

Breakfast cereals boom in Bulgaria

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Breakfast cereals boom in Bulgaria, by Euromonitor International

Breakfast cereal, a relatively new introduction to the Bulgarian market, is the fastest growing sector in the Bulgarian bakery products market, according to a new report from Euromonitor International "Bakery Products in Bulgaria". The novelty of ready to eat (RTE) breakfast cereals, combined with their healthy image, has generated significant consumer interest and produced dynamic sales growth.

According to Euromonitor International's latest research, RTE breakfast cereals grew by 90% in value terms between 2000-2005 and in 2005 alone the market grew by approximately 14%. Despite this impressive growth, cereal consumption in Bulgaria is low compared to other countries, which illustrates the immaturity of the market and its potential for the future. For example, annual cereal consumption stands at only 110g per person in Bulgaria, whereas annual consumption in the UK reaches 3kg per person.

Healthy image drives growth

In addition to the "newness" of breakfast cereals, a key reason for the success of breakfast cereals in Bulgaria is their healthy image - an image that manufacturers have carefully created by illustrating that their products are part of a balanced diet. Although the concept of health and wellness is growing in popularity in Bulgaria, consumers still need additional education on the subject. Producers have therefore invested heavily in radio and television advertising to promote a healthy image for their products and attract health conscious consumers.

Cereal manufacturers have also set up demonstrations in supermarkets that are designed to educate consumers on the health benefits of breakfast cereals. By using samples and other promotional materials, manufacturers have tried to inspire trials and eventually repeat purchases of their products. Needless to say, these promotional events were carried out by the leading manufacturers - Kellogg and Nestlé - which have budgets for national campaigns. However, these campaigns mainly targeted the bigger cities, where consumers are generally more willing to try new products.

Muesli sees strongest growth

Euromonitor International's research shows that muesli is the strongest growing cereal in the Bulgarian market, recording impressive growth of 194% between 2000-2005. Although the market for muesli is still relatively small compared to the largest category, family breakfast cereal, its recent increase in popularity reflects consumer trends towards both healthier products and diverse tastes. Compared to family breakfast cereals that typically offer the same varieties of ordinary flakes, muesli's combination of ingredients makes it a more popular choice with Bulgarian consumers, who are now developing tastes for different kinds of cereals. Additionally, and quite importantly, muesli development has been spurred by the entry of Bulgarian producers. Since it is relatively easier to produce muesli than traditional cereals, it has given local producers the opportunity to enter the market with more competitive prices.

Outlook

In the next five years, Euromonitor International expects breakfast cereals to continue to perform well in the Bulgarian market with average annual value growth of 8.6% between 2005-2010. Muesli will continue to be the strongest growing sector, with average annual growth of 9.8% over the same period. As the novelty of breakfast cereals begins to wane, however, growth in the market will be sustained by a combination of factors. Firstly, with Bulgarian consumers' leading increasingly fast-paced lives and having access to more disposable income, there will be heightened demand for more healthy and convenient packaged foods such as cereal. Secondly, supermarkets are expanding in Bulgaria and the development of this distribution channel over the next several years will play a crucial role in making breakfast cereals more widely available.

"Bakery Products in Bulgaria" is a new report from Euromonitor International. It provides the latest retail sales data (1999-2005) on the baked goods, biscuits and breakfast cereals, allowing you to identify the sectors driving growth. It identifies the leading companies, the leading brands and offers strategic analysis of key factors influencing the market - be they legislative, distribution or pricing issues. Forecasts to 2010 illustrate how the market is set to change.

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