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Germany

Food Service - Hotel Restaurant Institutional

2015

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Report Highlights:
The German food service sector is large, fragmented, and highly competitive. Foodservice sales continue to be led primarily by independent full service restaurants. International chains have a very strong position in the fast food segment. Total turnover for the German food service sector increased by 3% to €73.2 billion in 2014. This is the second strongest growth this sector has seen in twenty years.

Post:
Berlin

Author Defined:
Section I. Market Summary

Germany's 81 million inhabitants make the food and beverage market the largest in Europe. Overall, Germany is a net importer in all major classes of food products but local production and firms are in many instances established and globally competitive. German consumers expect high quality for their food and beverage products. However, German consumers are also very price sensitive.

Key Influences on Consumer Demands in Germany

- Declining population with a birth rate of 1.39 babies born per woman of childbearing age
- Ageing population
- Number of households growing
- Smaller households
- Rise in number of working women
- International consumer tastes e.g. Chinese, Indian, Italian, Thai, Mexican, American
- Reduction in formal meal occasions, leading to an increase in snacking
- Healthier eating habits
- Sustainability is the trend meeting consumer concerns about environment, obesity, safety of the food supply

The German food service sector is large and highly fragmented, but can be divided into the commercial and institutional food service markets. The German commercial food service market includes hotels, restaurants, fast food and take-away outlets, bars, cafeterias, coffee shops, and similar channels. The institutional food service market is comprised of hospitals, universities, nursing homes, and cafeterias. The food service market sales increased by over 3% in 73.22014 to following the upward trend of past years. This has been the second strongest growth in twenty years. Main reasons for the growth were that German are keen to consume more and that Germany has become a very popular destination for tourists. In general, people were willing to pay more, but the price-performance ratio was one of the most important factors as Germans are very price sensitive. Some key trends include sustainability, regional produce, convenience, health and wellness, Asian cuisine and retail catering.

Annual Turnover in the German Hotel/Restaurant/Institutional Sector

Turnover in Billion Euro	2006	2008	2010	2012	2014
Hotels	22.7	23.0	22.9	24.5	25.6
Restaurants and Fast Food Outlets	41.8	40.1	37.4	39.2	40.3
Canteens and caterer	6.2	6.5	6.4	6.8	7.3
Total	70.7	69.6	66.7	70.5	73.2

Source: DEHOGA

Sales of consumer foodservice continued to be led by full service restaurants, who are dominated by independent restaurants. Compared with other countries, chains still have a very low presence but some are also becoming popular. International chains have a very strong position in fast food. The biggest players in the German food service market are McDonalds, Burger King, LSG, Tank & Rast, and Nordsee.

Top 30 German Gastro Service Companies

Ranking	Company	Number Outlets	Net Sales Million EUR	Net Sales Million USD
1	McDonald's Deutschland Inc.	1.477	3010	3311
2	Burger King Beteiligungs-GmbH	695	830	913
3	LSG Lufthansa Service Holding AG 1)	12	790	869
4	Autobahn Tank & Rast GmbH 2)	397	603	663
5	Nordsee Holding GmbH	332	297	326
6	Yum! Restaurants Int. Ltd. & Co. KG	172	247	272
7	Subway GmbH	598	203	223
8	Aral AG (BP Europa SE)	1.133	202	222
9	Ikea Deutschland GmbH & Co. KG	49	191	210
10	Edeka Zentrale AG & Co. KG	2	180	198
11	Vapiano SE	62	175	192
12	SSP Deutschland GmbH	266	163	179
13	Block Gruppe	54	154	169
14	Starbucks Coffee Deutschland GmbH	159	135	148
15	Joey's Pizza Service (Deutschland) GmbH	209	135	148
16	Kuffler Gruppe	47	122	134
17	Shell Deutschland Oil GmbH	1.055	118	129
18	Marché Int./Mövenpick	26	112	123
19	Backwerk Service GmbH	290	110	121
20	Enchilada Franchise GmbH	112	108	119

Source: Lebensmittelzeitung

2014: Top 5 Fast Food Companies

Ranking	Company	Turnover		Growth rate vs. 2014
		Million EUR	Million USD	
1	McDonalds	3010	3311	0.6%
2	Burger King	830	913	-0.1%
3	Nordsee	298	328	-0.6%
4	Yum!	247	271	5.5%
5	Subway	203	223.3	1.4%

Source: FoodService Europe

2014: Top 5 Travel Gastronomy Companies

Ranking	Company	No. of outlets	Turnover		Growth rate vs. 2013
			Million EUR	Million USD	
1	LSG	12	790	869	-20%
2	Tank & Rast	397	603	663	1.0%
3	Aral	1133	202.1	222	3.4%
4	SSP	266	163	179	-1.1%
5	Shell	1055	118	130	0.6%

Source: FoodService Europe

2014: Top 5 Full Service Gastronomy Companies

Ranking	Company	No. of outlets	Turnover		Growth rate vs. 2013
			Million EUR	Million USD	
1	Block Group	54	154	168	5.9%
2	Kuffler	47	122	134	-2.1%
3	Maredo	56	95	104	0%
4	Gastro & Soul	33	68	75	0%
5	L'Osteria	32	67	73	45.5%

Source: FoodService Europe

2014: Top 5 Retail Gastronomy Companies

Ranking	Company	No. of outlets	Turnover		Growth rate vs. 2013
			Million EUR	Million USD	
1	Ikea	49	191	210	6.5%
2	Le Buffet	86	105	115	-1.1%
3	Metro Group	106	97	107	-4.5%
4	Globus	46	68	75	2.2%
5	Kaufland	178	54	59	34.8%

Source: FoodService Europe

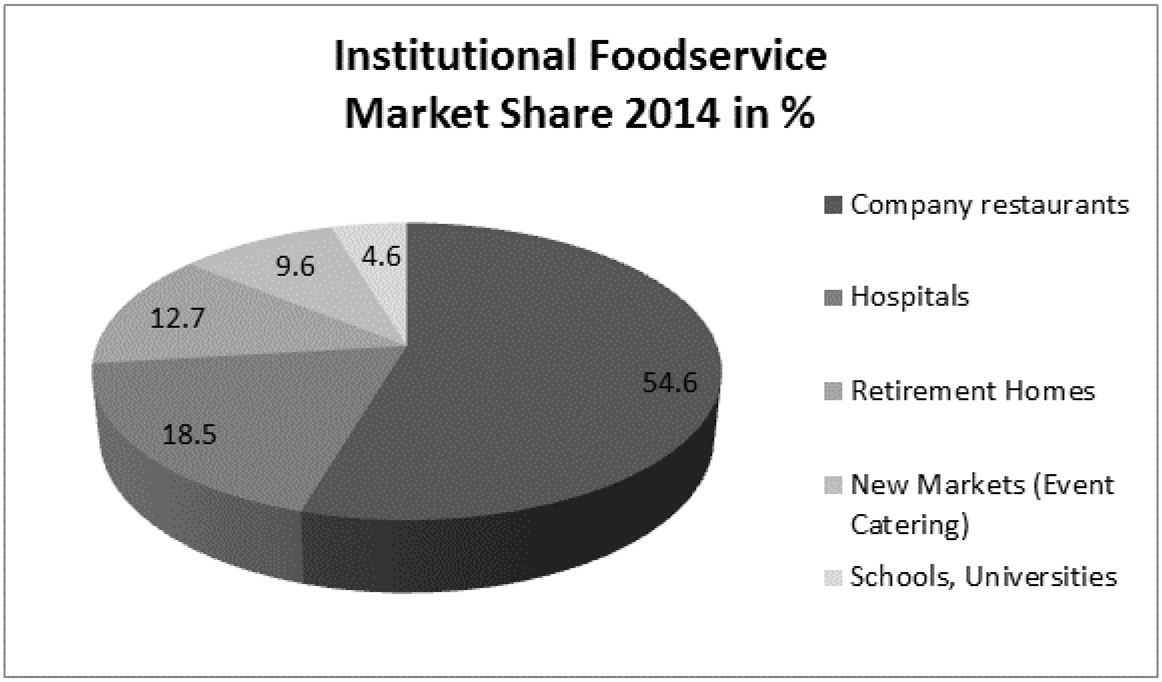
2014: Top 5 Leisure Gastronomy Companies

Ranking	Company	No. of Outlets	Turnover		Growth rate vs. 2013
			Million EUR	Million USD	
1	Enchilada	112	108	119	17.6%
2	Europa-Park	56	87	95	9.5%
3	Mitchells & Butlers	41	78	86	980.0%
4	Gastro Consult.	27	60	66	270.0%
5	Celona Gastro	27	59	65	420.0%

Source: FoodService Europe

Institutional Foodservice
The majority of the institutional foodservice market is covered by caterers. Biggest caterers were Compass, Aramark, Sodexo, Dussmann, and Klüh. Over half of total sale volume in this sector came from company restaurants. Strongest growth in 2014 was registered in new markets.

Institutional Foodservice Market Share



Source: gv-praxis

Developments in the individual sectors were as follows:

Company Restaurants

Top 5	2014 Sales in €millions	2014 Sales in $millions	% change to 2013
Compass	472	519.2	1.1%
Aramark	336.7	370.37	2.2%
Sodexo	151.1	166.2	6.3%
Dussmann	105	115.5	2.9%
Apetito	85.6	94.2	7.5%

Source: gv-praxis

Hospitals

Top 5	2014 Sales in €millions	2014 Sales in $millions	% change from 2013
Klüh	145	159.5	-1.6%
Sodexo	54.2	59.62	-51.4%
Wisag	52	57.2	.2%
SV	45	49.5	11.1%
Compass	43	47.3	-8.5%

Source: gv-praxis

Nursing/Retirement Homes

Top 5	2014 Sales in €millions	2014 Sales in $millions	% change from 2013
Apetito	70.4	77.4	-19.7%
Dussmann	58	63.8	3.6%
Victor's	51.7	56.1	2.8%
SV	46	50.6	0%
Klüh	25	27.5	13.6%

Source: gv-praxis

New Markets

Top 5	2014 Sales in €millions	2014 Sales in $millions	% change from 2013
Compass	123.3	135.6	1.9%
Aramark	81.8	89.9	9.5%
Bifinger	33.9	37.3	24.6%
Sodexo	16.2	17.8	-5.8%
SV	14	15.4	47.4%

Source: gv-praxis

Schools, Universities

Top 5	2014 Sales in €millions	2014 Sales in $millions	% change from 2013
Sodexo	66.6	109.1	-9.6
Apetito	18.8	34.75	8
RWS	8.9	22.7	6
SRH	8.8	8.1	20.5
Sander	7.2	7.8	10.8

Source: gv-praxis

The foodservice sector in Germany is set for further growth. This is driven by the trend towards single households, a further decline in the rate of unemployment, an aging population which fuels the demand for healthy and sustainable food.

Advantages and Challenges of the German Food Service Market

Sector Strength & Market Opportunities	**Sector Weaknesses & Competitive Threats**
Germany is the biggest market in Europe with	German consumers demand quality and

one of the highest income levels in the world	low prices
Many German consumers are uninformed about the details of sustainability and there is yet room to define a U.S. sustainability message	No unified U.S. sustainability message in the German market.
Germany is among the largest food importing nations in the world	EU import regulation and tariffs. EU gives preferential access to products from EU countries
Opportunities for healthy food products not sufficiently available on the local European market	Very competitive market with low growth in retail sales besides organic
Equivalency agreement on Organics offers ample opportunities	Listing fees paid to retailers and money spend on creating brand awareness hamper the introduction of new U.S. brands
Germany has many, well established importers. Distribution system is well developed	Margins on food at retail level are very thin
U.S. style is popular, especially among the younger generation	Retailers rarely import products into Germany on their own
The size of the EU import quota for beef is rising to 48,200 tons and Germany is the largest EU market.	The quota only applies to beef from animals not treated with growth-promoting hormones
Good reputation for U.S. food like dried fruits, seafood, wine.	
Large non-German population and German's inclination to travel abroad help fuel demand for foreign products	

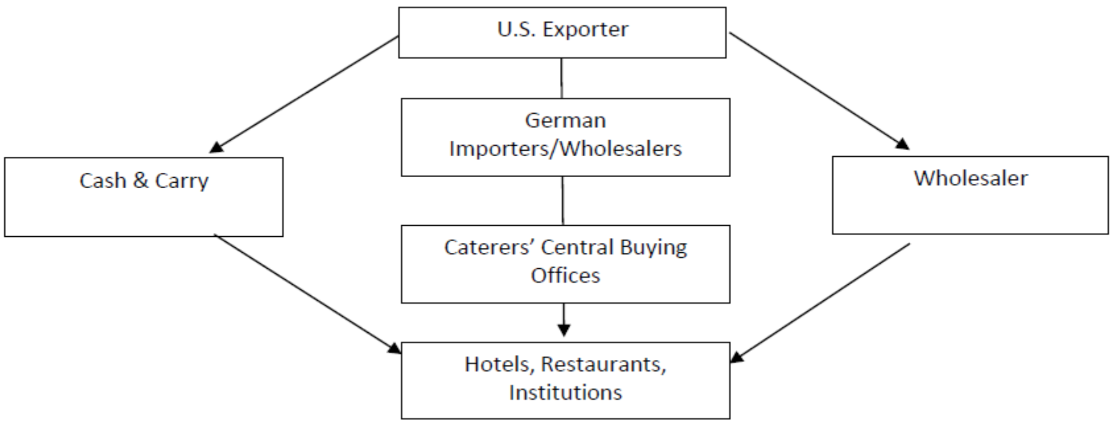
Section II. Road Map for Market Entry

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. However there are a number of challenges U.S. exporters must meet before exporting to the German market. Success in introducing food products depends mainly on knowledge of the market and personal contact. The U.S. supplier should analyze German/EU food law, packaging and labeling requirements, business practices and trade-related laws and tariffs, potential importers and the distribution system. The Office of Agricultural Affairs (OAA) offers guidelines on business practices and import regulations. The FAS's Foreign Buyers List gives important information on German buyers of food, fish, and seafood products.

Purchasing by hotels, restaurants, and institutions (HRI) is fragmented and competitive. Few of them import products directly from other countries, except for items that they purchase in large quantities. Most HRI's would rather buy from central buyers/distributors importing food and beverages. In general, these wholesalers have specialized in products or product groups and some are even experts in food products from a specific country of origin. Thus, specialized importers have an in-depth knowledge of importing requirements, such as product certification, labeling and packaging. They also typically handle shipping, customs clearance, warehousing and distribution of products within the country. The two mayor distribution channels for the German food service trade are Cash & Carry Wholesalers and Specialized Distributor/Wholesalers.

Cash & Carry wholesalers operate large stores with food and non-food products. They sell to retailers, restaurants, and other food service operators. C&C stores offer a variety of products to competitive prices. They are not open to the average consumer.
Specialized Distributors to the food service sector have dry and cold storage facilities with refrigerated/frozen trucks for deliveries. They buy from processing companies, importers and

occasionally, foreign exporters. To cover the entire German food service market, regional distributors have organized in groups, such as Intergast and Service Bund. Some of those distributors organize in-house food Shows once or twice a year where their suppliers can demonstrate their products to potential customers. This is an excellent opportunity for U.S. suppliers of products ready to enter the German food service market.



Participating in German food trade shows is a proven way to find the right distributor and facilitates the direct contact with German food brokers, importers, and wholesalers. Trade shows like ANUGA, Internorga or the BioFach show in Germany enjoy an exceptional reputation within the global food industry and these shows outreach is, in many cases, global. For a current listing of German food trade shows, please see: www.usda-mideurope.com

Section III. Competition

Competition for U.S. exports

Product category Total Import in million US$, 2014	**Main suppliers in percentage, 2013**	**Strengths of Key supply countries**	**Advantages and Disadvantages of Local Suppliers**
PG 30 Breakfast Cereals	1. France - 16.8%	Distance, availability and	Developed processed food industry

Imports: 145,486 tons Value: US$ 303 million	2. Belgium - 14.5% 3. Netherlands - 12.5% 18. U.S. - 0.2%	regional products	
PG 31 Snack Foods (Excl. nuts) Imports: 777,041 tons Value: US$ 3,758 million	1. Belgium - 18.7% 2. Netherlands - 17.3% 3. Poland - 12.3% 23. U.S. - 0.2%	Distance, availability and regional products	Developed confectionary industry
HS 02: Meat Imports: 2,332,984 tons Value: US$ 8,616 million	1. Netherlands – 23.1% 2. Belgium - 12.0% 3. Denmark – 11.2% 17. U.S. - 0.1%	Distance and availability	Focus on dairy production instead of beef production. Genetics need improvement
HS 03: Fish and Crustaceans Imports: 874,161 tons Value: US$ 4,602 million	1. Poland - 18.9% 2. Denmark – 13.7% 3. Netherlands- 11.2% 6. U.S. - 4.2%	1,2: Distance and availability 3: Price/quality ratio	Tradition in seafood trading and processing, fish is popular
HS 04: Dairy Produce; Birds Eggs and Natural Honey Imports: n.a. Value: US$ 9,054 million	1. Netherlands – 31.9% 2. France - 13.7% 3. Austria – 8.3% 33. U.S. - 0.08%	Proximity	Great tradition of milk and milk based products
HS 07: Edible vegetables Imports: 4,793,202 tons Value: US$ 6,710 million	1. Netherlands – 36.5% 2. Spain - 22.3% 3. Italy - 8.3% 23. U.S. - 0.2%	1: Proximity 2,3: Tradition, different climate/ supply/ taste/ varieties	Products not sufficiently available on local market
HS 08: Edible Fruits and Nuts Imports: 6,003,867 tons Value: US$ 10,173 million	1. Spain – 20.4% 2. Netherlands – 19.3% 3. Italy – 11.5% 5. U.S. – 7.5%	1,3: Tradition, different climate/ supply/ taste/ varieties 2: Proximity	Products not sufficiently available on local market
HS 09: Coffee, Tea, Mate and Spices Imports: 1,410,394 tons Value: US$ 5,219 million	1. Brazil – 25.6% 2. Vietnam – 11.4% 3. Honduras - 6.4% 38. U.S. - 0.1%	Trading tradition	Domestic availability is scarce, Re-export
HS 16: Edible	1. Netherlands –	1,2: Proximity	Not sufficiently

Preparations of Meat Fish, Crustaceans Imports: 629,684 tons Value: US$ 3,012 million	18.3% 2. Austria – 10.5% 3. Italy – 9.7% 26. U.S. – 0.7%	3: Price/quality ratio	domestically available
HS 19: Preparation off Cereals, Flour, Starch or Milk Imports: 1,741,808 tons Value: US$ 4,376 million	1. Italy – 18.3% 2. France – 15.1% 3. Netherlands – 12.6% 25. U.S. – 0.2%	Proximity and re-export	Not sufficiently domestically available
HS 20: Preparations of Vegetables, fruits, Nuts Imports: 3,199,594 tons Value: US$ 5,540 million	1. Netherlands – 25.2% 2. Italy - 13.9% 3. Turkey – 9.5% 21. U.S. – 0.4%	Proximity	Not sufficiently domestically available
HS 21: Miscellaneous Edible Preparations Imports: n.a. Value: US$ 3,612 million	1. Netherlands - 20.5% 2. France -10.7% 3. Switzerland – 9.4% 12. U.S. – 1.6%	Proximity and re-export	Not sufficiently domestically available
HS 22: Beverages, Spirits, Wine and Vinegar Imports: n.a. Value: US$ 8,397 million	1. France – 21.6% 2. Italy – 20.0% 3. Netherlands – 8% 7. U.S. – 5.4%	Excellent regional products	Not sufficiently domestically available

Source: www.gtis.com

Section IV. Best Product Prospects

U.S. products with the best export opportunities in German market meet one or more of the following criteria:

- The basic product is not produced in Europe in sufficient quantities or the American quality is superior
- The product (usually fresh) is available on a counter seasonal basis
- The product is unique to the United States

Best Product Prospect

Product Category (in USD million)	Total German Imports 2014	German Imports from the U.S.	U.S. Import Growth (2010-14)	Market attractiveness for USA
Tree Nuts	2,406	703	+136%	The United States is the biggest supplier of tree nuts to Germany. Most tree nuts are used as ingredients by the food processing sector. Almonds are the most important commodity within this category. Further products with good sales potential include pistachios, pecans and walnuts.
Fish and Seafood Products	5,472	207	-4%	The German market offers lucrative opportunities for fish and seafood products. Fish consumption is growing as consumers associate fishery products with a healthy diet. Best prospects for U.S. and seafood exports are salmon, shrimps, crabs, caviar substitutes, cuttle fish and squid, sea urchins catfish and scallops.
Wine and Beer	4,010	102	17%	Germany has a high share of domestic wine production. However, good prospects exist for "new world wines" including those from the U.S. The U.S. has also steadily increased its exports to Germany regarding beer made from malt.
Processed Fruits and Vegetables	5,882	98	22%	German imports are slowly increasing. Those products are mostly used as ingredients by the food processing sector for the production of pastries and cereals. Dried fruits and prepared nuts are also popular as a snack. Commodities with notable increasing sales are dried grapes (including raisins), dried prunes, dried onions and dried mushrooms & truffles.
Red Meats Fresh/Chilled/ Frozen	5,181	52	68%	Good opportunities for U.S. high quality beef produced without growth hormones. The EU quota size and administration system have recently seen changes.
Snack Foods (excl. Nuts)	3,758	8	29%	German demand for healthy, organic, innovative, and exotic snacks continues to grow. U.S. import growth has expanded in this category predominately due to increasing

				imports of cocoa preparations and chocolate.
Pet Foods (Dog and Cat)	1,051	2	-14%	Sales of cat food have the biggest market share. U.S. exports are declining but potential exists for premium pet food.

www.gtis.com

Category A: Products Present in the Market That Have Good Sales Potential

- Tree nuts
- Wine
- Processed fruits and vegetables
- Fruit juices
- Snack foods
- Health food, organic food, sustainable food products
- Dried fruits

Category B: Products Not Present In Significant Quantities but Which Have Good Sales Potential

- High quality beef (produced without promotions)
- Cranberries and cranberry products
- Seafood and seafood products
- Game and exotic meat
- Innovative sauces, condiments and confectionary products
- Products featuring 'sustainable' or other social issue-based marketing theme

Category C: Products Not Present Because They Face Significant Barriers

- Poultry (non-tariff barrier)
- Processed food with GMO ingredients, bleached flour

Section V. Post contact and further information

Participating or simply attending a trade show can be very cost-effective way to test the German market, to introduce a product, or to expand sales. Germany offers a wide variety of trade show venues for food and beverage products. U.S. Exporters who are looking to sell to the German Market should consider participating or visiting the following trade shows. The trade shows *Internorga* and *ANUGA* are of special interest as these are leading fairs for food service companies.

ANUGA (every two years) www.anuga.com	One of the leading global food fairs for the retail trade and the food service and catering market
ISM (International Sweets and Biscuit Show) www.ism-cologne.com	World's largest show for snacks and confectionery products
Fruit Logistica www.fruitlogistica.com	The World's Leading Trade Fair for the Fresh Fruit and Vegetable Business
Bio Fach www.biofach.com	Leading European tradeshow for organic food and non-food products
VeggieWorld	Germany's leading tradeshow for vegetarian products

www.veggieworld.de	
ProWein www.prowein.com	International trade show for wine and spirits
Internorga www.internorga.com	International tradeshow for the hotel, restaurant, catering, baking, and confectionery trades

More information about these and other German exhibitions and trade shows can be found under the following Internet address: www.auma-messen.de.

Homepages of potential interest to the U.S. food and beverage exporters are listed below:

Foreign Agricultural Service Berlin	http://germany.usembassy.gov/fas
Foreign Agricultural Service Washington	http://ww.fas.usda.gov
European Importer Directory	http://www.american-foods.org/

One tip of use to U.S. exporters is the German business portal, which is maintained by the Ministry of Economics and Technology. Provided in English, it serves as a central contact platform that can steer inquiries into the right channel. More information about the food and beverage sector can be found under:
http://www.german-business-portal.info/GBP/Navigation/en/Business-Location/Manufacturing%20Industries/food-and-beverag-industry,did=326104.html

If you have questions or comments regarding this report, or need assistance exporting to Germany, please contact the U.S. Foreign Agricultural Service Office in Berlin at the following address:

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