



Global Food Products

Industry Profile

Reference Code: 0199-2057
Publication date: March 2007

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EXECUTIVE SUMMARY

Market Value

The Global food products market grew by 3.1% in 2006 to reach a value of \$2,675.7 billion.

Market Value Forecast

In 2011, the market is forecast to have a value of \$3,137.2 billion, an increase of 17.2% since 2006.

Market Volume

The market grew by 1.8% in 2006 to reach a volume of 4,369.7 million Metric Tonne.

Market Volume Forecast

In 2011, the market is forecast to have a volume of 4,781.4 million Metric Tonne, an increase of 9.4% since 2006.

Market Segmentation I

Packaged food and meats generate 68.3% of the market's value.

Market Segmentation II

Europe generates 38.2% of the market's value.

Market Share

Archer Daniels Midland generates 0.8% of the market's value.

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CHAPTER 1 MARKET OVERVIEW

1.1 Market Definition

The global industry for food products consists of the total revenues generated through the sale of packaged food & meats and agricultural products, valued at retail selling price with any currency conversions calculated using constant 2006 annual average exchange rates.

1.2 Research Highlights

The global food products industry, which consists of the total revenues generated through the sale of packaged food & meats and agricultural products, valued at retail selling price, generated total revenues of \$2,675.7 billion in 2006, this representing a compound annual growth rate (CAGR) of 3% for the five-year period spanning 2002-2006.

Growth in the global food products industry has accelerated gradually but persistently since 2001, boosted by improvements in the global economy. Industry consumption volumes increased with a CAGR of 1.7% between 2002-2006, to reach a total of 4.4 billion metric tonnes in 2006.

Packaged food and meats sales proved the most lucrative for the global packaged foods industry in 2006, generating total revenues of \$1,826.8 billion, equivalent to 68.3% of the industry's overall value.

1.3 Market Analysis

The global food products industry, which consists of the total revenues generated through the sale of packaged food & meats and agricultural products, valued at retail selling price, generated total revenues of \$2,675.7 billion in 2006, this representing a compound annual growth rate (CAGR) of 3% for the five-year period spanning 2002-2006. The rate of growth for the global food products industry has remained almost constant for the past three years and is set to remain constant for the coming forecast period.

Growth in the global food products industry has accelerated gradually but persistently since 2001, boosted by improvements in the global economy. Industry consumption volumes increased with a CAGR of 1.7% between 2002-2006, to reach a total of 4.4 billion metric tonnes in 2006. The industry's volume is expected to rise to 4.8 billion metric tonnes by the end of 2011, this representing a CAGR of 1.8% for the 2006-2011 period. Consumption volumes within the industry have grown quite uniformly over the last few years although remaining significantly beneath the growth of the industry's value as a whole. Instead, changing habits and prices have driven value growth.

Packaged food and meats sales proved the most lucrative for the global packaged foods industry in 2006, generating total revenues of \$1,826.8 billion, equivalent to 68.3% of the industry's overall value. The dominance of this segment is likely to reflect the value added in the packaging stages, and the higher prices that can be charged for many meat products compared to crops of similar nutritional value. In comparison, sales of agricultural products generated revenues of \$848.8 billion in 2006, equating to 31.7% of the industry's aggregate revenues.

The European region accounts for 38.2% of the global industry's value in 2006. This compared to Asia-Pacific, which accounts for 31.2% and the US with 20.1% of the industry's value. The rest of the world makes up the remainder of the industry, with 10.5% of the industry's value in 2006. The rapid expansion of the Asia-Pacific region, buoyed by dramatically increased consumer spending capacity, will start to see it challenge Europe's dominance of the market in the coming five years.

The global population is growing, and this will drive demand for all forms of food products going forward. The performance of the industry is forecast to accelerate, with an anticipated CAGR of 3.2% for the five-year period 2006-2011 expected to drive the industry to a value of \$3,137.2 billion by the end of 2011.

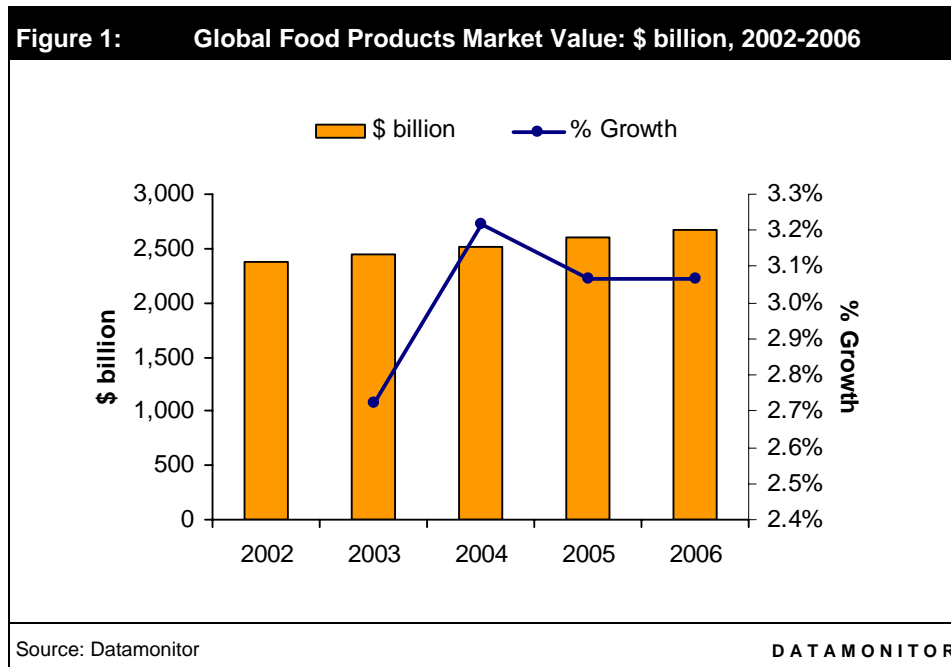
CHAPTER 2 MARKET VALUE

The Global food products market grew by 3.1% in 2006 to reach a value of \$2,675.7 billion.

The compound annual growth rate of the market in the period 2002-2006 was 3%.

Table 1: Global Food Products Market Value: \$ billion, 2002-2006		
Year	\$ billion	% Growth
2002	2,375.7	
2003	2,440.3	2.70%
2004	2,518.9	3.20%
2005	2,596.1	3.10%
2006	2,675.7	3.10%
CAGR, 2002-2006:		3.0%

Source: Datamonitor DATAMONITOR



CHAPTER 3 MARKET VOLUME

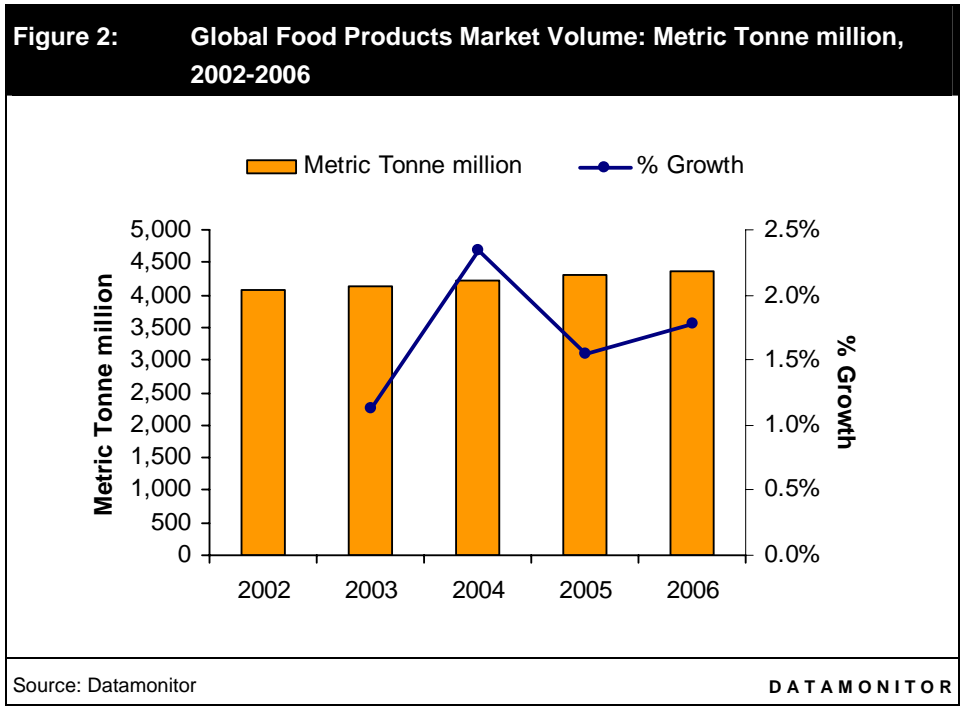
The Global food products market grew by 1.8% in 2006 to reach a volume of 4,369.7 million Metric Tonne.

The compound annual growth rate of the market volume in the period 2002-2006 was 1.7%.

Table 2: Global Food Products Market Volume: Metric Tonne million, 2002-2006

Year	Metric Tonne million	% Growth
2002	4,084.6	
2003	4,130.9	1.10%
2004	4,227.7	2.30%
2005	4,293.3	1.60%
2006	4,369.7	1.80%
CAGR, 2002-2006:		1.7%

Source: Datamonitor DATAMONITOR



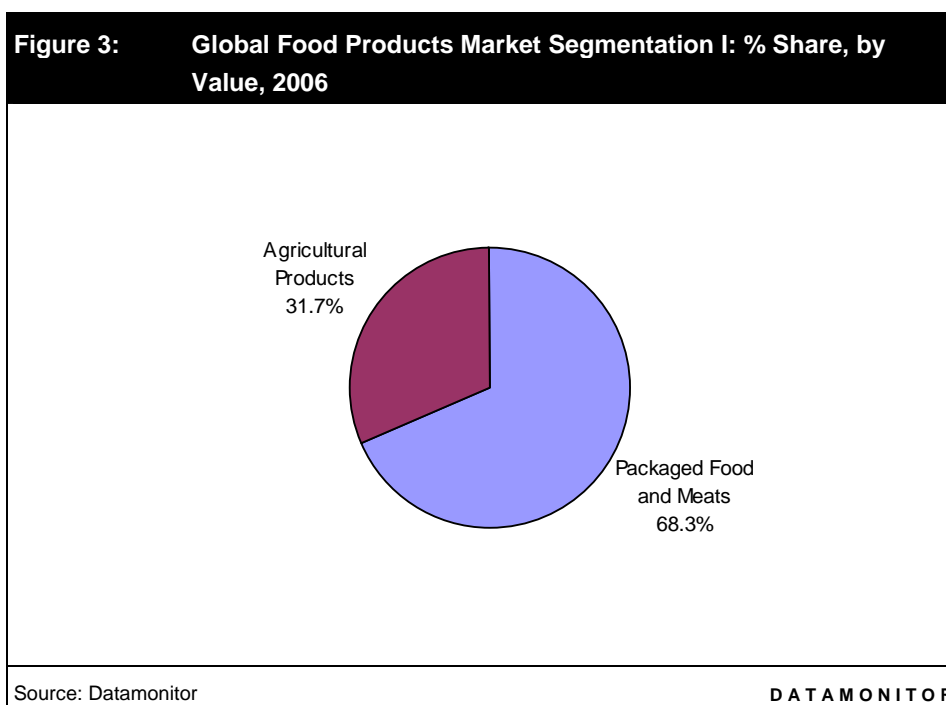
CHAPTER 4 MARKET SEGMENTATION I

Packaged food and meats generate 68.3% of the global food products market's value.

In comparison, agricultural products account for a further 31.7% of the market's revenue.

Table 3: Global Food Products Market Segmentation I: % Share, by Value, 2006	
	% Share
Packaged Food and Meats	68.30%
Agricultural Products	31.70%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 5 MARKET SEGMENTATION II

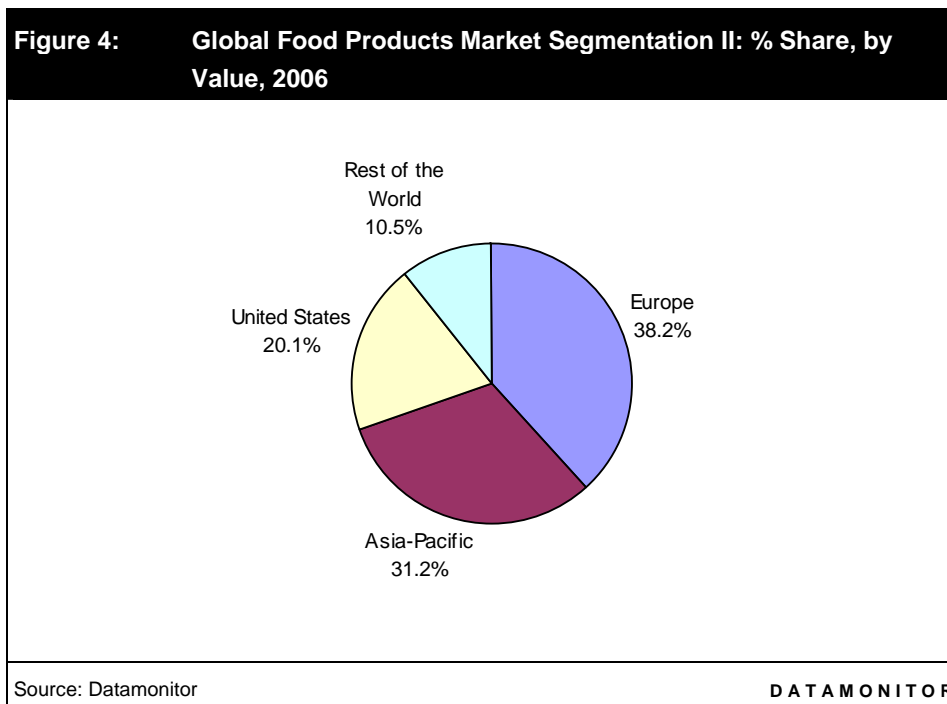
Europe generates 38.2% of the global food products market's value.

In comparison, the Asia-Pacific accounts for a further 31.2%.

Table 4: Global Food Products Market Segmentation II: % Share, by Value, 2006

Geography	% Share
Europe	38.20%
Asia-Pacific	31.20%
United States	20.10%
Rest of the World	10.50%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 6 MARKET SHARE

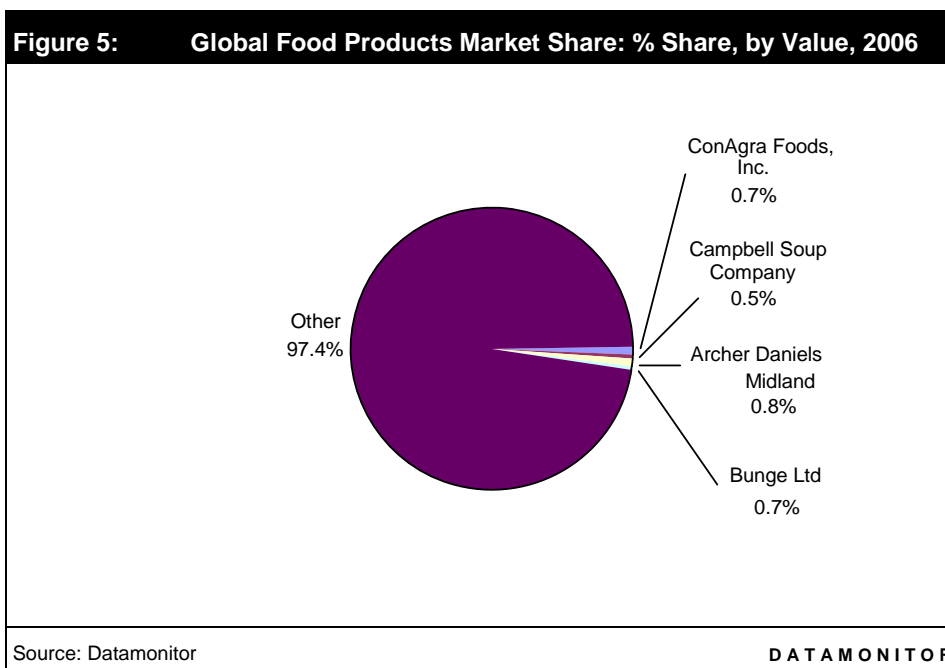
Archer Daniels Midland generates 0.8% of the global food products market's value.

In comparison, ConAgra Foods, Inc. accounts for a further 0.7% of the market's value.

Table 5: Global Food Products Market Share: % Share, by Value, 2006

Company	% Share
Archer Daniels Midland	0.80%
ConAgra Foods, Inc.	0.70%
Bunge Ltd	0.70%
Campbell Soup Company	0.50%
Other	97.40%
Total	100.0%

Source: Datamonitor DATAMONITOR



CHAPTER 7 COMPETITIVE LANDSCAPE

The global food products industry is highly fragmented and the sheer size of the industry makes it difficult for any one of company to hold more than a small market share.

The demand for healthier food is increasing as the threat of obesity in western societies is set to spiral out of control. In response to the US FDA's trans-fat labeling requirements, leading food manufacturers are calling for farmers to concentrate their soybean crops towards yields more focused on the production of low trans fat oils. Food producers such as Kraft Foods and Kellogg are leading the demand for these oils, although many farmers are reluctant to give way to peer pressure, believing that such moves would lead to downward pricing pressure on their crops. Several companies are switching to highly specialized genetically modified canola oils while a number of firms have announced projects for the commercialization of these new oils.

As consumers become more health conscious, packaged food and meat companies are focusing on low fat or other niche products to drive growth in revenues. This trend has been exacerbated by the popularity of fad diets such as Atkins and South Beach creating high demand for foods low in fat, salt, calories and carbohydrates. While the expanding market for fresh food and organic produce could detract from the performance of these niche areas of the industry, increasing numbers of time-starved consumers will continue to drive significant growth.

The ingredients used in the manufacture of packaged food products are purchased from suppliers worldwide and raw materials are subject to price fluctuations due to factors such as change in crop size, cattle cycles, government sponsored agricultural programs, import and export requirements and weather conditions. Companies using agricultural products as inputs must be able to sustain profitability in the face of these often-unpredictable variations in their costs.

Rising cost of crude oil leads to degradation of margins within the industry in terms of transportation and energy costs. Since all the major players in the food products industry source ingredients and sell their products all over the world, these current high oil prices are significantly increasing transportation costs by way of inflated petroleum prices. Companies have begun to combat such problems by driving efficiency within their regional distribution networks. By monitoring demand within a particular global region, companies have been able to minimize transportation, thus mitigating their exposure to these rising costs.

CHAPTER 8 LEADING COMPANIES

8.1 Archer Daniels Midland

Archer Daniels Midland is an agricultural processing company, engaged in procuring, transporting, storing, processing and merchandising of agricultural commodities and products. The company primarily operates in the US, Europe, Middle East, Africa, and the Asia Pacific region. It is headquartered in Decatur, Illinois and employs about 26,800 people.

The company recorded revenues of \$36,596.1 million during the fiscal year ended June 2006, an increase of 1.8% over 2005. The operating profit of the company was \$1,855.3 million during fiscal year 2006, an increase of 22.3% over 2005. The net profit was \$1,312.1 million in fiscal year 2006, an increase of 25.6% over 2005.

8.2 ConAgra Foods

ConAgra Foods is one of the largest food producers in North America. It owns consumer brands such as Healthy Choice, Chef Boyardee, Egg Beaters, Hunt's, Marie Callender's and Orville Redenbacher. The company primarily operates in the US. It is headquartered in Omaha, Nebraska and employs 33,000 people.

The company recorded revenues of \$11,579.4 million during the fiscal year ended May 2006, an increase of 0.7% over 2005. The operating profit of the company was \$955.4 million during fiscal year 2006, a decrease of 4.3% from 2005. The net profit was \$533.8 million in fiscal year 2006, a decrease of 16.8% from 2005.

8.3 Bunge

Bunge is an integrated, global agribusiness and food company, operating in the farm-to-consumer food chain. Its operations range from the sale of raw materials such as grains and fertilizers, to the manufacture of retail food products such as margarine and mayonnaise. The company operates primarily in Europe, the US and Brazil. It is headquartered in White Plains, New York.

The company recorded revenues of \$24,275 million during the fiscal year ended December 2005, a decrease of 3.5% over 2004. The operating profit of the company was \$519 million during fiscal year 2005, a decrease of 42.6% over 2004. The net profit was \$530 million in fiscal year 2005, an increase of 13% over 2004. The net profit is higher than the operating profit owing to income tax benefit of \$82 million.

8.4 Campbell Soup Company

Campbell Soup Company (Campbell), together with its subsidiaries, is a manufacturer and marketer of branded convenience food products. The company primarily operates in the US, Canada, Latin America, Europe and Asia Pacific. It is headquartered in Camden, New Jersey and employs about 24,000 people.

The company recorded revenues of \$7,343 million during the fiscal year ended July 2006, an increase of 3.8% over 2005. The operating profit of the company was \$1,151 million during fiscal year 2006, an increase of 1.7% over 2005. The net profit was \$766 million in fiscal year 2006, an increase of 8.3% over 2005.

CHAPTER 9 MARKET FORECASTS

9.1 Market Value Forecast

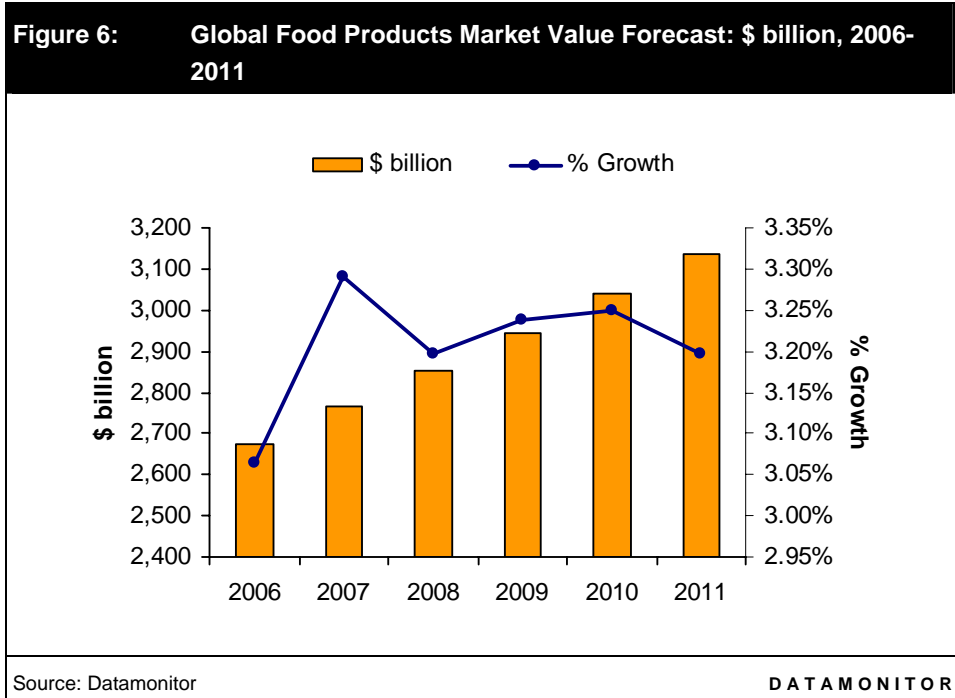
In 2011, the Global food products market is forecast to have a value of \$3,137.2 billion, an increase of 17.2% since 2006.

The compound annual growth rate of the market in the period 2006-2011 is predicted to be 3.2%.

Table 6: Global Food Products Market Value Forecast: \$ billion, 2006-2011

Year	\$ billion	% Growth
2006	2,675.7	3.10%
2007	2,763.7	3.30%
2008	2,852.1	3.20%
2009	2,944.4	3.20%
2010	3,040.0	3.20%
2011	3,137.2	3.20%
CAGR, 2006-2011:		3.2%

Source: Datamonitor DATAMONITOR



9.2 Market Volume Forecast

In 2011, the Global food products market is forecast to have a volume of 4,781.4 million Metric Tonne, an increase of 9.4% since 2006.

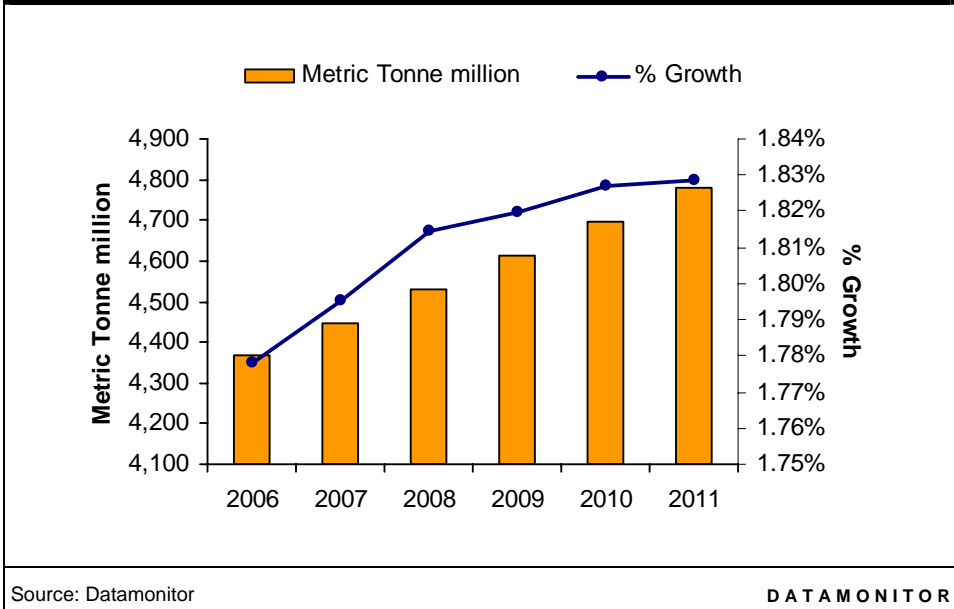
The compound annual growth rate of the market volume in the period 2006-2011 is predicted to be 1.8%.

Table 7: Global Food Products Market Volume Forecast: Metric Tonne million, 2006-2011

Year	Metric Tonne million	% Growth
2006	4,369.7	1.80%
2007	4,448.1	1.80%
2008	4,528.9	1.80%
2009	4,611.3	1.80%
2010	4,695.5	1.80%
2011	4,781.4	1.80%
CAGR, 2006-2011:		1.8%

Source: Datamonitor DATAMONITOR

Figure 7: Global Food Products Market Volume Forecast: Metric Tonne million, 2006-2011



CHAPTER 10 FURTHER READING

10.1 Sources

This report is based on a combination of primary Datamonitor research, including online, face-to-face and telephone interviews with consumer and industry players, and secondary research using various sources (including trade associations, news providers and others).

Industry Associations

The Food Institute

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fax: 1 201 791 5222

<http://www.foodinstitute.com>

10.2 Related Datamonitor Research

Datamonitor Industry Profiles

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Global Agricultural Products (\$200)

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