the Slovak Union of Co-operatives. DRU with its 250 employees and annual production of circa 200 million Slovak crowns ranks among medium-sized companies in the Slovak market. At the same time, it is a member of the Slovak Association of Producers of Confectionery, Coffee-Related Products and Pastry.

The company works exclusively with its own recipes created on the basis of natural ingredients, using no colouring or flavouring agents. The whole production process is bound by strict directives and the products are subject to regular output controls. This quality has been acknowledged by granting the company the GOLD ALIMENTA award for the product DRU Sesame Sticks in 1997 and for the Wafers with hazelnut filling (450 g) in 1998.

The company has undergone a centralisation of production in 1999 and since then, it has been producing these items in its production plants in Zvolen, Lipany and Galanta. The company directs its sales policy at the constant improvement of the distribution network, which is currently able to guarantee all customers the delivery of the goods within 48 hours. At the same time, the company tries to find a place for their products not only in domestic markets but also on foreign ones.

The main DRU brands in the Slovak market:

- Sticks: DRU Salty sticks, DRU sesame sticks, DRU graham sticks, DRU spicy sticks
- Biscuits and wafers: DRU unfilled rolls, DRU rolls with hazelnut/peanut/yoghurt filling, coated/uncoated with chocolate, DRU hazelnuts/peanuts/lemon wafers

Specialised importers of sweet products in Slovakia

STORCK SLOVENSKO, s.r.o.

Specialised importer of candy chocolate brands like Werther's Original, Knoppers, Toffifee, Cocolat Pavot, Riesen, Merci, Compino, Nimm2, Mamba or Bendicks'.

OPAL FYTOS, a.s.

The companies's main activities are wholesale, distribution import and export. The company was established in 1991 and has more than 4000 purchasers from the East-Slovakia and exports food products to Russia, Ukraine and Moldavia. The main suppliers: ZOTT, UNILEVER, Jacobs Suchard, Kraft, Figaro, Ferrero. The company owns an air-conditioned warehouse complex 1 100 m², 14 retail shops and employs 89 employees.

Perfetti Van Melle Slovakia, s.r.o.

Specialised and exclusive importer of branded candies and a member of the multinational corporation Perfetti Van Melle.

Imports and distributes candies like Mentos, Golia, Alpenliebe, Fruit-Tella chewing gums like Center Shock, BigBabol, Airheads and chocolates like Lindt, Jaquot, Ritter Sport.

OPAVIA-LU, s.r.o.

Importer of well-known products of one of the biggest sweet producer OPAVIA from the Czech Republic. The

owner of the Opavia is the Danone Group. Imports biscuits/wafers like BeBe, Albert, Zlate Oplátky, Zlaté Čoko Piškoty, Miňonky, Tatrancy, Vitalinea, Fidorka, Fidela, Dalila, gingerbreads, crackers and chips Telka, cookies Disko. Most of Slovak customers see these brands as original Slovak products because there were produced in the former united Slovak and Czech Republic and prefer them than foreign brands.

CONCLUSION

The Slovak sweet market during years 1998–2002 showed a steady growth both in production and in consumption. This growth was effected mainly by the raise in self-supply of savoury snacks and chocolate products. The producers have modernised old plants, changed management and set up new more effective working processes. The total consumption of sweets has had an increasing tendency.

The most important exporters and importers of sweet products to Slovakia are the Czech Republic, Poland, Hungary and Germany. Explanation of this fact is the following: the main producers of sweets in Slovakia usually have their plants in every above-mentioned country therefore the production is separated by product categories and every plant is specialising for a particular product.

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