

# Growth of bakery products in Pakistan

by Professor Dr. Noor Ahmed Memon, Dadabhoy Institute of Higher Education.

Baking industry is characterized with a variety of different products that daily find their place on the market. According to Pakistan Biscuit & Confectionery Manufacturers Association, Pakistan's Bakery and Confectionery Industry has grown with an average annual rate of 6.5% to 7.5% in 2016-17. The industry as a whole can be divided between two broader sections namely branded segment and generic segment. The demand for products is subject to raw material prices and changing consumer trends.

Independent retailers and wholesalers are still the largest delivery channel to customers. Foreign or imported brands as well as large scale local confectionery companies are successfully targeting the lower segment of the market by introducing low end products. The demand is still

**Table 1: Exports of Bakery and Bakery Products**  
Quantity: Tonnes  
Value: Rs. Million

Product	2016-17		2015-16	
	Quantity	Value	Quantity	Value
Bakery Products	7,458	1,614	7,091	1,435
Rusk, Toasted Bread	170	50	125	48
Sweet Biscuits	6,520	1,478	7,882	1,626
Total	14,148	3,142	15,098	3,109

Source: Pakistan Bureau of Statistics.

quite high for traditional occasions such as religious and weddings. Although considering rising inflation, economic instability and reduction in consumer purchasing power makes it increasingly difficult for the middle class to afford such products and thereby reducing consumption.

The supply of food products (Bakers and Biscuits) is currently sufficient to fulfil

customer needs but in such an industry opportunity, growth and higher sales are achieved through a demand pull generated by introducing new and innovative products, product substitution and varied packaging.

Bread is the product obtained by mixing, fermentation, forming and baking of dough obtained from basic raw materials such as: flours obtained from cereals, grists, water or other allowed liquids, baker's yeast and other fermentation aims and table salt. With respect of the improvements of physical and sensory properties and shelf life of bread, the use of additives is allowed.

Pastries are products similar to bread, but their weight per piece is not higher than 250 grams. Other kinds of bakery products are products obtained from basic and additional raw materials, as well as additives. These products have distinctive form and are processed by using of procedures differing from procedures used in production of bread and pastry.

**Table 2: Exports of Bakery Products**  
Quantity: Tonnes  
Value: Rs. 000

Country	2016-17		2015-16	
	Quantity	Value	Quantity	Value
Afghanistan	1,808	413,308	1,278	359,028
Bahrain	106	22,117	86	15,423
Australia	445	106,313	403	94,519
Canada	636	122,692	654	106,308
Saudi Arabia	840	135,889	690	115,483
U.S.A.	1,649	343,693	2,027	345,498
U.A.E.	426	82,967	420	73,970
U.K.	761	193,388	919	175,042
Qatar	88	160,53	539	9,657
All others	699	193,464	75	139,760
Total	7,458	1,613,831	7,091	1,434,688

Source: Pakistan Bureau of Statistics.

Export of Bakery Products

Industry sources said that bakery products are highly competitive. However, despite challenges the Bakery industry showed a tremendous expansion in the past 10 years in contrast with different sectors which felt the pain of loss in tough economic times in the country. On the other hand Pakistan exported Bakery and Bakery products increased from Rs.3.10 billion in 2015-16 to Rs.3.14 billion in 2016-17. Exports of Bakery and Bakery Products are given in **Table-1**.

Major markets are to Afghanistan, Australia, Saudi Arabia, Japan, UK, USA and UAE. Country-wise exports of Bakery Products from Pakistan are given in **Table-2**.

Overall exports of Rusk, Toasted bread and products have witnessed a steady growth. In 2015-16, Rusk, Toasted bread and products exports were 125

**Table 3: Exports of Rusk, Toasted Bread and Bakery Products**  
**Quantity: Tonnes**  
**Value: Rs. 000**

Country	2016-17		2015-16	
	Quantity	Value	Quantity	Value
Hong Kong	29,631	8,257	18,167	4,320
Saudi Arabia	3,175	759	3,448	1,216
Korea	12,536	3,547	--	--
U.S.A	17,068	5,434	28,336	8,395
U.K.	74,510	21,871	45,472	20,301
Australia	21,174	6,674	19,210	8,127
Japan.	6,259	1,842	77,00	2,150
All others	5,517	1,824	10,041	3,850
Total	169, 870	50, 208	124, 674	48, 359

Source: Pakistan Bureau of Statistics.

tonnes valued at Rs48 million which increased to 125 tonnes valued at Rs48 million in 2016-17, due to competition in the world market. Country-wise exports

trend of Rusk, Toasted bread and products from Pakistan are given in **Table-3**.

**Biscuits:** Health benefits of biscuits depend largely on the kind of ingredients used to make them and quality of these ingredients. Some digestive biscuits made from whole wheat or multigrain crackers do provide high doses of dietary fibre, which aid in digestion and better bowel movement. Certain biscuits such as ginger snap cookies may help alleviate nausea. Glucose biscuits or other fortified biscuits may help address deficiencies in children and adults. Other diet biscuits when consumed as part of a weight loss plan may



help individuals overcome hunger pangs between meals, while providing health benefits such as dietary fibre, essential vitamins, and minerals and whole grain benefits. In Pakistan there are host of local companies and Multinational Biscuits Manufacturers in different cities of Pakistan. Some well-known Biscuits manufacturers such as; English Biscuits Manufacturers (EBM) with its famous brand like Peak Freans Sooper Biscuits, Gluco Biscuits For Children, Marie Biscuits, Peanut Plus Biscuits, Party Biscuits, Farm House Biscuits, Saltish Biscuits, Click Biscuits, and another big is Continental Biscuits Ltd. (CBL), with its famous brand like LU, TUC Biscuits, Bakeri Biscuits, Candy Biscuits, Tiger Biscuits, Prince Biscuits, Oreo Biscuits, Zeera Plus Biscuits, 50 50 Biscuits, Gala Biscuits, Wheatable Biscuits, and some other manufacturers of Biscuits in Pakistan are; Wafer Biscuits Pakistan, International Biscuits Limited, United King Food Pakistan, British Biscuits Company (Pvt.) Ltd., Asian Food Industries Ltd. There are many mushroom industries sprouting in various areas of Pakistan, producing counterfeit brands with low quality ingredients, which are highly hazardous for consumers' health, besides being a revenue loss for the government. The largest segment in the confectionery business comprises plain biscuits category, with a total of over 50% share in volume, followed by cream and chocolate chips



biscuits, followed by wafers. According to a Gilani Research Foundation Survey carried out by Gallup Pakistan, 62% Pakistanis consume packaged biscuits while 31% consume open bakery biscuits. Despite challenges of energy sector and counterfeiting, Pakistan's biscuit industry has grown significantly as local manufacturers earned sales revenue of more than Rs 45 billion in the last financial year with the introduction of a number of new brands and tastes. Handsome growth in sales revenue is a result of continuous investment in its infrastructure, such as establishment of new production plants, emphasis on research and development, improvement in distribution channels and marketing activities to ensure that efficiencies are maintained at all levels of the value chain.

#### Exports of biscuits and wafers:

Overall exports of biscuits and wafers have witnessed a steady growth. In 2012-13, biscuits exports were 10,981 tonnes valued at Rs2.92 billion which decreased to 6,544 tonnes valued at Rs1.48 billion in 2016-17, due to competition in the

world market. The country has so far exported 6,520 tonnes of biscuits valued Rs1.48 billion in 2016-17. Major markets are to Afghanistan, Mauritius, Saudi Arabia and UAE. Afghanistan is the largest importer with market while Mauritius is second and Saudi Arabia third largest importers. Country-wise exports of biscuits from Pakistan are given in **Table-4**.

### Challenges

The Pakistani market is quite price sensitive which means if an increase is made from Re1 to Rs2 it may mean volumes decrease to one third although the increase may be just Re1. This has resulted in squeezed margins and emphasis on price points as all manufacturers try to make the products available at lower price points since these are accessible to a larger part of the population. Secondly, the country has an active un-organised sector which always responds if any player increases prices. As a result, Pakistan is one of the most competitive markets in the world with regards to biscuits and wafers. Hundreds of smaller players in the bakery products compete at the lowest price points which target low income areas or in small urban or rural cities. The industry has grown rapidly over the last decade with numerous household brand names emerging on the scene and gaining success. However, challenges for future growth and new entrants are increasing prices of raw material, high dependency on advertising and brand creation, and excise and import duties on raw materials.

### References

1. Ministry of Food Security and Research, Government of Pakistan.
2. Pakistan Bureau of Statistics.
3. Trade Development Authority of Pakistan. ♦

**Table 4: Exports of Biscuits from Pakistan**

Quantity: Tonnes  
Value: Rs. Million

Country	2016-17		2015-16	
	Quantity	Value	Quantity	Value
Afghanistan	3,127	651	4,201	781
Australia	101	26	94	24
Brunei	160	39	183	45
Hong Kong	22	5	20	6
Iraq	156	46	86	39
Mauritius	461	126	310	71
Saudi Arabia	283	79	441	112
Somalia	205	47	256	59
South Africa	135	26	284	54
USA	265	68	320	80
UAE	678	139	691	136
UK	144	32	147	35
All others	783	194	849	184
Total	6,520	1,478	7,882	1,626

Source: Pakistan Bureau of Statistics.